

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION



requesting the Commission's approval of the divestiture of the former Shell Oil Company ("Shell") Oklahoma City Terminal¹ to SemFuel, L.P. ("SemFuel").

I. INTRODUCTION

On September 16, 2004, Magellan and the Commission entered into an Agreement

Consent Agreement and Order on Order to Hold Separate and

Maintain Assets (collectively, the "Consent Agreement"). On September 29, 2004, the

Commission accepted the Consent Agreement for public comment. On October 1, 2004,

purport to a Purchase and Sale Agreement between Magellan and Shell dated June 23, 2004

PUBLIC RECORD VERSION

On December 16, 2004, Magellan (through its Magellan Pipeline Company, L.P.

and Enbridge) executed an Asset Purchase and Sale Agreement (including

and schedules) (collectively, the "Agreement") for the sale of the

Oklahoma City Terminal. A copy of the Agreement, which was provided to FTC Staff on December 17, 2004, is attached as Confidential Exhibit 1.²

Magellan desires to complete the proposed divestiture of the Oklahoma City Terminal as soon as possible following Commission approval. Prompt consummation will further the

Commission's Decision and Order and is in the interests of the Commission, the public

market for terminaling services for gasoline, diesel fuel, and other light petroleum products in the Oklahoma City Metropolitan Area.

II. REQUEST FOR CONFIDENTIAL TREATMENT

Because this Petition and its attachments contain confidential and competitively sensitive business information relating to the divestiture of the Oklahoma City Terminal, Magellan has

requested that the Commission exclude from the public version of this Petition and its

III. THE PROPOSED ACQUIRER

Paragraph II of the Decision and Order requires Magellan to divest the former Shell

1. *Magellan* must divest the former Shell within six months from the date Magellan executed the Consent

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SemFuel) and 0.5% by SemOperating G.P., L.L.C. (the general partner of SemFuel), which in turn is wholly owned by SemGroup, L.P. (a private holding company for various operating affiliates, including SemFuel). SemGroup, L.P. owns assets in excess of \$1 billion and has annual revenues in excess of \$8 billion. SemFuel's current financial statements are appended to SemFuel's business plan for the Oklahoma City Terminal, which was submitted by counsel for

SemFuel to FTC Staff on December 16, 2004. As these statements demonstrate, SemFuel's current financial condition provides great flexibility in making additional investments in the

(primarily gasoline and diesel fuel) to jobbers, wholesalers, and large industrial customers,

and from utility railroads and cogeneration plants. In addition, SemFuel sells refined

another Magellan terminal in Oklahoma City to the former Shell Terminal upon closing of the proposed divestiture. Marketing efforts to obtain new business and retain existing business at the terminal will be ongoing.

All of the assets needed to operate the former Shell Terminal competitively will be

_____ that this condition will

_____ Oklahoma City Terminal in the near term

PUBLIC RECORD VERSION

Agreement conveys all assets required to be divested and does not contain any provisions

to achieve the remedial objectives. As such, the

Agreement complies with and satisfies the purposes of the Consent Agreement

PUBLIC RECORD VERSION

As provided in the Operating Agreement, Magellan's role will be strictly limited to the

physical operation and maintenance of the Terminal. The Operating Agreement also contains provisions prohibiting the coordination or exchange between SemFuel and Magellan of

fuel pricing information regarding prices, costs, revenues, profits, volumes, market share, or any

competitively sensitive information relating to the sale or marketing of terminaling services

