El Paso

2. Respondent El Paso is a corporation organized and doing business under the laws of the State of Delaware with its executive offices at 1001 Louisiana Street, Houston, Texas 77002.

3. Respondent El Paso operates through six business units: Tennessee Gas Pipeline Company,

Count One

10. One relevant line of commerce is the transportation of natural gas out of producing fields.

11. One relevant section of the country is the area of the Gulf of Mexico off the coast of the State of Louisiana that contains portions of the areas known as the West Cameron Area, West Cameron South Addition Area, East Cameron Area, East Cameron South Addition Area, Vermillion Area and Vermillion Area South Addition, and the Garden Banks Area.

12. Consumption of natural gas in the relevant section of the country is substantially below production, with the result that most production in each portion of the relevant section of

b. the acquisition will eliminate actual and potential competition among competitors generally; and

c. the acquisition will increase concentration in the transportation of natural gas out of producing fields in the relevant section of the country set out in Complaint Paragraph 11, therefore increasing the likelihood of collusion.

18. Entry would not be timely, likely, or sufficient to prevent anticompetitive effects in the relevant section of the country.

Count Two

19. One relevant line of commerce is the transportation of natural gas out of producing fields.

20. One relevant section of the country is the area of the Gulf of Mexico off the coast of the State of Louisiana that contains portions of the areas known as the Main Pass including its additions and extensions, South Pass, South Pass East Addition, Viosca Knoll, and Mississippi Canyon.

21. Consumption of natural gas in the relevant section of the country is substantially below production, with the result that most production in each portion of the relevant section of the country is transported by pipelines to consuming areas along the Gulf Coast and elsewhere in the United States. Pipeline capacity for transporting natural gas out of this section of the country is approximately 3050 million cubic feet per day.

22. The business of transporting natural gas by pipeline out of producing fields in the relevant section of the country is highly concentrated. The acquisition would substantially increase concentration in each portion of the relevant section of the country. In the relevant section of the country as a whole, the acquisition would increase the HHI by over 1000 points to over 4300.

23. Respondent El Paso holds a 34.5 percent effective ownership interest in, and is the general partner of, Leviathan Gas Pipeline Partners, L.P., a publicly held Delaware limited partnership. Leviathan Gas Pipeline Partners, L.P. owns a 99 percent interest in Viosca Knoll Gathering Company, a Delaware Joint Venture ("VKGC"). VKGC operates a large natural gas gathering system extending more than 100 miles into the Gulf of Mexico off the coast of Louisiana. It transports gas primarily from wells in the Mississippi Canyon and Viosca Knoll areas.

24. Destin Pipeline Company, L.L.C. ("Destin") owns a large natural gas gathering system extending approximately 75 miles into the Gulf of Mexico off the coast of Louisiana. Sonat is the owner of a one-third membership interest in Destin and the operator of the pipeline owned by Destin. Destin transports gas primarily from wells in the Mississippi Canyon and Viosca Knoll areas.

25. Respondent El Paso, through its general partnership in Leviathan Gas Pipeline Partners, L.P., and Sonat, through its ownership interests in Destin, and in other ways, are direct and

substantial competitors in the business of transporting natural gas out of producing fields in the relevant section of the country set out in Complaint Paragraph 20.

26. The effect of the acquisition may be substantially to lessen competition or tend to create a monopoly in the transportation of natural gas out of producing fields in the relevant section of the country set out in Complaint Paragraph 20, in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, in the following ways among others:

    a. the acquisition will eliminate actual and potential competition between El Paso and Sonat;
    b. the acquisition will eliminate actual and potential competition among competitors generally; and

    c. the acquisition will increase concentration in the transportation of natural gas out of producing fields in the relevant section of the country set out in Complaint Paragraph 20, therefore increasing the likelihood of collusion.

27.

Gas Pipeline interconnects with, and delivers natural gas to, a pipeline owned and operated by East Tennessee Natural Gas, also an El Paso subsidiary.

33. East Tennessee Natural Gas transports natural gas received from Tennessee Gas Pipeline Company, and from other sources, to many local gas distribution utilities in eastern Tennessee and northern Georgia.

34. Sonat owns Southern Natural Gas Company, which owns and operates a large natural gas transmission system extending from producing fields in the Gulf of Mexico and Louisiana through several States in the southern United States, including Georgia and Tennessee.

35. Sonat, either directly, or via interconnection with East Tennessee Natural Gas, transports natural gas to many local gas distribution utilities in eastern Tennessee and northern Georgia.

36. El Paso offered reduced transportation rates to local gas distribution utilities located in eastern Tennessee in response to a threat by Sonat to by-pass East Tennessee Natural Gas by extending its own pipeline.

37. Respondent El Paso and Sonat are direct and substantial competitors in the business of transporting natural gas into the relevant section of the country set out in Complaint Paragraph 29.

38. The effect of the acquisition may be substantially to lessen competition or tend to create a monopoly in the transportation of natural gas into the relevant section of the country set out in Complaint Paragraph 29, in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, in the following ways among others:

    a. the acquisition will eliminate actual and potential competition between El Paso and Sonat;
    b. the acquisition will eliminate actual and potential competition among competitors generally; and

    c. the acquisition will increase concentration in the transportation of natural gas into the relevant section of the country set out in Complaint Paragraph 29, therefore increasing the likelihood of collusion.

39. Entry would not be timely, likely, or sufficient to prevent anticompetitive effects in the relevant section of the country.

Violation Charged

40. The proposed acquisition of the stock or assets of Sonat by El Paso, as set forth in Complaint Paragraph 9 herein, if consummated, would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this ____day of
____________, 19__, issues its complaint against said respondent.

By the Commission.

SEAL:

Donald S. Clark
Secretary