

**UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION**

In the Matter of)
)
BP Amoco p.l.c.)
a corporation, and)
)
Atlantic Richfield Company,)
a corporation.)
_____)

File No. 991-0192

AGREEMENT CONTAINING CONSENT ORDERS

The Federal Trade Commission (“Commission”), having initiated an investigation of the proposed merger involving BP Amoco p.l.c. (“BP Amoco”) and Atlantic Richfield Company (“ARCO”), and it now appearing that BP Amoco and ARCO, hereinafter sometimes referred to as “Proposed Respondents,” are willing to enter into this Agreement Containing Consent Orders (“Consent Agreement”) to divest certain assets and providing for other relief:

IT IS HEREBY AGREED by and between Proposed Respondents, by their duly authorized officers and attorneys, and counsel for the Commission that:

1. Proposed Respondent BP Amoco is a corporation organized and existing under the laws of England and Wales with its principal place of business at Britannic House, 1 Finsbury Circus, London EC2M 7BA, England. BP Amoco’s principal operating subsidiary in the United States is located at BP Amoco Corporation, 200 East Randolph Drive, Chicago, Illinois 60601-7125.
2. Proposed Respondent ARCO is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware with its principal place of business at 333 S. Hope Street, Los Angeles, California 90071.
3. Proposed Respondents admit all the jurisdictional facts set forth in the draft of Complaint here attached.
4. Proposed Respondents waive:
 - a. any further procedural steps;
 - b. the requirement that the Commission's Decision and Order and the Order to Hold Separate and Maintain Assets, both attached hereto and made a part hereof, contain a statement of findings of fact and conclusions of law;

- c. all rights to seek judicial review or otherwise to challenge or contest the validity of the Decision and Order or Order to Hold Separate and Maintain Assets entered pursuant to this Consent Agreement; and
 - d. any claim under the Equal Access to Justice Act.
5. Proposed Respondents shall submit an initial report at the time that they execute this Consent Agreement and every thirty (30) days thereafter until the Decision and Order becomes final, pursuant to Section 2.33 of the Commission's Rules, 16 C.F.R. § 2.33, signed by the Proposed Respondents setting forth in detail the manner in which the Proposed Respondents have complied with, have prepared to comply with, and will comply with the Decision and Order. Such reports will not become part of the public record unless and until the Consent Agreement and Decision and Order are accepted by the Commission for public comment.
 6. Because there may be interim competitive harm, and because divestiture or other relief resulting from a proceeding challenging the legality of the proposed merger might not be possible, or might be less than an effective remedy, the Commission may issue its Complaint and an Order to Hold Separate and Maintain Assets in this matter at any time after it accepts the Consent Agreement for public comment.
 7. This Consent Agreement shall not become part of the public record of the proceeding unless and until it is accepted by the Commission. If this Consent Agreement is accepted by the Commission, it, together with the Complaint contemplated hereby, will be placed on the public record for a period of thirty (30) days and information in respect thereto publicly released. The Commission thereafter may either withdraw its acceptance of this Consent Agreement and so notify Proposed Respondents, in which event it will take such action as it may consider appropriate, or issue or amend its Complaint (as the circumstances may require) and issue its Decision and Order, in disposition of the proceeding.
 8. This Consent Agreement is for settlement purposes only and does not constitute an admission by Proposed Respondents that the law has been violated as alleged in the draft of Complaint here attached, or that the facts as alleged in the draft Complaint, other than jurisdictional facts, are true.
 9. This Consent Agreement contemplates that, if it is accepted by the Commission, and if such acceptance is not subsequently withdrawn by the Commission pursuant to the provisions of § 2.34 of the Commission's Rules, 16 C.F.R. § 2.34, the Commission may, without further notice to the Proposed Respondents, (1) issue and serve its Complaint corresponding in form and substance with the draft of Complaint here attached, (2) issue and serve its Decision and Order and Order to Hold Separate and Maintain Assets, and (3)

make information public with respect thereto. When so entered, the Decision and Order and the Order to Hold Separate and Maintain Assets shall have the same force and effect and may be altered, modified or set aside in the same manner and within the same time provided by statute for other orders. The Decision and Order and Order to Hold Separate and Maintain Assets shall become final upon service. Delivery of the Complaint, Decision and Order and Order to Hold Separate and Maintain Assets to Proposed Respondents by any means specified in Commission Rule 4.4(a), 16 C.F.R. § 4.4(a), shall constitute service. The Proposed Respondents waive any right they may have to any other manner of service. The Complaint may be used in construing the terms of the Decision and Order and Order to Hold Separate and Maintain Assets, and no agreement, understanding, representation, or interpretation not contained in the Decision and Order, Order to Hold Separate and Maintain Assets, or the Consent Agreement may be used to vary or contradict the terms of the Decision and Order or the Order to Hold Separate and Maintain Assets.

10. By signing this Consent Agreement, Proposed Respondents represent and warrant that they can comply with the provisions of the attached Decision and Order and the Order to Hold Separate and to Maintain Assets, and that all parents, subsidiaries, affiliates, and successors necessary to effectuate the full relief contemplated by this Consent Agreement are parties to the Consent Agreement and are bound thereby as if they had signed this Consent Agreement and were made parties to this proceedings and to the orders.
11. Proposed Respondents have read the proposed Complaint, Decision and Order and Order to Hold Separate and Maintain Assets contemplated hereby. Proposed Respondents understand that once the Decision and Order and Order to Hold Separate and Maintain Assets have been issued, they will be required to file one or more compliance reports showing that they have fully complied with the orders. Proposed Respondents agree to comply with the proposed Decision and Order and Order to Hold Separate and Maintain Assets, as applicable, from the date they sign this Consent Agreement. Proposed Respondents understand that they may be liable for civil penalties in the amount provided by law for each violation of the Decision and Order and Order to Hold Separate and to Maintain Assets, as applicable, after they become final.

Signed this ____ day of April, 2000

BP AMOCO p.l.c.:

By: _____
Edmund John Phillip Browne
Chief Executive Officer

Robert M. Osgood
Counsel for BP Amoco p.l.c.

ATLANTIC RICHFIELD COMPANY:

By: _____
Mike R. Bowlin
Chief Executive Officer

Michael N. Sohn
Counsel for Atlantic Richfield
Company

FEDERAL TRADE COMMISSION

By: _____
Joseph S. Brownman
Attorney
Bureau of Competition

Approved:

Phillip L. Broyles
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Richard Liebeskind
Assistant Director
Bureau of Competition

Molly S. Boast
Senior Deputy Director
Bureau of Competition

Richard G. Parker
Director
Bureau of Competition

**UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Robert Pitofsky, Chairman**
 Sheila F. Anthony
 Mozelle W. Thompson
 Orson Swindle
 Thomas B. Leary

In the Matter of)
))
BP Amoco p.l.c.))
 a corporation, and))
))
Atlantic Richfield Company,))
 a corporation.))

Docket No. C -

DECISION AND ORDER

The Federal Trade Commission (“Commission”) having initiated an investigation of the acquisition by Respondent BP Amoco p.l.c. of Respondent Atlantic Richfield Company, and Respondents having been furnished thereafter with draft of Complaint that the Bureau of Competition presented to the Commission for its consideration and which, if issued, would charge Respondents with violations of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, and Section 7 of the Clayton Act, as amended 15 U.S.C. § 18; and

Respondents, their attorneys, and counsel for the Commission having thereafter executed an Agreement Containing Consent Orders (“Consent Agreement”), containing an admission by Respondents of all the jurisdictional facts set forth in the aforesaid draft of Complaint, a statement that the signing of said Consent Agreement is for settlement purposes only and does not constitute an admission by Respondents that the law has been violated as alleged in such Complaint, or that the facts as alleged in such Complaint, other than jurisdictional facts, are true, and waivers and other provisions as required by the Commission’s Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that Respondents have violated said Acts, and that a Complaint should issue stating its charges in that respect, and having thereupon issued its Complaint and an Order to Hold Separate and Maintain Assets, and having accepted the executed Consent Agreement and

receipt and consideration of public comments, now in further conformity with the procedure described in Commission Rule 2.34, 16 C.F.R. § 2.34, the Commission hereby makes the following jurisdictional finding and issues the following Order:

1. Respondent BP Amoco p.l.c. is a corporation organized, existing and doing business under and by virtue of the laws of England and Wales with its office and principal place of business located at Britannic House, 1 Finsbury Circus, London EC2M 7BA, England. BP Amoco p.l.c.'s principal operating subsidiary in the United States is located at BP Amoco Corporation, 200 East Randolph Drive, Chicago, Illinois 60601-7125.
2. Respondent Atlantic Richfield Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware with its principal place of business at 333 S. Hope Street, Los Angeles, California 90071.
3. The Federal Trade Commission has jurisdiction of the subject matter of this

- F. “Alaska Acquirer” means the single entity and its subsidiaries, successors and assigns, to whom the ARCO Alaska Assets and ARCO Beluga, Inc., are divested by the trustee as required by the terms of this Order.

- G. “Cushing Acquirer” means the entity or entities and their subsidiaries, successors and

9. Existing Supply Agreements for the long-term supply of crude oil between BP Amoco and certain refineries, as identified in Schedule B, attached;
 10. all rights, titles and interests of AMI Leasing, Inc. in and to the Construction Contract;
 11. Any other local, state and federal permits not otherwise included in this definition of the Alaska Approval Assets;
 12. The Alpine Rights of Way; and
 13. Any or all of the AMI Conveyed Properties, if necessary, as that term is defined in the Alaska MPSA, and the ARCO Trader bareboat charter assignments.
- K. “Alaska Approval Asset Consents” means all consents or waivers from private entities, and local, state and federal regulatory bodies, including FERC and the State of Alaska, or other consents or waivers from partners or otherwise, that are necessary to effect the complete transfer of the Alaska Approval Assets or of any other assets that were not listed in the definition of Alaska Approval Assets, but are a part of the ARCO Alaska Assets, to Phillips or the Alaska Acquirer, as applicable.
- L. “Alaska MPSA” means the March 15, 2000, Master Purchase and Sale Agreement, and amendments thereto, by and among ARCO, CH-Twenty, Inc., BP Amoco and Phillips, as amended, April 6, 2000.
- M. “Alpine Rights of Way” means the two right-of-way leases by and between the State of Alaska and ARCO for the Alpine crude oil pipeline (ADL-415701) and the Alpine diesel line (ADL-415932) and the right-of-way granted by and between the State of Alaska and

Kuparuk Transportation Company and Kuparuk Transportation Capital Corporation), Cook Inlet Pipeline Company, Alpine Pipeline Company and Oliktok Pipeline Company;

2. all interests of ARCO in the office complex of ARCO Alaska, Inc., located at Lot 1A, Block 81, ORIGINAL TOWNSITE, according to the official plat thereof, filed under Plat Number 82-337, Records of the Anchorage Recording District, Third Judicial District, State of Alaska;
3. all interests of ARCO in the aircraft lease (Amended and Restated Lease Agreement between First Security Bank, National Association, Lessor and ARCO, Lessee, dated as of December 31, 1999) covering one Boeing 737-205 Aircraft and its related Engines, U.S. Registration No. N733AR;
4. ARCO Alaska Intellectual Property;
5. ARCO Patents;
6. ARCO Seismic Data;
7. all rights, titles and interests of AMI Leasing, Inc. (a wholly owned subsidiary of ARCO) in and to five vessels (named, at the time the Consent Agreement was signed by Respondents, the ARCO Alaska, the ARCO California, the ARCO Texas, the ARCO Spirit and the ARCO Independence), being all of the tankers used by ARCO in the ARCO Alaska Businesses and the bareboat charter of the ARCO Trader;
8. all rights, titles and interests of AMI Leasing, Inc. in and to the Construction Contract, being the only existing agreement of ARCO for new ship construction relating to the ARCO Alaska Businesses;
9. all rights, titles and interests of ARCO and ARCO Alaska, Inc. in and to the Alpine Rights of Way;
10. all rights, titles and interests in and to the Alaska State oil and gas leases held by ARCO relating to the ARCO Alaska Businesses, which are identified on Schedule A, attached;
11. to the extent not included in any of the foregoing sections of this Paragraph, any rights, commitments, contracts or other options held by ARCO to acquire, lease or rent any asset primarily used in or connected with exploring for and developing or producing hydrocarbons in Alaska or transporting hydrocarbons to or from Alaska;

12. to the extent not included in any of the foregoing sections of this Paragraph, all rights, titles and interests in and to contracts, licenses, permits and agreements primarily used in or connected with the ARCO Alaska Businesses, including all rights, titles and interests in and to the contracts entered into in the ordinary course of business in connection with the ARCO Alaska Businesses with customers (together with associated bid and performance bonds), suppliers, service providers, vendors, sales representatives, distributors, partners, agents, personal property lessors, personal property lessees, licensors, licensees, consignors and consignees;
13. all customer lists, vendor lists, catalogs, sales promotion literature and advertising materials that are used in or connected with the ARCO Alaska Businesses;
14. all of the books, ledgers, files, reports, plans and operating records of, or maintained by, or pertaining to, any ARCO Alaska Company in whatever form stored or retained; and
15. all Product Inventory as that term is defined in the Alaska MPSA.

PROVIDED, HOWEVER, that ARCO Beluga, Inc. and ARCO's proprietary trade names and trademarks are excluded from the definition of ARCO Alaska Assets.

P. "ARCO Alaska Businesses" means the business of:

1. acquiring any right or option (whether or not contingent) to bid for or to explore for, to develop or to produce hydrocarbons in Alaska;
2. exploring for, developing or producing hydrocarbons in Alaska or transporting or shipping hydrocarbons within or from Alaska;
3. providing any product or service, directly or indirectly, with or without compensation, to any person engaged in any of the activities in Paragraphs P.1. and P.2. where such product or service is primarily used in or related to such person's activities in Alaska; or
4. supporting ARCO in any of the activities in Paragraphs P.1., P.2., and P.3. as those activities were conducted by ARCO on March 15, 2000.

Q. "ARCO Alaska Company" means each of ARCO Alaska, Inc., ARCO Transportation Alaska, Inc., ARCO Marine, Inc., ARCO Marine Spill Response Company, Union Texas Petroleum Holdings, Inc., Union Texas Alaska, LLC, Kuparuk Pipeline Company, Alpine Pipeline Company and Oliktok Pipeline Company.

- R. “ARCO Alaska Employees” means employees employed by or working for the ARCO Alaska Businesses on or since March 15, 2000, including all employees of any ARCO Alaska Company, or ARCO Beluga, Inc. and those employees covered by Schedule 5.6 of the Alaska MPSA.

- S. “ARCO Alaska Intellectual Property” means intellectual property, inventions, technology, trademarks, trade names, trade secrets, copyrights, know-how, research material, technical information, seismic data, geological data, geophysical data, management information systems, software and software specifications, designs, drawings, plans (whether proposed or tentative, whether adopted, pending or implemented), specifications, processes and quality control data that, as of the date that the Consent Agreement is signed by Respondents, are owned, in whole or in part (but only to the extent of such part), by or have been assigned to any ARCO Alaska Company, including any special analyses,

computer models (known as “ACRES”); (c) enhanced oil recovery and fluid characterization technology; (d) geomechanical modeling; (e) fluid flow (“ARCO90”) relative permeability technology; and (e) analytical reservoir measurement techniques.

- W. “ARCO Intellectual Property” means intellectual property, inventions, technology, trademarks, trade names, trade secrets, patents, copyrights, know-how, research material, technical information, management information systems, software and software specifications, designs, drawings, plans (whether proposed or tentative, whether adopted, pending or implemented), specifications, processes and quality control data that, as of the date the Consent Agreement is signed by Respondents, are owned, in whole or in part (but only to the extent of such part), by ARCO, excluding any ARCO Alaska Company, and either are licensed by ARCO to an ARCO Alaska Company or are otherwise primarily used in, for or connected with the ARCO Alaska Businesses as of the date the Consent Agreement is signed by Respondents, including, without limitation, all information, technology, know-how, research and other intangible assets and expertise used in connection with the ARCO Alaska Businesses related to miscible injection for enhanced oil recovery and technology related to unconsolidated sands.

PROVIDED, HOWEVER, that ARCO Intellectual Property shall not include ARCO Patents, ARCO Seismic Data, ARCO Geoscience and Reservoir Intellectual Property or any proprietary trade names or trademarks of ARCO.

- X. “ARCO Patents” means all patents, patent applications and inventions that, as of the date the Consent Agreement is signed by Respondents, are owned, in whole or in part (but only to the extent of such part), by ARCO and primarily related to ARCO Alaska Businesses or otherwise primarily used by, for or in connection with an ARCO Alaska Company, in each case subject to any licenses to or other agreements with third parties in effect as of the date the Consent Agreement is signed by Respondents.
- Y. “ARCO Seismic Data” means all proprietary seismic, geological and geophysical data that, as of the date that the Consent Agreement is signed by Respondents, are owned, in whole or in part (but only to the extent of such part), by ARCO relating to any hydrocarbons in Alaska or the geology of Alaska.
- Z. “Construction Contract” means the new-build, construction contract for the ARCO Endeavour, the ARCO Resolution and the ARCO Discovery to which AMI Leasing, Inc. is a party.
- AA. “Existing Supply Agreements” means those ANS crude oil supply agreements identified in Schedule B, attached.
- BB. “FERC” means Federal Energy Regulatory Commission.

- CC. “Hydrocarbons” means crude oil, natural gas, natural gas liquids and condensates.
- DD. “Key ARCO Alaska Employees” means:
1. the following individuals if the Alaska Acquirer acquires pursuant to Paragraph V of this Order:
 - a. all persons employed by or working for ARCO Alaska, Inc.’s Exploration and Land organization (ARCO organization code Z4000000) whose responsibilities include analyzing or interpreting geological data and information relating to Alaska, whether or not those persons are located in Alaska;
 - b. all persons employed by or working for ARCO knowledgeable about and presently working with miscible injectant technology and research used for enhanced oil recovery and unconsolidated sands technology and research, whether or not those persons are located in Alaska; and
 - c.

'position' during the trading month to ensure balance for customers at the terminals;

3. all of ARCO's assets, properties, businesses and goodwill, tangible and intangible,

- e. all customer lists, vendor lists, catalogs, sales promotion literature and advertising materials;
- f. all rights under warranties and guarantees, express or implied; and
- g. all books, records and files, and all items of prepaid expense.

PROVIDED HOWEVER, Mid-Continent Crude Oil Logistics and Services does not include the Cushing, Oklahoma to East Chicago, Illinois, 700-mile, 24-inch crude oil pipeline.

FF. “Seaway Crude Oil Pipeline Assets” means all of ARCO’s assets, properties, businesses and goodwill, tangible and intangible, of and interest in, direct or indirect, the 30-inch crude oil pipeline from Freeport, Texas, to Cushing, Oklahoma, and associated crude distribution system, marine terminals and storage facilities (including, but not limited to, the Texas City Terminal, the Freeport Terminal, approximately 45 miles from Texas City, Texas, and the Jones Creek Storage facilities); including, but not limited to, the following that are related to this Paragraph FF:

1. any rights, titles and interests in and to contracts, licenses, permits and agreements, including all rights, titles and interests in and to the contracts entered into in the ordinary course of business with customers (together with associated bid and performance bonds), suppliers, sales representatives, distributors, agents, personal property lessors, personal property lessees, licensors, licensees, consignors, consignees;
2. all research material, technical information, management information systems, software and software specifications, designs, drawings, plans (whether proposed or tentative, whether adopted, pending or implemented), specifications, processes and quality control data related thereto;
3. any rights, commitments, contracts or other options to acquire, lease or rent any asset;
4. all owned or leased real property and improvements, buildings, plants, machinery, fixtures, equipment, furniture, tools, assets and other tangible personal property;
5. all customer lists, vendor lists, catalogs, sales promotion literature and advertising materials;
6. all rights under warranties and guarantees, express or implied; and

7. all books, records and files, and all items of prepaid expense.

GG. “Third Party Intellectual Property” means intellectual property, inventions, technology, trademarks, trade names, trade secrets, patents, copyrights, know-how, research material, technical information, management information systems, software and software specifications, designs, drawings, plans (whether proposed or tentative, whether adopted, pending or implemented), specifications, processes and quality control data that, as of the date the Consent Agreement is signed by Respondents, are owned by a party other than ARCO but are licensed to ARCO, excluding any ARCO Alaska Company, and are primarily used in, for or connected with the ARCO Alaska Businesses (excluding subparagraph 4 of the definition thereof in Paragraph I.P.4.).

II.

IT IS FURTHER ORDERED that:

- A. Respondents shall divest or cause to be divested, absolutely and in good faith, at no minimum price, the ARCO Alaska Assets and ARCO Beluga, Inc., as ongoing businesses.
- B. 1. The divestiture shall be made no later than thirty (30) days after Respondent BP Amoco consummates the Acquisition, and shall be pursuant to and in accordance with the Alaska MPSA (which agreement shall not vary or contradict, or be construed to vary or contradict, the terms of this Order or the Order to Hold Separate and Maintain Assets), the Transition Services Agreement, referred to in Paragraph II.C.1, and the license agreements referred to in Paragraphs II.C.2, II.C.3, and II.C.4 (collectively, the “License Agreements”), below. Failure to comply with the Alaska MPSA, Transition Services Agreement, or the License Agreements shall constitute a failure to comply with this Order.
2. PROVIDED, HOWEVER, that notwithstanding the foregoing, Respondents shall divest ARCO’s rights, titles and interests in ARCO Transportation Alaska, Inc., Kuparuk Pipeline Company, Cook Inlet Pipeline Company, Alpine Pipeline Company and Oliktok Pipeline Company and their respective subsidiaries, and all of AMI Leasing, Inc.’s rights, titles and interests in and to the Construction Contract to Phillips no later than fifteen (15) business days following the Respondents’s receipt of the Alaska Approval Asset Consents with respect to all such rights, titles and interests. PROVIDED FURTHER, HOWEVER, that Respondents shall divest all such rights, titles, and interests within six (6) months of the date on which Respondents signed the Consent Agreement in this matter.

C.

- D. Respondents shall cooperate with Phillips and use reasonable best efforts to assist Phillips in obtaining a license for any Third Party Intellectual Property (or the benefits equivalent thereto), the expense of any such license or equivalent benefits to be borne by Phillips.
- E. Respondents shall use reasonable best efforts expeditiously to secure the consents or waivers of private entities required for divestiture of the Alaska Approval Assets prior to their divestiture and to secure prompt Alaska Approval Asset Consents.
- F. Respondents shall comply with all of their obligations under the long-term crude oil supply contract between BP Amoco and Paramount Petroleum Corporation (Paramount Contract Number 103505).
- G. Pending divestiture of the ARCO Alaska Assets and ARCO Beluga, Inc. to Phillips or the Alaska Acquirer, Respondents shall take such actions as are reasonably necessary to maintain the viability and marketability of the ARCO Alaska Assets and ARCO Beluga, Inc., and to prevent the destruction, removal, wasting, deterioration, sale, disposition, transfer, or impairment of any of the ARCO Alaska Assets and ARCO Beluga, Inc., except for ordinary wear and tear and as would otherwise occur in the ordinary course of business.
- H. The purpose of the divestitures of the ARCO Alaska Assets and ARCO Beluga, Inc. is to ensure the continued use of the ARCO Alaska Assets and ARCO Beluga, Inc. in the same businesses in which they were engaged at the time of the announcement of the proposed Acquisition, and to remedy the lessening of competition resulting from the Acquisition as alleged in the Commission's complaint.
- I. Respondents shall waive and not exercise any preferential right, right of first refusal, back-in right, or any contractual option that would permit Respondents, as a result of the divestiture to Phillips or the Alaska Acquirer, as applicable, to acquire any interest in any ARCO Alaska Asset acquired pursuant to this Order by Phillips or the Alaska Acquirer, as applicable.

III.

IT IS FURTHER ORDERED that:

- A. Respondents shall divest the ARCO Cushing Assets to the Cushing Acquirer, absolutely and in good faith and at no minimum price, within 120 days from the date Respondents sign the Consent Agreement. Respondents shall divest the ARCO Cushing Assets only to a Cushing Acquirer that receives the prior approval of the Commission, and only in a manner that receives the prior approval of the Commission.
- B. Pending divestiture of the ARCO Cushing Assets to the Cushing Acquirer, Respondents shall take such actions as are reasonably necessary to maintain the viability and marketability of the ARCO Cushing Assets and to prevent the destruction, removal, wasting, deterioration, sale, disposition, transfer or impairment of any of the ARCO Cushing Assets except for ordinary wear and tear.
- C. The purpose of the divestiture of the ARCO Cushing Assets is to ensure the continued use of the ARCO Cushing Assets in the same businesses in which they were engaged at the time of the announcement of the proposed Acquisition, and to remedy the lessening of competition resulting from the Acquisition as alleged in the Commission's complaint.

IV.

IT IS FURTHER ORDERED that:

- A. From the date Respondents sign the Consent Agreement until the divestitures are completed pursuant to the terms of this Order, Respondents shall take, or cause to be taken, reasonable steps, including implementing appropriate incentive plans (such as vesting or crediting of all current and accrued benefits and pensions, to which the employees are entitled) and paying bonuses, to cause the ARCO Alaska Employees to accept offers of employment from Phillips or the Alaska Acquirer, as applicable.
- B. For a period of two (2) years following the date Respondents sign the Consent Agreement, Respondents shall not solicit for employment any ARCO Alaska Employee employed by Phillips or the Alaska Acquirer, as applicable, unless and until such employee's employment by Phillips or the Alaska Acquirer, as applicable, has been terminated.
- C. For a period of three (3) years following the date Respondents sign the Consent Agreement, Respondents shall not solicit for employment any Key ARCO Alaska Employees employed by Phillips or the Alaska Acquirer, as applicable, unless and until

such employee's employment by Phillips or the Alaska Acquirer, as applicable, has been terminated.

- D. Respondents shall provide, cause to be provided, or reimburse Phillips or the Alaska Acquirer, as applicable, for providing to Key ARCO Alaska Employees the following financial incentives to continue in their employment positions or to accept employment with Phillips or the Alaska Acquirer, as applicable:
1. Vesting of all pension benefits current and accrued as of the date of transition to employment with Phillips or the Alaska Acquirer after the relevant divestiture pursuant to Paragraph II.A or Paragraph V, as applicable; and
 2. Payment of a bonus equal to no less than 35 percent of the base salary (together with the amount of any social security, unemployment and similar taxes imposed upon the employer by applicable law with respect to such bonus) for each Key ARCO Alaska Employee (in addition to any other bonus or incentive payment made to Key ARCO Alaska Employees during the normal course of business). This bonus payment shall be conditional upon the acceptance of a position with Phillips or the Alaska Acquirer and remaining employed with Phillips or the Alaska Acquirer for a period of at least twelve (12) months. One-half of the bonus will be paid upon hire by Phillips or the Alaska Acquirer and the remainder will be paid after twelve (12) months of employment with Phillips or the Alaska Acquirer.

V.

IT IS FURTHER ORDERED that:

- A. If Respondents have not divested or have not caused to be divested, absolutely and in good faith the ARCO Alaska Assets and ARCO Beluga, Inc. to Phillips within the time period required by Paragraph II of this Order or the ARCO Cushing Assets within the time period required by Paragraph III of this Order, respectively, the Commission may appoint

pursuant to § 5(l) of the Federal Trade Commission Act, or any other statute enforced by the Commission, for any failure by the Respondents to comply with this Order.

- C. If a trustee is appointed by the Commission or a court pursuant to Paragraph V.A. of this Order, Respondents shall consent to the following terms and conditions regarding the trustee's powers, duties, authority, and responsibilities:
1. The Commission shall select the trustee, subject to the consent of the Respondents, which consent shall not be unreasonably withheld. The trustee shall be a person with experience and expertise in acquisitions and divestitures. If Respondents have not opposed, in writing, including the reasons for opposing, the selection of any proposed trustee within ten (10) days after receipt of written notice by the staff of the Commission to Respondents of the identity of any proposed trustee, Respondents shall be deemed to have consented to the selection of the proposed trustee. The trustee may be the same person or entity as any trustee appointed pursuant to the Order to Hold Separate and Maintain Assets.
 2. Subject to the prior approval of the Commission, the trustee shall have the exclusive power and authority to divest or cause to be divested, respectively, the ARCO Alaska Assets, ARCO Beluga, Inc. and to obtain the Alaska Approval Asset Consents and divest the Alaska Approval Assets, or to divest the ARCO Cushing Assets.
 3. Within ten (10) days after appointment of the trustee, Respondents shall execute a trust agreement that, subject to the prior approval of the Commission and, in the case of a court-appointed trustee, of the court, transfers to the trustee all rights and powers necessary to permit the trustee to effect the divestitures and obtain the consents required by this Order.
 4. The trustee shall have twelve (12) months from the date the Commission approves the trust agreement described in Paragraph V. C. 3. to accomplish the divestitures and obtain the consents, which shall be subject to the prior approval of the Commission. If, however, at the end of the twelve-month period the trustee has submitted a plan of divestiture or believes that divestiture can be achieved within a reasonable time or that consents can be obtained in a reasonable time, the divestiture period may be extended by the Commission, or, in the case of a court-appointed trustee, by the court; provided, however, the Commission may extend this period only two (2) times.
 5. The trustee shall have full and complete access, subject to any legally recognized privilege of Respondents, to the personnel, books, records and facilities related to the ARCO Alaska Assets, ARCO Beluga, Inc., the Alaska Approval Assets, or ARCO Cushing Assets or to any other relevant information, as the trustee may

request. Respondents shall develop such financial or other information as the trustee may request and shall cooperate with the trustee. Respondents shall take no action to interfere with or impede the trustee's accomplishment of the divestiture. Any delays in divestiture caused by Respondents shall extend the time for divestiture under this Paragraph in an amount equal to the delay, as determined by the Commission or, for a court-appointed trustee, by the court.

6. The trustee shall use his or her best efforts to negotiate the most favorable price and terms available in each contract that is submitted to the Commission, but shall divest expeditiously at no minimum price. The divestitures shall be made only to an acquirer that receives the prior approval of the Commission, and the divestitures and consents shall be accomplished only in a manner that receives the prior approval of the Commission; provided however, if the trustee receives bona fide offers from more than one acquiring entity, and if the Commission determines to approve more than one such acquiring entity, the trustee shall divest to the acquiring entity or entities selected by Respondents from among those approved by the Commission; provided further, however, that Respondents shall select such entity within five (5) days of receiving written notification of the Commission's approval.
7. The trustee shall serve, without bond or other security, at the cost and expense of Respondents, on such reasonable and customary terms and conditions as the Commission or a court may set. The trustee shall have the authority to employ, at the cost and expense of Respondents such consultants, accountants, attorneys, investment bankers, business brokers, appraisers, and other representatives and assistants as are necessary to carry out the trustee's duties and responsibilities. The trustee shall account for all monies derived from the divestiture and all expenses incurred. After approval by the Commission and, in the case of a court-appointed trustee, by the court, of the account of the trustee, including fees for his or her services, all remaining monies shall be paid at the direction of the respondent, and the trustee's power shall be terminated. The trustee's compensation shall be based at least in significant part on a commission arrangement contingent on the trustee's divesting the ARCO Alaska Assets, ARCO Beluga, Inc. and obtaining the Alaska Approval Asset Consents and divesting the Alaska Approval Assets or divesting the ARCO Cushing Assets, depending on the circumstances.
8. Respondents shall indemnify the trustee and hold the trustee harmless against any losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the performance of the trustee's duties, including all reasonable fees of counsel and other expenses incurred in connection with the preparation for, or defense of any claim, whether or not resulting in any liability, except to the extent that such liabilities, losses, damages, claims, or expenses result from misfeasance, gross negligence, willful or wanton acts, or bad faith by the trustee.

9. If the trustee ceases to act or fails to act diligently, a substitute trustee shall be appointed in the same manner as provided in Paragraph V.A. of this Order.
10. The Commission or, in the case of a court-appointed trustee, the court, may on its own initiative or at the request of the trustee issue such additional orders or directions as may be necessary or appropriate to accomplish the divestitures required by this Order.
11. In the event that the trustee determines that he or she is unable to divest or cause to be divested the ARCO Alaska Assets, ARCO Beluga, Inc. or to obtain the Alaska Approval Asset Consents and divest the Alaska Approval Assets in a manner consistent with the Commission's purpose as described in Paragraph II or to divest the ARCO Cushing Assets in a manner consistent with the Commission's purpose as described in Paragraph III, the trustee may divest assets similar and corresponding to the ARCO Alaska Assets, ARCO Beluga, Inc. or the ARCO Cushing Assets, of Respondents, respectively, as necessary to achieve the remedial purposes of this Order.
12. The trustee shall have no obligation or authority to operate or maintain the ARCO Alaska Assets, ARCO Beluga, Inc., the Alaska Approval Assets, or the ARCO Cushing Assets.
13. The trustee shall report in writing to Respondents and the Commission every sixty (60) days concerning the trustee's efforts to accomplish the divestitures and to obtain the necessary consents.

VI.

IT IS FURTHER ORDERED that, for a period commencing on the date this Order becomes final and continuing for ten (10) years, Respondents shall not, without providing advance written notification to the Commission acquire, directly or indirectly, through subsidiaries or otherwise, any ownership, leasehold, or other interest, in whole or in part, in any of the assets required to be divested pursuant to Paragraph II of this Order.

Said notification shall be given on the Notification and Report Form set forth in the Appendix to Part 803 of Title 16 of the Code of Federal Regulations as amended (hereinafter referred to as "the Notification"), and shall be prepared and transmitted in accordance with the requirements of that part, except that no filing fee will be required for any such notification, notification shall be filed with the Secretary of the Commission, notification need not be made to the United States Department of Justice, and notification is required only of Respondents and not of any other party to the transaction. Respondents shall provide the Notification to the Commission at least thirty (30) days prior to consummating any such transaction (hereinafter

referred to as the “first waiting period”). If, within the first waiting period, representatives of the Commission make a written request for additional information or documentary material (within the meaning of 16 C.F.R. § 803.20), Respondents shall not consummate the transaction until twenty (20) days after submitting such additional information or documentary material. Early termination of the waiting periods in this Paragraph may be requested and, where appropriate, granted by letter from the Bureau of Competition. Provided, however, that prior notification shall not be required by this Paragraph for a transaction for which notification is required to be made, and has been made, pursuant to Section 7A of the Clayton Act, 15 U.S.C. § 18a.

VII.

IT IS FURTHER ORDERED that, within thirty (30) days after the date this Order becomes final and every sixty (60) days thereafter until Respondents have fully complied with the provisions of Paragraphs II through V of this Order, Respondents shall submit to the Commission a verified written report setting forth in detail the manner and form in which they intend to comply, are complying, and have complied with Paragraphs II through V of this Order and with the Order to Hold Separate and Maintain Assets. Respondents shall include in their compliance reports, among other things that are required from time to time, a full description of the efforts being made to comply with Paragraphs II through V of the Order, including a description of all substantive contacts or negotiations relating to the divestitures and the approvals. Respondents shall include in their compliance reports copies, other than of privileged materials, of all written communications to and from such parties, all internal memoranda, and all reports and recommendations concerning the divestitures and approvals. The final compliance report required by this Paragraph VII shall include a statement that the divestitures have been accomplished in the manner approved by the Commission and shall include the dates the divestitures were accomplished.

VIII.

IT IS FURTHER ORDERED that Respondents shall notify the Commission at least thirty (30) days prior to any proposed change in the Respondents that may affect compliance obligations arising out of this Order, such as dissolution, assignment, sale resulting in the emergence of a successor corporation, or the creation or dissolution of subsidiaries or any other change in the corporation.

IX.

IT IS FURTHER ORDERED

- A. Access, during office hours and in the presence of counsel, to all facilities and access to inspect and copy all non-privileged books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of Respondents relating to any matter contained in this Order; and
- B. Upon five (5) days' notice to Respondents and without restraint or interference from

**SCHEDULE A
ALASKA STATE OIL AND GAS LEASES**

ADL-380049

ADL-380050

ADL-380051

ADL-380052

ADL-380053

ADL-380054

ADL-380055

ADL-380058

ADL-380059

ADL-380060

ADL-380062

ADL-380087

ADL-380088

ADL-380089

ADL-380090

ADL-380106

ADL-380107

**SCHEDULE B
EXISTING SUPPLY AGREEMENTS**

- 1. Alaskan North Slope Crude Oil Sales Agreement by and between U.S. Oil and Refining Co. and BP Oil Supply Company.**
- 2. Alaskan North Slope Crude Oil Sales Agreement by and between Tosco Refining Company and BP Oil Supply Company.**
- 3. Alaskan North Slope Crude Oil Sales Agreement by and between Petro Star Inc. and BP Oil Supply Company. (Petro Star Contract Number 2000-1)**
- 4. Alaskan North Slope Crude Oil Sales Agreement by and between Petro Star Inc. and BP Oil Supply Company. (Petro Star Contract Number 2000-2)**
- 5. Alaskan North Slope Crude Oil Sales Agreement by and between Petro Star Inc. and BP Oil Supply Company. (Petro Star Contract Number 2000-3)**
- 6. Alaskan North Slope Crude Oil Sales Agreement by and between Petro Star Inc. and BP Oil Supply Company. (Petro Star Contract Number 2000-4)**
- 7. Alaskan North Slope Crude Oil Sales Agreement by and between Williams Energy Marketing & Trading Co. and BP Oil Supply Company. (Williams Contract Number ABS-129-0001)**
- 8. Alaskan North Slope Crude Oil Sales Agreement by and between Williams Energy Marketing & Trading Co. and BP Oil Supply Company. (Williams Contract Number ABS-129-0002)**
- 9. Alaskan North Slope Crude Oil Sales Agreement by and between Williams Energy Marketing & Trading Co. and BP Oil Supply Company. (Williams Contract Number ABS-129-0003)**
- 10. Alaskan North Slope Crude Oil Sales Agreement by and between Williams Energy Marketing & Trading Co. and BP Oil Supply Company. (Williams Contract Number ABS-129-0004)**
- 11. Alaskan North Slope Crude Oil Sales Agreement by and between Williams Energy Marketing & Trading Co. and BP Oil Supply Company. (Williams Contract Number ABS-129-0005)**
- 12. Alaskan North Slope Crude Oil Sales Agreement by and between Equilon Enterprises LLC and BP Oil Supply Company.**

SCHEDULE C
CONFIDENTIAL LIST: KEY ARCO ALASKA EMPLOYEES

[REDACTED]

CONFIDENTIAL LIST: KEY ARCO ALASKA EMPLOYEES

[REDACTED]

CONFIDENTIAL LIST: KEY ARCO ALASKA EMPLOYEES

[REDACTED]

CONFIDENTIAL LIST: KEY ARCO ALASKA EMPLOYEES

[REDACTED]