

**REPORT OF THE FEDERAL TRADE COMMISSION ON  
ACTIVITIES IN THE OIL AND NATURAL GAS INDUSTRIES**

The Commission investigated a number of mergers and acquisitions that raised significant competition issues. These investigations involved crude oil pipeline transportation; petroleum refineries; refined petroleum product terminals, pipelines, and bulk supply; crude oil and petroleum products merchant wholesaling; natural gas liquids; and natural gas exploration, production, transportation, storage,

The FTC also has continued to investigate other types of conduct by firms in the oil and gas industries, including investigations of possibly anticompetitive or possibly deceptive conduct involving products or services in or affecting the oil and gas sector. When appropriate, the staff

## Memorandum of Understanding with the CFTC

As discussed in our recent semiannual reports, the FTC and the Commodity Futures Trading Commission (“CFTC”) signed a Memorandum of Understanding (“MOU”) in 2011 designed “to foster further cooperation between the two agencies by helping them share nonpublic information.”<sup>9</sup> By facilitating the sharing of such information in investigations of wholesale oil and gasoline markets, the MOU is meant to help each agency carry out its authority to detect and prevent manipulation in those markets. In furtherance of this goal, the FTC and the CFTC exchanged information pursuant to the MOU during the first half of 2013.

## Petroleum Market Manipulation Rule

As mentioned in previous reports, the Commission established a process in November 2009 to monitor compliance with the Petroleum Market Manipulation Rule,<sup>10</sup> which prohibits fraud or deception aimed at manipulating wholesale markets for crude oil, gasoline, or petroleum distillates. Since January 1, 2013, the FTC’s Bureau of Competition has received two communications from members of the public under the Rule. Neither of those communications contained information suggesting a violation of the Rule. In addition, the Commission’s close cooperation with other agencies included review of information received from another agency that pertained to the Rule. The Commission remains ready to examine closely any complaints or other communications that it receives regarding the Rule, and to take action as appropriate.<sup>11</sup>

## Oil and Gas Price Fraud Working Group

The work of the interagency Oil and Gas Price Fraud Working Group – established by the Attorney General in the midst of the spring 2011 oil and gasoline price increases – continued during the first half of 2013. As described in our recent semiannual reports, the Working Group

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<sup>9</sup> See <http://www.ftc.gov/opa/2011/04/ftccftc-mou.shtm> (press release); <http://www.ftc.gov/os/2011/04/110412ftccftc-mou.pdf> (text of the MOU).

<sup>10</sup> The Commission issued this Rule under the authority of Section 811 of the Energy Independence and Security Act of 2007, 42 U.S.C. § 17301.

<sup>11</sup> The “Guide to Complying with Petroleum Market Manipulation Regulations” that the Commission issued in November 2009 (<http://www.ftc.gov/os/2009/11/091113mmrguide.pdf>) provides addresses to which the public may send complaints of possible Rule violations. Complaints that evidence a Rule violation are referred to the FTC litigation units that specialize in maintaining competition in energy industries. Complaints that concern activity in futures markets are shared with the CFTC (through the FTC’s working relationship with that agency) to ensure that consumers are protected against fraud and deception in whatever form they take. Moreover, as described elsewhere in this report, FTC litigators and economists continue to employ additional techniques to monitor prices and other activity in petroleum markets.

consists of federal and state agencies with oversight of oil and gasoline markets. During the first half of 2013, the member agencies discussed developments and specific issues in the oil and gas sector and continued to share information and ideas about the sector. The Working Group has enhanced the possibilities for cooperative information-sharing among the member agencies, and various agencies' investigations in the petroleum sector – including those by the FTC – may benefit from information gleaned from the Working Group. As one of the co-chairs of the Working Group, the Commission helps ensure that American consumers are not harmed by unlawful conduct.

### Gasoline and Diesel Price Monitoring

During the first half of 2013, the FTC also continued a decade-old project that has provided valuable information in connection with the agency's efforts to police conduct in the petroleum industry. Begun in 2002, the Gasoline and Diesel Price Monitoring Project involves monitoring by the Bureau of Economics of the wholesale and retail prices of gasoline and diesel fuel in order to track trends and developments in the pricing of gasoline and diesel fuel. The Monitoring Project is just one of a number of tools available to help detect possible anticompetitive activities and determine whether a law enforcement investigation is b( )Tf(r)-1.ed

agency's work in these industries. Personnel fr