



**STOP 'n Save**

**FEATHER PETROLEUM COMPANY**

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September 27, 2002

Via Email (consentagreement@ftc.gov)

Office of the Secretary  
Federal Trade Commission  
Room 159-H  
600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20580



**Re: Conoco, Inc. and Phillips Petroleum Company**

Dear Mr. Secretary:

Feather Petroleum Company was incorporated in 1977 with Phillips Petroleum as its sole supplier. In 1991 we added Conoco as a second supplier. Today we sell approximately nineteen million gallons annually through sixteen convenience stores that we own and operate, all of which are in western Colorado. Conoco supplies 55% of our sales volume and Phillips the remaining 45%. We are one of many small, independent, branded marketers of fuel in western Colorado.

We support the recent merger of Conoco and Phillips to form ConocoPhillips as we feel it was imperative that our two "second tier" suppliers be united in order to compete with the other "super major" oil companies that were formed by recent mergers. However, we do object and feel harmed by the FTC requirement that mandated the divestiture of certain Phillips assets in our marketing area. The FTC requirement mandating divestiture of the Phillips assets and the uncertainty of our future supply by a successor has actually weakened our position in the marketplace and caused the unintended action of **reducing** competition in our marketplace.

The uncertainty of the identity of the acquiring company as well as our inability to switch suppliers now or in the future is a huge disadvantage to our business in competing in our local markets. We have not decided to leave the state of Colorado, nor do we have the ability to do so. We object to the idea that we have to wait to see who buys Phillips' assets in Colorado and then have to accept their terms in order to receive supply. We feel that Phillips is leaving and that we should have the right to select a new supplier now and not when a new buyer is announced. We also feel that we should not have to pay back any incentive monies we earned with Phillips. Those monies were given and received in good faith. We have lived up to our end of the deal---we are still here!! In 1977, we

chose to be a customer of Phillips and they wanted to be our supplier. The same applied to our relationship with Conoco when it began in 1991.

In western Colorado, Conoco is the best supplier for our company as a branded, independent marketer. We would like to have the option of converting our Phillips units to Conoco, thus insuring our ability to obtain supply. Our main area of operation is Grand Junction, Colorado, a community of 120,000 people. The hypermarketers (the name given by our industry to Walmart, Sam's Club, Albertsons, Safeway, Kroger) sell over 25% of the total volume in Grand Junction and have lowered our gross margin significantly on the remaining 75% of the volume. For this reason alone, we feel that as a small marketer we need every option in supply that is available----and cannot afford to wait around for some unknown buyer to say "hello, we are your new supplier". If the new buyer is a viable and competitive supplier in our market, this alone will be enough to entice us to sign supply agreements with them. We should not be bound to them now or in the future without our consent.

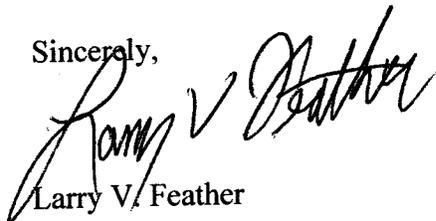
We have read and agree with the letter sent to you by Robert S. Bassman, attorney for the PMAA association. We wanted to add to his points by a real small business which is impacted by the FTC's decision in this matter. We cannot, nor should we comment on other companies that may be impacted in other parts of the country. Each market has its own, unique attributes and we request that our market not unnecessarily be "lumped" together with other areas of the country that have different issues.

Our requests in bullet format are as follows:

- Allow existing Phillips 66 branded marketers to cancel its existing supply agreements with Phillips 66 without penalty or paybacks.
- Allow existing Phillips 66 branded marketers the option of re-branding with any current or future supplier in our market, including Conoco.

I thank you for your time and consideration in this matter.

Sincerely,



Larry V. Feather  
President