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

**COMMISSIONERS:** **Jon Leibowitz, Chairman**
**J. Thomas Rosch**
**Edith Ramirez**
**Julie Brill**
**Maureen K. Ohlhausen**

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| **In the Matter of**<br><br>**Kinder Morgan, Inc.,**<br>**a corporation** | **Docket No. C-4355** |

**COMPLAINT**

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Respondent Kinder Morgan, Inc., and El Paso Corporation have entered into an acquisition agreement which, 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, and it appearing to the Federal Trade Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges as follows:

**I. RESPONDENT AND JURISDICTION**

1. Kinder Morgan, Inc. is a publically traded corporation principally engaged in midstream petroleum and natural gas services. Kinder Morgan, Inc. is organized, existing, and doing business under and by virtue of the laws of Delaware, with its headquarters and principal place of business at 500 Dallas Street, Suite 1000, Houston, Texas 77002.

2. Kinder Morgan, Inc. is the general partner of the master-limited partnership Kinder Morgan Energy Partners.

3. Kinder Morgan Energy Partners owns or has interests in over 38,000 miles of pipelines in North America for the transportation of natural gas, refined petroleum products, crude oil, and carbon dioxide.

4. Kinder Morgan, Inc. and its relevant operating entities are, and at all relevant times have been, engaged in the business of transporting natural gas by pipeline in Colorado and Wyoming.

5. Kinder Morgan, Inc. and its relevant operating entities are, and at all relevant times have been, engaged in the business of providing natural gas storage services to customers located in Colorado.

6. Kinder Morgan, Inc. and its relevant operating entities are, and at all relevant times have been, engaged in the business of processing natural gas produced in Wyoming.

7. Kinder Morgan, Inc. and its relevant operating entities are, and at all relevant times have been, engaged in activities in or affecting "commerce" as defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

## II. THE PROPOSED ACQUISITION

8. El Paso Corporation is a publically traded corporation principally engaged in natural gas transportation, natural gas gathering and processing, and natural gas exploration and production. El Paso Corporation and its affiliates own or have interests in over 43,000 miles of natural gas pipelines and gathering systems. El Paso Corporation is organized, existing, and doing business under and by virtue of the laws of Delaware with its headquarters and principal place of business at 1001 Louisiana Street, Houston, Texas 77002.

9. Pursuant to an agreement dated October 16, 2011, Kinder Morgan, Inc. intends to acquire the outstanding stock of El Paso Corporation for a combination of cash and Kinder Morgan, Inc. stock and warrants collectively valued at $21.1 billion. Kinder Morgan, Inc. will also assume $17 billion of debt from El Paso Corporation.

## III. THE RELEVANT MARKETS

### A. PIPELINE TRANSPORTATION OF NATURAL GAS TO UTILITIES AND OTHER CUSTOMERS IN THE COLORADO FRONT RANGE

10. The transportation of natural gas by pipeline is a relevant product market in which to analyze the proposed acquisition.

11. The Front Range region in eastern Colorado, which runs from the Cheyenne Hub in Weld County, Colorado in the north to Pueblo, Colorado in the south, is a relevant geographic market for the delivery of natural gas to utilities and other customers.

12. A relevant market in which to analyze the proposed acquisition is pipeline transportation of natural gas delivered to utilities and other customers in the Colorado Front Range region.

## B. PIPELINE TRANSPORTATION OF NATURAL GAS FROM WELLS IN THE DENVER/JULESBURG/NIOBRARA PRODUCTION BASIN

13. The transportation of natural gas by pipeline is a relevant product market in which to analyze the proposed acquisition.

14. The Denver/Julesburg/Niobrara production basin, covering parts of northwestern Colorado, western Nebraska, and southeastern Wyoming, is a relevant geographic market for the shipment of natural gas.

15. A relevant market in which to analyze the proposed acquisition is pipeline transportation of natural gas shipped from wells in the Denver/Julesburg/Niobrara production basin.

## C. PIPELINE TRANSPORTATION OF NATURAL GAS FROM WELLS IN THE POWDER RIVER PRODUCTION BASIN

16. The transportation of natural gas by pipeline is a relevant product market in which to analyze the proposed acquisition.

17. The Powder River production basin, covering parts of northeast Wyoming, is a relevant geographic market for the shipment of natural gas.

18. A relevant market in which to analyze the proposed acquisition is pipeline transportation of natural gas shipped from wells in the Powder River production basin.

## D. PIPELINE TRANSPORTATION OF NATURAL GAS FROM WELLS IN THE WIND RIVER PRODUCTION BASIN

19. The transportation of natural gas by pipeline is a relevant product market in which to analyze the proposed acquisition.

20. The Wind River production basin, covering parts of central Wyoming, is a relevant geographic market for the shipment of natural gas.

21. A relevant market in which to analyze the proposed acquisition is pipeline transportation of natural gas from wells in the Wind River production basin.

### E. PIPELINE TRANSPORTATION OF NATURAL GAS FROM WELLS IN THE WESTERN WYOMING PRODUCTION BASINS

22. The transportation of natural gas by pipeline is a relevant product market in which to analyze the proposed acquisition.

23. The Western Wyoming production basins, the Green River, Red Desert and Washakie production basins, each covering portions of southwestern Wyoming, taken together are a relevant geographic market for the shipment of natural gas.

24. A relevant market in which to analyze the proposed acquisition is pipeline transportation of natural gas from wells in the Western Wyoming production basins.

### F. PIPELINE TRANSPORTATION OF NATURAL GAS FROM WELLS IN THE PICEANCE PRODUCTION BASIN

25. The transportation of natural gas by pipeline is a relevant product market in which to analyze the proposed acquisition.

26. The Piceance production basin, covering parts of northwestern Colorado, is a relevant geographic market for the shipment of natural gas.

27. A relevant market in which to analyze the proposed acquisition is pipeline transportation of natural gas from wells in the Piceance production basin.

### G. NO NOTICE NATURAL GAS DELIVERY SERVICE TO THE FRONT RANGE REGION IN EASTERN COLORADO

28. Shippers on interstate natural gas pipelines must give advance notice to the pipeline operator when the shipper plans to inject natural gas into the pipeline. Some pipelines offer a premium service at extra cost, allowing shippers to ship natural gas without the normal notice period. Such service is called “no-notice” service.

29. No notice natural gas delivery service is a relevant product market.

30. The Front Range region in eastern Colorado, which runs from the Cheyenne Hub in Weld County, Colorado in the north to Pueblo, Colorado in the south, is a relevant geographic market for the receipt of natural gas.

31. A relevant market in which to analyze the proposed acquisition is the provision of no notice natural gas delivery service to utility companies and local distribution companies in the Colorado Front Range region.

### H. NATURAL GAS PROCESSING IN THE WIND RIVER BASIN

32. Natural gas processing is a relevant product market.

33. The Wind River Basin is a relevant geographic market.

34. A relevant market in which to analyze the proposed acquisition is the processing of natural gas produced in the Wind River production basin in Wyoming.

## VI. ANTICOMPETITIVE EFFECTS

35. The acquisition may substantially lessen competition in the relevant markets by, among other things: (a) eliminating actual, direct, and substantial competition between Kinder Morgan, Inc. and El Paso Corporation; and (b) increasing the likelihood that Kinder Morgan, Inc. will exercise market power unilaterally.

## VII. ENTRY CONDITIONS

36. Post-acquisition, entry or expansion into the relevant markets would not be timely, likely, and sufficient in scope to deter or negate the anticompetitive effects of the proposed acquisition.

## VI. VIOLATIONS CHARGED

37. The agreement described in Paragraph 9 constitutes a violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45.

38. The acquisition described in Paragraph 9, if consummated, would constitute a 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.

**WHEREFORE, THE PREMISES CONSIDERED**, the Federal Trade Commission on this first day of May, 2012, issues its Complaint against Respondent.

By the Commission, Commissioner Ramirez recused.

Donald S. Clark
Secretary

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