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UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

COMMISSIONERS: **Edith Ramirez, Chairwoman**
Julie Brill
Maureen K. Ohlhausen
Joshua D. Wright
Terrell McSweeny

In the Matter of	)	
	)	Docket No. C-
Par Petroleum Corporation, a corporation.	)	

COMPLAINT

Pursuant to the Clayton Act and the Federal Trade Commission Act, and its authority thereunder, the Federal Trade Commission ("Commission"), having reason to believe that Respondent Par Petroleum Corporation ("Respondent" or "Par") has agreed to acquire 100% of the outstanding voting securities of Koko'oha Investments, Inc. ("Koko'oha"), which owns all of the membership interests of Mid Pac Petroleum, LLC ("Mid Pac"), in violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, and 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 Commission that a proceeding in respect thereof would be in the public interest, hereby issues its Complaint, stating its charges as follows:

I. THE RESPONDENT

1. Respondent Par is a publicly-traded corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 800 Gessner Road, Suite 875, Houston, Texas 77024.

2. Respondent, a diversified energy company, is engaged in, among other things, the refining, bulk supply, transportation, and marketing of refined petroleum products in Hawaii through its wholly-owned subsidiary, Hawaii Independent Energy, LLC.

3. Respondent is, and at all times relevant herein has been, engaged in commerce, as "commerce" is defined in Section 1 of the Clayton Act as amended, 15 U.S.C. § 12, and is a corporation whose business is in or affects commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

II. THE PROPOSED ACQUISITION

4. Pursuant to an Agreement and Plan of Merger ("Agreement") dated June 2, 2014, Respondent Par proposes to acquire Koko'oha for $107 million (the "Acquisition").

III. THE RELEVANT MARKET

5. The relevant line of commerce in which to analyze the competitive effects of the Acquisition is the bulk supply of Hawaii-grade gasoline blendstock ("HIBOB").

6. Refineries produce HIBOB from crude oil. HIBOB is the only gasoline blendstock that, when combined with ethanol, yields gasoline that meets the standards and specifications of Hawaii law. No substitute exists for HIBOB for motor vehicles that must use Hawaii-grade gasoline.

7. Bulk supply means the provision of larger-than-truckload volumes of petroleum products, which can come from local refineries or via ocean-going vessels. Bulk suppliers of HIBOB deliver HIBOB into gasoline terminals for storage and local distribution or further pipeline or marine shipment. No alternative exists to the bulk supply of HIBOB.

8. The relevant geographic market in which to assess the competitive effects of the Acquisition is the state of Hawaii. Bulk suppliers refine HIBOB in, or import it into, Hawaii.

IV. THE STRUCTURE OF THE MARKET

9. Two refineries located in Hawaii produce bulk supply of HIBOB. Out-of-state imports to Hawaii via ocean-going vessels are also sources of bulk supply of HIBOB. Firms that can receive imports of HIBOB by virtue of their access to local terminals are bulk suppliers.

10. Respondent Par owns one of two refineries in Hawaii that provide bulk supply of HIBOB; Chevron Corporation ("Chevron") owns the other refinery. Aloha Petroleum, Ltd. ("Aloha") owns and operates Barbers Point Terminal ("Barbers Point Terminal") in Hawaii. Barbers Point Terminal is the only terminal in Hawaii not owned by one of the local refiners that can economically import bulk supply of HIBOB. Mid Pac can import bulk supply of HIBOB at Barbers Point Terminal by virtue of a long-term terminaling agreement with Aloha.

11. The Acquisition would weaken the threat of imports as a constraint on local refiners' HIBOB bulk supply prices. By acquiring Mid Pac's storage rights at Barbers Point Terminal, Par could limit Aloha's use of the terminal to import bulk supply of HIBOB. The Acquisition likely would increase prices for bulk supply of HIBOB, and, ultimately, gasoline prices for Hawaii consumers.

V. BARRIERS TO ENTRY

12. Entry into the relevant line of commerce in the relevant section of the country would not be timely, likely, or sufficient to deter or counteract the anticompetitive effects arising from the Acquisition. Current bulk suppliers have no incentive to create a new competitor by offering terminal access.

VI. EFFECTS OF THE ACQUISITION

13. The effects of the Acquisition, if consummated, may be to substantially lessen competition and tend to create a monopoly in the relevant market in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, in the following ways, among others:

a. by increasing the likelihood that Respondent Par would unilaterally exercise market power; and

b. by increasing the likelihood of, or facilitating, coordinated interaction between the remaining competitors in the relevant market.

VII. VIOLATIONS CHARGED

14. The Agreement described in Paragraph 4 constitutes a violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45.

15. The Acquisition described in Paragraph 4, 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 ____ day of _________, 2015, issues its Complaint against Respondent.

By the Commission.

Donald S. Clark
Secretary

SEAL: