



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

File No. 991-0192

C3938

Application of BP Amoco for Approval
of the Divestiture of the ARCO Cushing Assets

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BP Amoco p.l.c.

May 12, 2000

Set forth below is the Application of BP Amoco p.l.c. ("BP Amoco") and Atlantic Richfield Company ("ARCO") for approval to divest the ARCO Cushing assets, pursuant to the Agreement Containing Consent Orders in the Matter of BP Amoco p.l.c., a corporation, and Atlantic Richfield Company, a corporation, File No. 991-0192 ("Consent Order"), executed on April 13, 2000. The Consent Order arises in connection with the merger of BP Amoco with ARCO.

Pursuant to Paragraph III.A of the Consent Order, BP Amoco is required to divest the Seaway Crude Oil Pipeline and the Mid-Continent Crude Oil Logistics Services Businesses. As described below, on May 10, 2000, ARCO entered into an agreement to divest those assets to a subsidiary of TEPPCO Partners, L.P. ("TEPPCO"). This divestiture will remedy the alleged competitive problem by substituting a viable competitor for ARCO.

I. The Proposed Agreement

In order to accomplish the required divestiture, ARCO Pipeline Company and subsidiaries of Phillips Petroleum Company ("Phillips"), the original partners in the Seaway Pipeline Company, have entered into an agreement titled "Restructuring Agreement" pursuant to which ARCO and Phillips have agreed to split the Seaway Pipeline Company partnership into two partnerships, one owning the crude line ("Seaway Crude Pipeline Company") and one owning the product line ("Seaway Product Pipeline Company"). The Restructuring Agreement and related documents are attached as BPAC 000175-000460. ARCO Pipeline Company and subsidiaries of Phillips will be the partners in the Seaway Crude Pipeline Company. Subsidiaries of Phillips and BP Amoco will be the partners in the Seaway Product Pipeline Company.

Effective May 10, 2000, ARCO and TEPPCO entered into an Amended and Restated Purchase Agreement ("Purchase Agreement") pursuant to which TEPPCO has agreed to purchase ARCO Pipeline Company. (BPAC 000055-000174, attached.) As a result, TEPPCO will become a partner with Phillips in the Seaway Crude Pipeline Company. ARCO Pipeline Company will be the operator of the Crude Pipeline pursuant to an Operating Agreement with Seaway Crude Pipeline Company. Similarly, Amoco Pipeline Company will be the operator of the Seaway Products Pipeline pursuant to an Operating Agreement with the Seaway Product Pipeline Company.

The Purchase Agreement is conditioned upon the Commission's approval of this Application. Approval is also required by TEPPCO's Board of Directors. A meeting is scheduled for Monday May 15, 2000 and approval is expected by close of business on that day. It is BP Amoco's understanding that TEPPCO has financing in place with SunTrust of Atlanta.

II. The Proposed Divestiture Resolves the Alleged Competitive Concern

In its *Complaint of Federal Trade Commission for a Preliminary Injunction Pursuant to Section 13(b) of the Federal Trade Commission Act* ("Complaint"), the Commission alleged that the proposed acquisition of ARCO by BP Amoco would cause an increase in concentration in a relevant market defined as crude oil pipeline and storage services into and in Cushing, Oklahoma. (Complaint, Paragraphs III.A and B.) There are a number of crude oil pipelines into Cushing, with a total capacity of approximately 975 mbd. TEPPCO currently holds no interest in any of these pipelines. BP Amoco and ARCO's pre acquisition shares in such a market were approximately 21% and 28% respectively. ARCO's share was comprised of interests in two pipelines, the Seaway Pipeline (from Freeport, Texas to Cushing) and the Basin Pipeline (from Jal, Texas to Cushing).

TEPPCO's current operations do not compete with the ARCO Cushing assets. TEPPCO has no pipelines serving Cushing and no assets there other than a leased truck unloading facility that delivers a small amount of crude per day to the Cushing area pipelines. TEPPCO also transports some crude to the Cushing area by third-party pipelines.

As a result of the proposed divestiture, TEPPCO will acquire ARCO's interests in both the Seaway Crude Oil Pipeline and the Basin Pipeline. Therefore, as a result of this Transaction, TEPPCO's market share in the relevant market will be the same as ARCO's prior to its acquisition by BP Amoco. There will be no change in concentration or in the Herfindal Hirschman Index.

III. TEPPCO is a Viable Purchaser

TEPPCO is an experienced pipeline operator, which has been in business for approximately 50 years. Its main business is the transportation of refined petroleum products and liquified petroleum gases from the Gulf Coast to Central and Midwest states. In 1998, TEPPCO expanded its business by acquiring a crude oil gathering and marketing company and now transports and markets crude oil primarily in Texas and Oklahoma. 1999 revenues were approximately \$2 billion. The TEPPCO products system alone encompasses 4,300 miles of pipelines. TEPPCO has the experience and financial strength to effectively replace ARCO as a competitor in the alleged market.

Verification

State of Illinois)
)ss:
County of Cook)

Mildred L. Calhoun, deposes and says:

I am an attorney for BP Amoco Corporation. I have read and am familiar with the facts as set forth in the foregoing Application of BP Amoco for Approval of the Divestiture of the ARCO Cushing Assets and believe the contents thereof to be true and correct in all material respects.

Mildred L. Calhoun

Mildred L. Calhoun

Title: Attorney

BP Amoco Corporation

Sworn to before me this
12th day of May, 2000

Rita A. McGarry

Notary Public

