

C.F.R. § 2.34, the Commission hereby makes the following jurisdictional finding and issues the following Order:

1. Respondent BP Amoco p.l.c. is a corporation organized, existing and doing business under and by virtue of the laws of England and Wales with its office and principal place of business located at Britannic House, 1 Finsbury Circus, London EC2M 7BA, England. BP Amoco p.l.c.'s principal operating subsidiary in the United States is located at BP Amoco Corporation, 200 East Randolph Drive, Chicago, Illinois 60601-7125.
2. Respondent Atlantic Richfield Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware with its principal place of business at 333 S. Hope Street, Los Angeles, California 90071.
3. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of Respondents and the proceeding is in the public interest.

ORDER

I.

IT IS ORDERED that, as used in this order, the following definitions shall apply:

- A. "BP Amoco" means BP Amoco p.l.c., its directors, officers, employees, agents and representatives, predecessors, successors, and assigns; its joint ventures, subsidiaries, divisions, groups and affiliates controlled by BP Amoco p.l.c., and the respective directors, officers, employees, agents, representatives, successors, and assigns of each.
- B. "ARCO" means Atlantic Richfield Company, its directors, officers, employees, agents and representatives, predecessors, successors, and assigns; its joint ventures, subsidiaries, divisions, groups and affiliates controlled by Atlantic Richfield Company, and the respective directors, officers, employees, agents, representatives, successors, and assigns of each.
- C. "Respondents" means BP Amoco and ARCO, individually and collectively.
- D. "Commission" means Federal Trade Commission.
- E. "Phillips" means Phillips Petroleum Company, a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware with its principal place of business at Phillips Building, 422 South Keeler Street, Bartlesville, Oklahoma 74004.
- F. "Alaska Acquirer" means the single entity and its subsidiaries, successors and assigns, to

whom the ARCO Alaska Assets and ARCO Beluga, Inc., are divested by the trustee as required by the terms of this Order.

- G. “Cushing Acquirer” means the entity or entities and their subsidiaries, successors and assigns, to whom the ARCO Cushing Assets are divested pursuant to Paragraph III of this Order or by the trustee pursuant to Paragraph V of this Order, as applicable.
- H. “Acquisition” means the proposed acquisition by BP Amoco of ARCO as described in the March 31, 1999, Agreement and Plan of Merger between BP Amoco and ARCO.
- I. “Alaska” means the State of Alaska and offshore land and outer continental shelf subject to the jurisdiction of the State of Alaska or the United States.
- J. “Alaska Approval Assets” means the following ARCO Alaska Assets requiring Alaska Approval Asset Consents:
 - 1. All of the outstanding shares of common stock of ARCO Transportation Alaska, Inc. and any associated local, state and federal rights of way;
 - 2. All of the outstanding shares of common stock of ARCO Marine, Inc. and any associated local, state and federal rights of way;
 - 3. All of the outstanding shares of common stock of Kuparuk Pipeline Company and any associated local, state and federal rights of way;
 - 4. All of the outstanding shares of common stock of Oliktok Pipeline Company and any associated local, state and federal rights of way;
 - 5. All of the outstanding shares of common stock of Alpine Pipeline Company and any associated local, state and federal rights of way;
 - 6. All of ARCO’s shares of Cook Inlet Pipeline Company and any associated local, state and federal rights of way;
 - 7. The Certificate of Convenience and Necessity for the Alpine Pipeline Company crude oil pipeline (the “Alpine Certificate”) from ARCO Alaska, Inc. to Alpine Pipeline Company;
 - 8. All Alaska State oil and gas leases held or controlled by ARCO or any subsidiary of ARCO, as identified in Schedule A, attached;
 - 9. Existing Supply Agreements for the long-term supply of crude oil between BP Amoco and certain refineries, as identified in Schedule B, attached;
 - 10. all rights, titles and interests of AMI Leasing, Inc. in and to the Construction

Contract;

11. Any other local, state and federal permits not otherwise included in this definition of the Alaska Approval Assets;
 12. The Alpine Rights of Way; and
 13. Any or all of the AMI Conveyed Properties, if necessary, as that term is defined in the Alaska MPSA, and the ARCO Trader bareboat charter assignments.
- K. “Alaska Approval Asset Consents” means all consents or waivers from private entities, and local, state and federal regulatory bodies, including FERC and the State of Alaska, or other consents or waivers from partners or otherwise, that are necessary to effect the complete transfer of the Alaska Approval Assets or of any other assets that were not listed in the definition of Alaska Approval Assets, but are a part of the ARCO Alaska Assets, to Phillips or the Alaska Acquirer, as applicable.
- L. “Alaska MPSA” means the March 15, 2000, Master Purchase and Sale Agreement, and amendments thereto, by and among ARCO, CH-Twenty, Inc., BP Amoco and Phillips, as amended, April 6, 2000.
- M. “Alpine Rights of Way” means the two right-of-way leases by and between the State of Alaska and ARCO for the Alpine crude oil pipeline (ADL-415701) and the Alpine diesel line (ADL-415932) and the right-of-way granted by and between the State of Alaska and ARCO Alaska, Inc. under the Alpine utility pipeline (ADL-415857).
- N. “ANS crude oil” means crude oil produced from the Alaska North Slope.
- O. “ARCO Alaska Assets” means all assets, properties, businesses and goodwill, tangible and intangible, of ARCO, that are, as of March 15, 2000, related to and primarily used with or in connection with the ARCO Alaska Businesses, including without limitation, the following:
1. ARCO’s interest, direct or indirect, in ARCO Alaska, Inc., ARCO Transportation Alaska, Inc. (including any interests in Alyeska Pipeline Service Company and Prince William Sound Oil Spill Response Corp.), ARCO Marine, Inc., ARCO Marine Spill Response Company, Union Texas Petroleum Holdings, Inc., (“UTPH”) (excluding all assets of UTPH other than Union Texas Alaska, LLC), Union Texas Alaska, LLC, Kuparuk Pipeline Company (including any interests in Kuparuk Transportation Company and Kuparuk Transportation Capital Corporation), Cook Inlet Pipeline Company, Alpine Pipeline Company and Oliktok Pipeline Company;
 2. all interests of ARCO in the office complex of ARCO Alaska, Inc., located at Lot 1A, Block 81, ORIGINAL TOWNSITE, according to the official plat thereof, filed

under Plat Number 82-337, Records of the Anchorage Recording District, Third Judicial District, State of Alaska;

3. all interests of ARCO in the aircraft lease (Amended and Restated Lease Agreement between First Security Bank, National Association, Lessor and ARCO, Lessee, dated as of December 31, 1999) covering one Boeing 737-205 Aircraft and its related Engines, U.S. Registration No. N733AR;
4. ARCO Alaska Intellectual Property;
5. ARCO Patents;
6. ARCO Seismic Data;
7. all rights, titles and interests of AMI Leasing, Inc. (a wholly owned subsidiary of ARCO) in and to five vessels (named, at the time the Consent Agreement was signed by Respondents, the ARCO Alaska, the ARCO California, the ARCO Texas, the ARCO Spirit and the ARCO Independence), being all of the tankers used by ARCO in the ARCO Alaska Businesses and the bareboat charter of the ARCO Trader;
8. all rights, titles and interests of AMI Leasing, Inc. in and to the Construction Contract, being the only existing agreement of ARCO for new ship construction relating to the ARCO Alaska Businesses;
9. all rights, titles and interests of ARCO and ARCO Alaska, Inc. in and to the Alpine Rights of Way;
10. all rights, titles and interests in and to the Alaska State oil and gas leases held by ARCO relating to the ARCO Alaska Businesses, which are identified on Schedule A, attached;
11. to the extent not included in any of the foregoing sections of this Paragraph, any rights, commitments, contracts or other options held by ARCO to acquire, lease or rent any asset primarily used in or connected with exploring for and developing or producing hydrocarbons in Alaska or transporting hydrocarbons to or from Alaska;
12. to the extent not included in any of the foregoing sections of this Paragraph, all rights, titles and interests in and to contracts, licenses, permits and agreements primarily used in or connected with the ARCO Alaska Businesses, including all rights, titles and interests in and to the contracts entered into in the ordinary course of business in connection with the ARCO Alaska Businesses with customers (together with associated bid and performance bonds), suppliers, service providers, vendors, sales representatives, distributors, partners, agents, personal property lessors, personal property lessees, licensors, licensees, consignors and

consignees;

13. all customer lists, vendor lists, catalogs, sales promotion literature and advertising materials that are used in or connected with the ARCO Alaska Businesses;
14. all of the books, ledgers, files, reports, plans and operating records of, or maintained by, or pertaining to, any ARCO Alaska Company in whatever form stored or retained; and
15. all Product Inventory as that term is defined in the Alaska MPSA.

PROVIDED, HOWEVER, that ARCO Beluga, Inc. and ARCO's proprietary trade names and trademarks are excluded from the definition of ARCO Alaska Assets.

P. "ARCO Alaska Businesses" means the business of:

1. acquiring any right or option (whether or not contingent) to bid for or to explore for, to develop or to produce hydrocarbons in Alaska;
2. exploring for, developing or producing hydrocarbons in Alaska or transporting or shipping hydrocarbons within or from Alaska;
3. providing any product or service, directly or indirectly, with or without compensation, to any person engaged in any of the activities in Paragraphs P.1. and P.2. where such product or service is primarily used in or related to such person's activities in Alaska; or
4. supporting ARCO in any of the activities in Paragraphs P.1., P.2., and P.3. as those activities were conducted by ARCO on March 15, 2000.

Q. "ARCO Alaska Company" means each of ARCO Alaska, Inc., ARCO Transportation Alaska, Inc., ARCO Marine, Inc., ARCO Marine Spill Response Company, Union Texas Petroleum Holdings, Inc., Union Texas Alaska, LLC, Kuparuk Pipeline Company, Alpine Pipeline Company and Oliktok Pipeline Company.

R. "ARCO Alaska Employees" means employees employed by or working for the ARCO Alaska Businesses on or since March 15, 2000, including all employees of any ARCO Alaska Company, or ARCO Beluga, Inc. and those employees covered by Schedule 5.6 of the Alaska MPSA.

S. "ARCO Alaska Intellectual Property" means intellectual property, inventions, technology, trademarks, trade names, trade secrets, copyrights, know-how, research material, technical information, seismic data, geological data, geophysical data, management information systems, software and software specifications, designs, drawings, plans (whether proposed or tentative, whether adopted, pending or implemented), specifications, processes and

quality control data that, as of the date that the Consent Agreement is signed by Respondents, are owned, in whole or in part (but only to the extent of such part), by or have been assigned to any ARCO Alaska Company, including any special analyses, interpretations and other derivatives from proprietary seismic, geological and geophysical data owned by ARCO Alaska, Inc. relating to any hydrocarbons in Alaska or the geology of Alaska.

PROVIDED, HOWEVER, that ARCO Alaska Intellectual Property shall not include the ARCO Patents or any proprietary trade names or trademarks of ARCO.

- T. “ARCO Beluga, Inc.” means ARCO Beluga, Inc., a wholly-owned subsidiary of CH-Twenty, Inc., in which ARCO Alaska, Inc. owns approximately 43% of its common stock with the remainder owned by ARCO and seven non-affiliated investors.
- U. “ARCO Cushing Assets” means:
1. all of ARCO’s assets, properties, businesses and goodwill, tangible and intangible, of and interest in, direct or indirect, the Seaway Crude Oil Pipeline Assets, and
 2. all of ARCO’s assets, properties, businesses and goodwill, tangible and intangible, of and interest in, direct or indirect, the Mid-Continent Crude Oil Logistics and Services Businesses.
- V. “ARCO Geoscience and Reservoir Intellectual Property” means all technical information, patents, computer programs and code, including all supporting manuals and documentation that, as of the date the Consent Agreement is signed by Respondents, are owned, in whole or in part (but only to the extent of such part), by ARCO, excluding any ARCO Alaska Company, and used in or connected with the ARCO Alaska Businesses and related to (1) modeling and simulation of subsurface hydrocarbon reservoirs, (2) interpreting seismic, geological and geophysical data and reservoir data, (3) optimizing facilities, and (4) drilling and producing hydrocarbons. Such ARCO Geoscience and Reservoir Intellectual Property includes, but is not limited to: (a) geophysical techniques employing elastic impedance seismic inversion technology; (b) reservoir simulation computer models (known as “ACRES”); (c) enhanced oil recovery and fluid characterization technology; (d) geomechanical modeling; (e) fluid flow (“ARCO90”) relative permeability technology; and (e) analytical reservoir measurement techniques.
- W. “ARCO Intellectual Property” means intellectual property, inventions, technology, trademarks, trade names, trade secrets, patents, copyrights, know-how, research material, technical information, management information systems, software and software specifications, designs, drawings, plans (whether proposed or tentative, whether adopted, pending or implemented), specifications, processes and quality control data that, as of the date the Consent Agreement is signed by Respondents, are owned, in whole or in part (but only to the extent of such part), by ARCO, excluding any ARCO Alaska Company, and either are licensed by ARCO to an ARCO Alaska Company or are otherwise primarily

used in, for or connected with the ARCO Alaska Businesses as of the date the Consent Agreement is signed by Respondents, including, without limitation, all information, technology, know-how, research and other intangible assets and expertise used in connection with the ARCO Alaska Businesses related to miscible injection for enhanced oil recovery and technology related to unconsolidated sands.

PROVIDED, HOWEVER, that ARCO Intellectual Property shall not include ARCO Patents, ARCO Seismic Data, ARCO Geoscience and Reservoir Intellectual Property or any proprietary trade names or trademarks of ARCO.

- X. “ARCO Patents” means all patents, patent applications and inventions that, as of the date the Consent Agreement is signed by Respondents, are owned, in whole or in part (but only to the extent of such part), by ARCO and primarily related to ARCO Alaska Businesses or otherwise primarily used by, for or in connection with an ARCO Alaska Company, in each case subject to any licenses to or other agreements with third parties in effect as of the date the Consent Agreement is signed by Respondents.
- Y. “ARCO Seismic Data” means all proprietary seismic, geological and geophysical data that, as of the date that the Consent Agreement is signed by Respondents, are owned, in whole or in part (but only to the extent of such part), by ARCO relating to any hydrocarbons in Alaska or the geology of Alaska.
- Z. “Construction Contract” means the new-build, construction contract for the ARCO Endeavour, the ARCO Resolution and the ARCO Discovery to which AMI Leasing, Inc. is a party.
- AA. “Existing Supply Agreements” means those ANS crude oil supply agreements identified in Schedule B, attached.
- BB. “FERC” means Federal Energy Regulatory Commission.
- CC. “Hydrocarbons” means crude oil, natural gas, natural gas liquids and condensates.
- DD. “Key ARCO Alaska Employees” means:
 - 1. the following individuals if the Alaska Acquirer acquires pursuant to Paragraph V of this Order:
 - a. all persons employed by or working for ARCO Alaska, Inc.’s Exploration and Land organization (ARCO organization code Z4000000) whose responsibilities include analyzing or interpreting geological data and information relating to Alaska, whether or not those persons are located in Alaska;
 - b. all persons employed by or working for ARCO knowledgeable about and

presently working with miscible injectant technology and research used for enhanced oil recovery and unconsolidated sands technology and research, whether or not those persons are located in Alaska; and

- c. individuals who are (a) either (i) independent contractors, or (ii) employees of the oil and gas contractors that perform services for more than one of the companies on the Alaska North Slope, and (b) whose jobs are functionally equivalent to those individuals defined in this Paragraph I.DD.1.a and b.
2. The individuals listed in Confidential Schedule C, attached, if Phillips acquires pursuant to Paragraph II of this Order.

EE. “Mid-Continent Crude Oil Logistics and Services” means:

1. all of ARCO’s assets, properties, businesses and goodwill, tangible and intangible, of and interest in, direct or indirect, the Basin Pipeline including, but not limited to, ARCO’s interests in the portion of the undivided joint interest crude oil pipeline owned by Equilon and ARCO Pipeline Company that runs from Jal, New Mexico, to Wichita Falls, Texas and the portion that runs from Wichita Falls, Texas, to Cushing, Oklahoma;
2. all of ARCO’s assets, properties, businesses and goodwill, tangible and intangible, of and interest in, direct or indirect, the line transfer business including, but not limited to, the trade documentation service for ARCO’s ARCO Pipeline Company customers at Cushing, Oklahoma, and Midland, Texas, in which ARCO documents the transfer of title/ownership of crude oil between contracting buyers and sellers that take place in the ARCO Pipeline Company facilities, and includes, but is not limited to, the tracking of line transfer activities and the timely communication of ‘position’ during the trading month to ensure balance for customers at the terminals;
3. all of ARCO’s assets, properties, businesses and goodwill, tangible and intangible, of and interest in, direct or indirect, the pumpover business at Cushing, Oklahoma, and Midland, Texas, including, but not limited to, all services related to the crude oil title transfer and physical barrel delivery, and ARCO’s interest in the Cushing terminal and Midland terminal;
4. all of ARCO’s assets, properties, businesses and goodwill, tangible and intangible, of and interest in, direct or indirect, the West Texas Trunk System, including but not limited to, receipt and delivery pipeline systems centered around the Midland Terminal;
5. all of ARCO’s assets, properties, businesses and goodwill, tangible and intangible, of and interest in, direct or indirect, the Rancho Pipeline, a 400-mile, 24-inch crude oil, undivided interest pipeline including, but not limited to, ARCO’s

approximately 25% interest in the pipeline segment from McCamey, Texas to El Dorado, Texas, ARCO's approximately 20% interest in the pipeline segment from El Dorado, Texas to Houston, Texas, and ARCO's approximately 24% interest in the Genoa, Texas Junction and the Texas Terminal Lines; and

6. the following that are related to Paragraphs EE.1. through EE.5.:
 - a. any rights, titles and interests in and to contracts, licenses, permits and agreements, including all rights, titles and interests in and to the contracts entered into in the ordinary course of business with customers (together with associated bid and performance bonds), suppliers, sales representatives, distributors, agents, personal property lessors, personal property lessees, licensors, licensees, consignors, consignees;
 - b. all research material, technical information, management information systems, software and software specifications, designs, drawings, plans (whether proposed or tentative, whether adopted, pending or implemented), specifications, processes and quality control data related thereto;
 - c. any rights, commitments, contracts or other options to acquire, lease or rent any asset;
 - d. all owned or leased real property and improvements, buildings, plants, machinery, fixtures, equipment, furniture, tools, assets and other tangible personal property;
 - e. all customer lists, vendor lists, catalogs, sales promotion literature and advertising materials;
 - f. all rights under warranties and guarantees, express or implied; and
 - g. all books, records and files, and all items of prepaid expense.

PROVIDED HOWEVER, Mid-Continent Crude Oil Logistics and Services does not include the Cushing, Oklahoma to East Chicago, Illinois, 700-mile, 24-inch crude oil pipeline.

- FF. "Seaway Crude Oil Pipeline Assets" means all of ARCO's assets, properties, businesses and goodwill, tangible and intangible, of and interest in, direct or indirect, the 30-inch crude oil pipeline from Freeport, Texas, to Cushing, Oklahoma, and associated crude distribution system, marine terminals and storage facilities (including, but not limited to, the Texas City Terminal, the Freeport Terminal, approximately 45 miles from Texas City, Texas, and the Jones Creek Storage facilities); including, but not limited to, the following that are related to this Paragraph FF:

1. any rights, titles and interests in and to contracts, licenses, permits and agreements, including all rights, titles and interests in and to the contracts entered into in the ordinary course of business with customers (together with associated bid and performance bonds), suppliers, sales representatives, distributors, agents, personal property lessors, personal property lessees, licensors, licensees, consignors, consignees;
 2. all research material, technical information, management information systems, software and software specifications, designs, drawings, plans (whether proposed or tentative, whether adopted, pending or implemented), specifications, processes and quality control data related thereto;
 3. any rights, commitments, contracts or other options to acquire, lease or rent any asset;
 4. all owned or leased real property and improvements, buildings, plants, machinery, fixtures, equipment, furniture, tools, assets and other tangible personal property;
 5. all customer lists, vendor lists, catalogs, sales promotion literature and advertising materials;
 6. all rights under warranties and guarantees, express or implied; and
 7. all books, records and files, and all items of prepaid expense.
- GG. “Third Party Intellectual Property” means intellectual property, inventions, technology, trademarks, trade names, trade secrets, patents, copyrights, know-how, research material, technical information, management information systems, software and software specifications, designs, drawings, plans (whether proposed or tentative, whether adopted, pending or implemented), specifications, processes and quality control data that, as of the date the Consent Agreement is signed by Respondents, are owned by a party other than ARCO but are licensed to ARCO, excluding any ARCO Alaska Company, and are primarily used in, for or connected with the ARCO Alaska Businesses (excluding subparagraph 4 of the definition thereof in Paragraph I.P.4.).

II.

IT IS FURTHER ORDERED that:

- A. Respondents shall divest or cause to be divested, absolutely and in good faith, at no minimum price, the ARCO Alaska Assets and ARCO Beluga, Inc., as ongoing businesses.
- B.
 1. The divestiture shall be made no later than thirty (30) days after Respondent BP Amoco consummates the Acquisition, and shall be pursuant to and in accordance

with the Alaska MPSA (which agreement shall not vary or contradict, or be construed to vary or contradict, the terms of this Order or the Order to Hold Separate and Maintain Assets), the Transition Services Agreement, referred to in Paragraph II.C.1, and the license agreements referred to in Paragraphs II.C.2, II.C.3, and II.C.4 (collectively, the “License Agreements”), below. Failure to comply with the Alaska MPSA, Transition Services Agreement, or the License Agreements shall constitute a failure to comply with this Order.

2. PROVIDED, HOWEVER, that notwithstanding the foregoing, Respondents shall divest ARCO’s rights, titles and interests in ARCO Transportation Alaska, Inc., Kuparuk Pipeline Company, Cook Inlet Pipeline Company, Alpine Pipeline Company and Oliktok Pipeline Company and their respective subsidiaries, and all of AMI Leasing, Inc.’s rights, titles and interests in and to the Construction Contract to Phillips no later than fifteen (15) business days following the Respondents’s receipt of the Alaska Approval Asset Consents with respect to all such rights, titles and interests. PROVIDED FURTHER, HOWEVER, that Respondents shall divest all such rights, titles, and interests within six (6) months of the date on which Respondents signed the Consent Agreement in this matter.

C. On or before the time of the First Closing of the Alaska MPSA, as that term is defined in the Alaska MPSA, and subject to the prior approval of the Commission, Respondents shall:

1. Enter into a transition services agreement, which is a part of the Alaska MPSA, pursuant to which Respondents will provide Phillips with transition services that Phillips requires in order to conduct the ARCO Alaska Assets and the ARCO Alaska Businesses as currently conducted (the “Transition Services Agreement”). PROVIDED, HOWEVER, Respondents shall use reasonable best efforts to bring to a conclusion expeditiously the Transition Services Agreement.
2. Enter into a license agreement for the ARCO Intellectual Property pursuant to which Respondents will grant to Phillips a fully paid-up, irrevocable non-exclusive license, for use of the ARCO Intellectual Property in connection with the operation in any manner by Phillips of the ARCO Alaska Businesses (excluding subparagraph 4 of the definition thereof in Paragraph I.P.4.) as existing as of the date the Consent Agreement is signed by Respondents, subject to any restrictions on the transfer or license of any such ARCO Intellectual Property arising under any agreement with a third party. Respondents shall cooperate with Phillips and use reasonable best efforts to assist Phillips in obtaining a waiver, consent or license, as applicable, for any such restricted ARCO Intellectual Property (or the benefits equivalent thereto), the expense of any such license or equivalent benefits to be borne by Phillips.
3. Enter into a license agreement for the ARCO Geoscience and Reservoir Intellectual Property pursuant to which Respondents will grant to Phillips a fully paid-up, irrevocable non-exclusive license, for use of the ARCO Geoscience and Reservoir

Intellectual Property in connection with the operation in any manner by Phillips of the ARCO Alaska Businesses (excluding subparagraph 4 of the definition thereof in Paragraph I.P.4.) as existing as of the date the Consent Agreement is signed by Respondents, subject to any restrictions on the transfer or license of any such ARCO Geoscience and Reservoir Intellectual Property arising under any agreement with a third party and subject to the rights of any third parties under licenses previously granted by ARCO. Respondents shall cooperate with Phillips and use reasonable best efforts to assist Phillips in obtaining a waiver, consent or license, as applicable, for any such restricted ARCO Geoscience and Reservoir Intellectual Property (or the benefits equivalent thereto), the expense of any such license or equivalent benefits to be borne by Phillips.

4. Enter into a license agreement pursuant to which Phillips will grant to Respondents a fully paid-up, irrevocable, non-exclusive license for use of the ARCO Patents worldwide. Such license will permit sublicenses to third parties.
- D. Respondents shall cooperate with Phillips and use reasonable best efforts to assist Phillips in obtaining a license for any Third Party Intellectual Property (or the benefits equivalent thereto), the expense of any such license or equivalent benefits to be borne by Phillips.
- E. Respondents shall use reasonable best efforts expeditiously to secure the consents or waivers of private entities required for divestiture of the Alaska Approval Assets prior to their divestiture and to secure prompt Alaska Approval Asset Consents.
- F. Respondents shall comply with all of their obligations under the long-term crude oil supply contract between BP Amoco and Paramount Petroleum Corporation (Paramount Contract Number 103505).
- G. Pending divestiture of the ARCO Alaska Assets and ARCO Beluga, Inc. to Phillips or the Alaska Acquirer, Respondents shall take such actions as are reasonably necessary to maintain the viability and marketability of the ARCO Alaska Assets and ARCO Beluga, Inc., and to prevent the destruction, removal, wasting, deterioration, sale, disposition, transfer, or impairment of any of the ARCO Alaska Assets and ARCO Beluga, Inc., except for ordinary wear and tear and as would otherwise occur in the ordinary course of business.
- H. The purpose of the divestitures of the ARCO Alaska Assets and ARCO Beluga, Inc. is to ensure the continued use of the ARCO Alaska Assets and ARCO Beluga, Inc. in the same businesses in which they were engaged at the time of the announcement of the proposed Acquisition, and to remedy the lessening of competition resulting from the Acquisition as alleged in the Commission's complaint.
- I. Respondents shall waive and not exercise any preferential right, right of first refusal, back-in right, or any contractual option that would permit Respondents, as a result of the divestiture to Phillips or the Alaska Acquirer, as applicable, to acquire any interest in any

ARCO Alaska Asset acquired pursuant to this Order by Phillips or the Alaska Acquirer, as applicable.

III.

IT IS FURTHER ORDERED that:

- A. Respondents shall divest the ARCO Cushing Assets to the Cushing Acquirer, absolutely and in good faith and at no minimum price, within 120 days from the date Respondents sign the Consent Agreement. Respondents shall divest the ARCO Cushing Assets only to a Cushing Acquirer that receives the prior approval of the Commission, and only in a manner that receives the prior approval of the Commission.
- B. Pending divestiture of the ARCO Cushing Assets to the Cushing Acquirer, Respondents shall take such actions as are reasonably necessary to maintain the viability and marketability of the ARCO Cushing Assets and to prevent the destruction, removal, wasting, deterioration, sale, disposition, transfer or impairment of any of the ARCO Cushing Assets except for ordinary wear and tear.
- C. The purpose of the divestiture of the ARCO Cushing Assets is to ensure the continued use of the ARCO Cushing Assets in the same businesses in which they were engaged at the time of the announcement of the proposed Acquisition, and to remedy the lessening of competition resulting from the Acquisition as alleged in the Commission's complaint.

IV.

IT IS FURTHER ORDERED that:

- A. From the date Respondents sign the Consent Agreement until the divestitures are completed pursuant to the terms of this Order, Respondents shall take, or cause to be taken, reasonable steps, including implementing appropriate incentive plans (such as vesting or crediting of all current and accrued benefits and pensions, to which the employees are entitled) and paying bonuses, to cause the ARCO Alaska Employees to accept offers of employment from Phillips or the Alaska Acquirer, as applicable.
- B. For a period of two (2) years following the date Respondents sign the Consent Agreement, Respondents shall not solicit for employment any ARCO Alaska Employee employed by Phillips or the Alaska Acquirer, as applicable, unless and until such employee's employment by Phillips or the Alaska Acquirer, as applicable, has been terminated.
- C. For a period of three (3) years following the date Respondents sign the Consent Agreement, Respondents shall not solicit for employment any Key ARCO Alaska Employees employed by Phillips or the Alaska Acquirer, as applicable, unless and until

such employee's employment by Phillips or the Alaska Acquirer, as applicable, has been terminated.

- D. Respondents shall provide, cause to be provided, or reimburse Phillips or the Alaska Acquirer, as applicable, for providing to Key ARCO Alaska Employees the following financial incentives to continue in their employment positions or to accept employment with Phillips or the Alaska Acquirer, as applicable:
1. Vesting of all pension benefits current and accrued as of the date of transition to employment with Phillips or the Alaska Acquirer after the relevant divestiture pursuant to Paragraph II.A or Paragraph V, as applicable; and
 2. Payment of a bonus equal to no less than 35 percent of the base salary (together with the amount of any social security, unemployment and similar taxes imposed upon the employer by applicable law with respect to such bonus) for each Key ARCO Alaska Employee (in addition to any other bonus or incentive payment made to Key ARCO Alaska Employees during the normal course of business). This bonus payment shall be conditional upon the acceptance of a position with Phillips or the Alaska Acquirer and remaining employed with Phillips or the Alaska Acquirer for a period of at least twelve (12) months. One-half of the bonus will be paid upon hire by Phillips or the Alaska Acquirer and the remainder will be paid after twelve (12) months of employment with Phillips or the Alaska Acquirer.

V.

IT IS FURTHER ORDERED that:

- A. If Respondents have not divested or have not caused to be divested, absolutely and in good faith the ARCO Alaska Assets and ARCO Beluga, Inc. to Phillips within the time period required by Paragraph II of this Order or the ARCO Cushing Assets within the time period required by Paragraph III of this Order, respectively, the Commission may appoint a trustee to divest or cause to be divested, respectively, the ARCO Alaska Assets, ARCO Beluga, Inc., or obtain the Alaska Approval Asset Consents and divest the Alaska Approval Assets, or to divest the ARCO Cushing Assets.
- B. In the event that the Commission or the Attorney General brings an action pursuant to § 5(l) of the Federal Trade Commission Act, 15 U.S.C. § 45(l), or any other statute enforced by the Commission, Respondents shall consent to the appointment of a trustee in such action. Neither the appointment of a trustee nor a decision not to appoint a trustee under this Paragraph shall preclude the Commission or the Attorney General from seeking civil penalties or any other relief available to it, including a court-appointed trustee, pursuant to § 5(l) of the Federal Trade Commission Act, or any other statute enforced by the Commission, for any failure by the Respondents to comply with this Order.

- C. If a trustee is appointed by the Commission or a court pursuant to Paragraph V.A. of this Order, Respondents shall consent to the following terms and conditions regarding the trustee's powers, duties, authority, and responsibilities:
1. The Commission shall select the trustee, subject to the consent of the Respondents, which consent shall not be unreasonably withheld. The trustee shall be a person with experience and expertise in acquisitions and divestitures. If Respondents have not opposed, in writing, including the reasons for opposing, the selection of any proposed trustee within ten (10) days after receipt of written notice by the staff of the Commission to Respondents of the identity of any proposed trustee, Respondents shall be deemed to have consented to the selection of the proposed trustee. The trustee may be the same person or entity as any trustee appointed pursuant to the Order to Hold Separate and Maintain Assets.
 2. Subject to the prior approval of the Commission, the trustee shall have the exclusive power and authority to divest or cause to be divested, respectively, the ARCO Alaska Assets, ARCO Beluga, Inc. and to obtain the Alaska Approval Asset Consents and divest the Alaska Approval Assets, or to divest the ARCO Cushing Assets.
 3. Within ten (10) days after appointment of the trustee, Respondents shall execute a trust agreement that, subject to the prior approval of the Commission and, in the case of a court-appointed trustee, of the court, transfers to the trustee all rights and powers necessary to permit the trustee to effect the divestitures and obtain the consents required by this Order.
 4. The trustee shall have twelve (12) months from the date the Commission approves the trust agreement described in Paragraph V. C. 3. to accomplish the divestitures and obtain the consents, which shall be subject to the prior approval of the Commission. If, however, at the end of the twelve-month period the trustee has submitted a plan of divestiture or believes that divestiture can be achieved within a reasonable time or that consents can be obtained in a reasonable time, the divestiture period may be extended by the Commission, or, in the case of a court-appointed trustee, by the court; provided, however, the Commission may extend this period only two (2) times.
 5. The trustee shall have full and complete access, subject to any legally recognized privilege of Respondents, to the personnel, books, records and facilities related to the ARCO Alaska Assets, ARCO Beluga, Inc., the Alaska Approval Assets, or ARCO Cushing Assets or to any other relevant information, as the trustee may request. Respondents shall develop such financial or other information as the trustee may request and shall cooperate with the trustee. Respondents shall take no action to interfere with or impede the trustee's accomplishment of the divestiture. Any delays in divestiture caused by Respondents shall extend the time for divestiture under this Paragraph in an amount equal to the delay, as determined by

the Commission or, for a court-appointed trustee, by the court.

6. The trustee shall use his or her best efforts to negotiate the most favorable price and terms available in each contract that is submitted to the Commission, but shall divest expeditiously at no minimum price. The divestitures shall be made only to an acquirer that receives the prior approval of the Commission, and the divestitures and consents shall be accomplished only in a manner that receives the prior approval of the Commission; provided however, if the trustee receives bona fide offers from more than one acquiring entity, and if the Commission determines to approve more than one such acquiring entity, the trustee shall divest to the acquiring entity or entities selected by Respondents from among those approved by the Commission; provided further, however, that Respondents shall select such entity within five (5) days of receiving written notification of the Commission's approval.
7. The trustee shall serve, without bond or other security, at the cost and expense of Respondents, on such reasonable and customary terms and conditions as the Commission or a court may set. The trustee shall have the authority to employ, at the cost and expense of Respondents such consultants, accountants, attorneys, investment bankers, business brokers, appraisers, and other representatives and assistants as are necessary to carry out the trustee's duties and responsibilities. The trustee shall account for all monies derived from the divestiture and all expenses incurred. After approval by the Commission and, in the case of a court-appointed trustee, by the court, of the account of the trustee, including fees for his or her services, all remaining monies shall be paid at the direction of the respondent, and the trustee's power shall be terminated. The trustee's compensation shall be based at least in significant part on a commission arrangement contingent on the trustee's divesting the ARCO Alaska Assets, ARCO Beluga, Inc. and obtaining the Alaska Approval Asset Consents and divesting the Alaska Approval Assets or divesting the ARCO Cushing Assets, depending on the circumstances.
8. Respondents shall indemnify the trustee and hold the trustee harmless against any losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the performance of the trustee's duties, including all reasonable fees of counsel and other expenses incurred in connection with the preparation for, or defense of any claim, whether or not resulting in any liability, except to the extent that such liabilities, losses, damages, claims, or expenses result from misfeasance, gross negligence, willful or wanton acts, or bad faith by the trustee.
9. If the trustee ceases to act or fails to act diligently, a substitute trustee shall be appointed in the same manner as provided in Paragraph V.A. of this Order.
10. The Commission or, in the case of a court-appointed trustee, the court, may on its own initiative or at the request of the trustee issue such additional orders or directions as may be necessary or appropriate to accomplish the divestitures required by this Order.

11. In the event that the trustee determines that he or she is unable to divest or cause to be divested the ARCO Alaska Assets, ARCO Beluga, Inc. or to obtain the Alaska Approval Asset Consents and divest the Alaska Approval Assets in a manner consistent with the Commission's purpose as described in Paragraph II or to divest the ARCO Cushing Assets in a manner consistent with the Commission's purpose as described in Paragraph III, the trustee may divest assets similar and corresponding to the ARCO Alaska Assets, ARCO Beluga, Inc. or the ARCO Cushing Assets, of Respondents, respectively, as necessary to achieve the remedial purposes of this Order.
12. The trustee shall have no obligation or authority to operate or maintain the ARCO Alaska Assets, ARCO Beluga, Inc., the Alaska Approval Assets, or the ARCO Cushing Assets.
13. The trustee shall report in writing to Respondents and the Commission every sixty (60) days concerning the trustee's efforts to accomplish the divestitures and to obtain the necessary consents.

VI.

IT IS FURTHER ORDERED that:

- A. For a period commencing on the date this Order becomes final and continuing for ten (10) years, Respondents shall not acquire, under the circumstances described below, any asset required to be divested pursuant to Paragraph II of this Order without providing advance written notification to the Commission and observing the waiting periods specified in Paragraph VI.B. An acquisition requiring advance written notification shall be one that satisfies any one or more of the following:
 1. For oil reserves, when such acquisition, alone or in combination with such prior acquisitions, will result in a net increase in Respondents'
 - (a.) oil production by an amount greater than 10,000 barrels per day, or
 - (b.) proved reserves in an amount greater than 20 million barrels of oil.
 2. For oil or gas exploration, development, or production leases, when such acquisition, alone or in combination with such prior acquisitions,
 - (a.) will result in Respondents' acquiring acreage in an amount greater than 15,000 net acres; or
 - (b.) will transfer, by exercise of voting right, the power of any person to initiate, promote, or prevent any activity involving such leases.

3. For ARCO Seismic Data,
 - (a). in any amount, when Phillips does not retain ownership; or
 - (b). when such acquisition, alone or in combination with such prior acquisitions, will result in a value greater than \$3 million.
 4. For any combination of ARCO Alaska Intellectual Property and ARCO Patents,
 - (a). in any amount, when Phillips does not retain ownership; or
 - (b). when such acquisition, alone or in combination with such prior acquisitions, will result in a value greater than \$2 million.
- B. Any notification required by Paragraphs VI.A.1., VI.A.2., VI.A.3., or VI.A.4. shall be provided by Respondents in the form of a letter to the Commission (hereinafter referred to as “the Notification”) containing a description of the acquisition, including the value of the acquisition and the type of consideration paid for the acquisition, and also including attachments as necessary (e.g., maps) to fully explain the acquisition. Respondents shall provide the Notification at least thirty (30) days prior to consummating any such acquisition (hereinafter referred to as the “first waiting period”). If, within the first waiting period, representatives of the Commission make a written request for additional information or documentary material (within the meaning of 16 C.F.R. § 803.20), Respondents shall not consummate the transaction until twenty (20) days after submitting such additional information or documentary material. Early termination of the waiting periods in this Paragraph VI may be requested and, where appropriate, granted by letter from the Bureau of Competition.
- C. Notwithstanding anything in Paragraphs VI.A. and VI.B., notification pursuant to Paragraph VI.A. need not be made for:
1. Any acquisition, during a one-year period beginning on the date this Order becomes final, if such acquisition is necessary to implement the Prudhoe Bay Unit Alignment Agreement, Exchange Agreement, Alaska North Slope Alignment Agreement, or Point Thompson Area Alignment and Exchange Agreement, or
 2. Any transaction for which notification is required to be made, and has been made, pursuant to Section 7A of the Clayton Act, 15 U.S.C. § 18a.
- D. All valuations made pursuant to Paragraph VI.A. (*i.e.*, for quantities of oil production and proved reserves, or dollar value of seismic data, intellectual property, or patents) shall be determined as follows:
1. In the case of transactions as to which no prior notification is required, at the time of acquisition; and

2. In the case of transactions as to which prior notification is required, at the time of filing.

VII.

IT IS FURTHER ORDERED that, within thirty (30) days after the date this Order becomes final and every sixty (60) days thereafter until Respondents have fully complied with the provisions of Paragraphs II through V of this Order, Respondents shall submit to the Commission a verified written report setting forth in detail the manner and form in which they intend to comply, are complying, and have complied with Paragraphs II through V of this Order and with the Order to Hold Separate and Maintain Assets. Respondents shall include in their compliance reports, among other things that are required from time to time, a full description of the efforts being made to comply with Paragraphs II through V of the Order, including a description of all substantive contacts or negotiations relating to the divestitures and the approvals. Respondents shall include in their compliance reports copies, other than of privileged materials, of all written communications to and from such parties, all internal memoranda, and all reports and recommendations concerning the divestitures and approvals. The final compliance report required by this Paragraph VII shall include a statement that the divestitures have been accomplished in the manner approved by the Commission and shall include the dates the divestitures were accomplished.

VIII.

IT IS FURTHER ORDERED that Respondents shall notify the Commission at least thirty (30) days prior to any proposed change in the Respondents that may affect compliance obligations arising out of this Order, such as dissolution, assignment, sale resulting in the emergence of a successor corporation, or the creation or dissolution of subsidiaries or any other change in the corporation.

IX.

IT IS FURTHER ORDERED that, for the purpose of determining or securing compliance with this Order, and subject to any legally recognized privilege, and upon written request with reasonable notice to Respondents, Respondents shall permit any duly authorized representative of the Commission:

- A. Access, during office hours and in the presence of counsel, to all facilities and access to inspect and copy all non-privileged books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of Respondents relating to any matter contained in this Order; and
- B. Upon five (5) days' notice to Respondents and without restraint or interference from them,

to interview officers, directors, or employees of Respondents, who may have counsel present, regarding any such matters.

X.

IT IS FURTHER ORDERED that this Order shall terminate on August 25, 2010.

By the Commission.

Donald S. Clark
Secretary

SEAL
ISSUED: August 25, 2000

**SCHEDULE A
ALASKA STATE OIL AND GAS LEASES**

ADL-380049

ADL-380050

ADL-380051

ADL-380052

ADL-380053

ADL-380054

ADL-380055

ADL-380058

ADL-380059

ADL-380060

ADL-380062

ADL-380087

ADL-380088

ADL-380089

ADL-380090

ADL-380106

ADL-380107

**SCHEDULE B
EXISTING SUPPLY AGREEMENTS**

- 1. Alaskan North Slope Crude Oil Sales Agreement by and between U.S. Oil and Refining Co. and BP Oil Supply Company.**
- 2. Alaskan North Slope Crude Oil Sales Agreement by and between Tosco Refining Company and BP Oil Supply Company.**
- 3. Alaskan North Slope Crude Oil Sales Agreement by and between Petro Star Inc. and BP Oil Supply Company. (Petro Star Contract Number 2000-1)**
- 4. Alaskan North Slope Crude Oil Sales Agreement by and between Petro Star Inc. and BP Oil Supply Company. (Petro Star Contract Number 2000-2)**
- 5. Alaskan North Slope Crude Oil Sales Agreement by and between Petro Star Inc. and BP Oil Supply Company. (Petro Star Contract Number 2000-3)**
- 6. Alaskan North Slope Crude Oil Sales Agreement by and between Petro Star Inc. and BP Oil Supply Company. (Petro Star Contract Number 2000-4)**
- 7. Alaskan North Slope Crude Oil Sales Agreement by and between Williams Energy Marketing & Trading Co. and BP Oil Supply Company. (Williams Contract Number ABS-129-0001)**
- 8. Alaskan North Slope Crude Oil Sales Agreement by and between Williams Energy Marketing & Trading Co. and BP Oil Supply Company. (Williams Contract Number ABS-129-0002)**
- 9. Alaskan North Slope Crude Oil Sales Agreement by and between Williams Energy Marketing & Trading Co. and BP Oil Supply Company. (Williams Contract Number ABS-129-0003)**
- 10. Alaskan North Slope Crude Oil Sales Agreement by and between Williams Energy Marketing & Trading Co. and BP Oil Supply Company. (Williams Contract Number ABS-129-0004)**
- 11. Alaskan North Slope Crude Oil Sales Agreement by and between Williams Energy Marketing & Trading Co. and BP Oil Supply Company. (Williams Contract Number ABS-129-0005)**
- 12. Alaskan North Slope Crude Oil Sales Agreement by and between Equilon Enterprises LLC and BP Oil Supply Company.**

SCHEDULE C
CONFIDENTIAL LIST: KEY ARCO ALASKA EMPLOYEES

[REDACTED]

CONFIDENTIAL LIST: KEY ARCO ALASKA EMPLOYEES

[REDACTED]

CONFIDENTIAL LIST: KEY ARCO ALASKA EMPLOYEES

[REDACTED]

CONFIDENTIAL LIST: KEY ARCO ALASKA EMPLOYEES

[REDACTED]