



**REDACTED**

**II.**  
**THE CONSENT ORDER**

According to the Consent Order, the purpose of the required divestiture is to ensure the continuation of MBSP as a going concern in the same manner as of June 1, 2006, and to remedy the lessening of competition resulting from the acquisition as alleged in the Commission's Complaint. The Complaint alleges that Dan L. Duncan and EPCO, Inc. ("EPCO") control Enterprise Products Partners L.P. ("Enterprise"), which is engaged in the business of providing salt dome storage for NGLs in Mont Belvieu, Texas. According to the Complaint, Dan L. Duncan's and EPCO's acquisition, through DFI GP Holdings L.P., of TEPPCO Partners, L.P.'s ("TEPPCO") general partner, Texas Eastern Products Pipeline Company, LLC, and 2.5 million limited partnership units of TEPPCO Partners, L.P. (the "Acquisition"), would substantially lessen competition by (1) eliminating competition between Enterprise and TEPPCO in the market for salt dome storage for NGLs in Mont Belvieu, Texas, (2) enhancing Enterprise's ability unilaterally to exercise market power, and (3) increasing the likelihood of collusion or coordinated interaction between or among the remaining firms in Mont Belvieu, Texas. The proposed divestiture and sale of assets to Louis Dreyfus will achieve the Commission's goals of remedying the alleged potential lessening of competition.

**III.**  
**DIVESTITURE TO LOUIS DREYFUS**

**A. Description of Louis Dreyfus's Business**

Louis Dreyfus is a major North American energy merchant active in the processing, trading, marketing and transporting of a wide range of energy products. The company supports its energy activities with a diversified gas processing, pipeline and storage asset base operated to provide bundled commodity and logistics services to the energy industry.

Louis Dreyfus currently markets approximately 350,000 bpd of NGLs, primarily at major hub locations, and provides hedging and risk management services to the refinery, petrochemical

and propane distribution industries. Its natural gas division and Canadian affiliates currently market over 5.0 bcf of natural gas on the U.S. Gulf Coast and Canadian pipelines, the majority of which is aggregated directly from wellhead locations. Louis Dreyfus provides gas processing services through its 132 MMcfd of equity capacity at the Sea Robin Gas Plant and through leased third-party plant capacities.

Louis Dreyfus's NGL business is supported by ownership of a 1,400-mile long NGL pipeline system that transports NGLs from West Texas to East Texas, terminating at ExxonMobil's storage facility in Hull, Texas. Louis Dreyfus also provides NGL storage services at its 4.5-million-bbl facility in Hattiesburg, Mississippi, and through its 50-percent interest in MBSP, which owns 44 million bbls of salt cavern storage and over 200 miles of NGL pipelines. Through Louis Dreyfus Olefins, the company owns two cryogenic liquids extraction plants, an olefins fractionation plant and an 85-mile pipeline all located in southeast Louisiana.

To support its northern tier gas business, the company's Canadian affiliate controls 4.2 bcf of high-deliverability gas storage at AECO-C under long-term lease. In the United States, Louis Dreyfus's refined products division controls over 4.0 million bbls of storage where it blends motor gasoline and markets refined products along the U.S. Gulf Coast, the Colonial Pipeline to the New York Harbor and the TEPPCO, Explorer and Magellan Pipelines to Group 3 and Chicago. Through ResinDirect, its wholly owned plastic resin distribution subsidiary, the company procures and markets plastic resins globally, marketing 175,000 mt of resins annually.

**B. Description of the Divestiture**

**REDACTED**

**REDACTED**

**C. Louis Dreyfus's Ownership and Operation of Salt Dome Storage of NGLs**

Louis Dreyfus and TE Products currently are the limited partners of MBSP. Mont Belvieu Venture, LLC ("MBV") is the general partner of MBSP. Louis Dreyfus and TE Products are the only members of MBV and together manage MBV through a "Management Committee," comprised of five representatives: two appointed by TE Products, two appointed by Louis Dreyfus, and one non-voting member serving as the president and chief executive officer of MBV. Louis Dreyfus and TE Products each has one vote on all matters to be decided by the Management Committee, and such decisions require a unanimous vote. TE Products currently handles the day-to-day operations of MBSP, while Louis Dreyfus has the authority to carry out marketing activities for MBSP.

**D. Additional Information**

Respondents understand that Louis Dreyfus is filing additional information relevant to this application for approval of divestiture, including its most recent financial statements, a list of its officers and directors, and a business plan detailing how it intends to use the interests in MBSP and the Pipelines and Land.

**IV.**

**THE PROPOSED DIVESTITURE WILL SATISFY  
THE PURPOSES OF THE CONSENT ORDER**

The proposed divestiture of TE Products' interests in MBSP and sale of the Pipelines and Land to Louis Dreyfus will satisfy the remedial purposes of the Consent Order. In particular, the proposed divestiture and sale will ensure that Respondents have divested the interests in MBSP and the Pipelines and Land, absolutely and in good faith, as required by Paragraph II.A of the Consent Order.

Furthermore, the proposed divestiture to Louis Dreyfus will allow for the continuation of MBSP as an ongoing, viable enterprise. Louis Dreyfus is a well-established energy company with experience in the storage of NGLs and a positive earnings record. Indeed, Louis Dreyfus currently owns a portion of the interests in MBSP. Louis Dreyfus has the financial resources and NGL experience to ensure the continuation of MBSP as a viable, going concern.

The proposed divestiture also will satisfy the Consent Order's purpose of remedying the alleged lessening of competition resulting from the Acquisition. The sale of Respondents' interest in MBSP will alleviate any anticompetitive effects alleged in the Commission's Complaint. No increase in concentration in any relevant market alleged by the Commission will occur. Louis Dreyfus does not own an interest in any provider of salt dome storage for NGLs in Mont Belvieu aside from its interests in MBSP. In addition, there will be no increase in the likelihood of collusive behavior because the number of market participants will remain the same, and Enterprise and MBSP will no longer be under common ownership as alleged by the Commission.


In sum, Louis Dreyfus offers precisely those qualities the Commission would desire for the divestiture: financial resources and industry experience to ensure that MBSP remains a viable business, coupled with the absence of any possible anti-competitive effects.

**V.**

**CONCLUSION**

Because the proposed divestiture to Louis Dreyfus fully accomplishes the goals of the Consent Order, Respondents respectfully request that their application for approval under Paragraph II.B of the Consent Order be granted as expeditiously as possible.

Dated: November 17, 2006

  
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