UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

Office of the Secretary

February 23, 2007

Brad Kerby
Vice President, LPG
Tauber Oil Company
P.O. Box 4645
Houston, TX 77210

Re: *In the Matter of Dan L. Duncan, et al., Docket No. C-4173*

Dear Mr. Kerby:

Thank you for your comments regarding the Application for Approval of Divestiture ("Application") filed by Respondents with the Federal Trade Commission as required by the Order in the above-referenced matter. The Application was put on the public record for public comment. Your letter indicates that you are concerned about the business practices of any potential acquirer that might commingle its commodity trading business with its storage facility operations business. In particular, your letter states that the Commission should consider carefully the business practices of any potential acquirer to assure that "such strategic energy hub [at Mont Belvieu] must have open access, fair pricing policies, and unbundled services such that free market forces command the lowest prices for U.S. customers."

In August of last year, the Commission accepted for public comment a consent agreement settling allegations in an accompanying complaint that the acquisition by EPCO, through a holding company, of Texas Eastern Products Pipeline Company, LLC, and 2.5 million limited partnership units of TEPPCO Partners, L.P. ("TEPPCO") violated Section 5 of the FTC Act and Section 7 of the Clayton Act. That Order became final on October 31, 2006. As you may know, Congress has empowered the Commission to prevent mergers and acquisitions that may substantially lessen competition or tend to create a monopoly, in violation of Section 7 of the Clayton Act[1] or Section 5 of the Federal Trade Commission Act.[2] The Commission therefore seeks to identify and challenge any merger, acquisition, or joint venture that the agency has a reason to believe violates the foregoing statutes.

The Commission conducted its investigation of the combination of the natural gas liquids storage businesses of Enterprise and TEPPCO under common ownership on the basis of those

[1] 15 U.S.C. § 18.

[2] 15 U.S.C. § 45.

statutory criteria. The investigation indicated in particular that the acquisition significantly increased concentration in the Mont Belvieu market for salt dome storage for natural gas liquids. To address that circumstance, the Order requires Duncan to sell TEPPCO's interests in Mont Belvieu Storage Partners, L.P. ("MBSP") – the 50/50 joint venture with Louis Dreyfus Energy Services L.P. that operates TEPPCO's Mont Belvieu salt dome storage facility – and certain related pipeline, land, and other assets ("Pipelines and Land") no later than December 31, 2006, to a buyer approved by the Commission. The Consent Order also contains a number of other provisions that are together intended to maintain the viability of the Mont Belvieu Storage Partners natural gas liquids storage facility, by ensuring that Duncan cannot disadvantage shippers that originate product movements from the Mont Belvieu Storage Partners facility in favor of shippers that originate product movements from the Enterprise storage facility.

TEPPCO filed its Application on November 27, 2006, to sell its interest in MBSP and the Pipelines and Land to Louis Dreyfus Energy Services L.P. ("Louis Dreyfus"). In general, the Commission conducts a thorough review of proposed acquirers of divested assets considering, among other things, their financial ability to make the acquisition and to continue operating the business, their knowledge and experience in owning and operating the divested business, and whether the potential acquirer creates any new competitive concerns with the acquisition. It is important to the Commission that the assets-to-be-divested be operated in a manner similar to the manner in which they were operated prior to the acquisition causing competitive concerns.

With respect to your concern that an acquirer of TEPPCO's MBSP interest could create a "closed shop" at MBSP – combining marketing and storage businesses to the disadvantage of customers storing product at MBSP, our review of this issue and of the proposed acquirer did not uncover any credible evidence that such an occurrence is likely in the near future. We are aware that Louis Dreyfus has both a commodity trading business and, if approved, complete control of the MBSP storage facility. Your specific concerns were addressed in our inquiry. For these and other reasons, and after appropriate consideration of your comments, the Commission has determined that the public interest would best be served by approving Louis Dreyfus as the acquirer of TEPPCO's interest in MBSP and the Pipelines and Land as required by the Decision and Order. Relevant materials relating to this matter are available from the Commission's Website at http://www.ftc.gov.

It helps the Commission's analysis to hear from a variety of sources in its work on antitrust and consumer protection issues. We appreciate your interest in this matter.

By direction of the Commission, Commissioner Rosch recused.

Donald S. Clark
Secretary