PUBLIC VERSION

UNITED STATES OF AMERICA

BEFORE FEDERAL TRADE COMMISSION

In the Matter of, **ENTERPRISE PRODUCTS PARTNERS L.P.,** **a limited partnership,** **and** **DAN L. DUNCAN,** **a natural person.**	4123 **DOCKET NO.** ~~**C-041-0039**~~

PETITION OF ENTERPRISE PRODUCTS PARTNERS L.P. AND DAN L. DUNCAN FOR APPROVAL OF THE PROPOSED DIVESTITURE OF THE STARFISH PIPELINE INTEREST TO MARKWEST

Pursuant to Section 2.41(f) of the Federal Trade Commission ("Commission") Rules of Practice and Procedure, 16 C.F.R. § 2.41(f)(2004), and Paragraphs II.A. and II.B. of the Decision and Order issued in this matter, Enterprise Products Partners L.P. ("Enterprise") and Dan L. Duncan ("Mr. Duncan"), hereinafter sometimes collectively referred to as "Respondents," hereby petition the Commission to approve (i) the divestiture of the Starfish Pipeline Interest[1] to MarkWest Energy Partners, L.P. ("MarkWest") and (ii) the related agreements, as required by Paragraph II.B. of the Decision and Order.

[1] As defined in the Decision and Order. All capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Decision and Order.

BACKGROUND

On September 16, 2004, Respondents and the Bureau of Competition ("Bureau") of the Commission entered into an Agreement Containing Consent Orders ("Agreement") to settle the Commission's allegations about the proposed merger between Respondents and GulfTerra Energy Partners, L.P. ("GulfTerra") and GulfTerra Energy Company, L.L.C. ("GulfTerra GP"). On September 29, 2004, the Commission accepted for public comment an Order to Hold Separate and Maintain Assets ("Hold Separate Order") and a Decision and Order (together, the "Order"). The Hold Separate Order was effective immediately. The parties consummated the merger on September 30, 2004. The Commission issued the Decision and Order on November 26, 2004, after expiration of the public comment period.

Paragraph II.A. of the Decision and Order requires Enterprise to divest the Starfish Pipeline Interest in good faith and at no minimum price by March 31, 2005. Paragraph II.B. also provides that the manner of divestiture and the Pipeline Acquirer are subject to Commission approval. Respondents desire to complete the proposed divestiture of the Starfish Pipeline Interest to MarkWest as soon as possible, following Commission approval. Prompt consummation of the proposed divestiture is in the interests of the public and the parties, as it will allow MarkWest to immediately implement its business plans for the Starfish Pipeline Interest, will permit Respondents to expeditiously fulfill their obligations under the Agreement and Decision and Order, and will thereby promote the public good.

Respondents therefore hereby request that the Commission promptly commence the period of public comment under Section 2.41(f)(2) of the Commission's Rules of Practice, 16 C.F.R. §2.41(f)(2)(2004), limit the extent of that period to the standard thirty days provided therein, and grant this petition by approving the divestiture of the Starfish Pipeline Interest pursuant to the proposed agreement as soon as practicable after the close of the public comment period.

REQUEST FOR CONFIDENTIALITY

Respondents have prepared both a confidential version of this petition and a redacted version, as the confidential version and the related agreements attached thereto contain confidential and competitively sensitive business information relating to the Respondents, MarkWest, the Starfish Pipeline Interest, and the divestiture. The disclosure of this information would prejudice Respondents and MarkWest, would hinder Respondents from fulfilling their divestiture obligations under the Decision and Order, and would harm the ongoing competitiveness of the Starfish Pipeline Interest. Respondents have prepared the redacted version of this petition for public comment.

Pursuant to Section 2.41(f)(4) and 4.9(c) of the Commission's Rules of Practice and Procedure, 16 C.F.R. §§2.41(f)(4) & 4.9(c) and the applicable confidentiality provisions of the Hart-Scott-Rodino Antitrust Improvements Act, as amended, 42 U.S.C. §18a(h), Respondents hereby request that the confidential version of this petition and its attachments be afforded confidential treatment. The confidential version of this petition also falls within the scope of confidentiality provided by 5 U.S.C.§552 and Section 4.10(a)(2) of the Commission's Rules of Practice and Procedure, 16 C.F.R. §4.10(a)(2). It is also exempt from disclosure under Exemptions 4, 7(A), 7(B), 7(C) of the Freedom of Information Act, 5 U.S.C. §§552(b)(4), 552(b)(7)(A), 552(b)(7)(B) & 552(b)(7)(C).

MARKWEST WILL BE A VIABLE COMPETITOR.

In 1999, the Bureau prepared a study entitled "A Study of the Commission's Divestiture Process." This study identifies certain rules of thumb to be used in the identification of likely successful buyers of divested assets. The pertinent factors include (a) knowledge and experience, (b) a high degree of commitment to the market, and (c) deep financial and technical resources. As discussed more fully below, MarkWest exhibits each of these characteristics and is an excellent candidate for ownership of the Starfish Pipeline Interest.

As a midstream energy company, MarkWest has a broad array of relevant experience, including the gathering, processing, and transmission of natural gas and the transportation of NGLs. MarkWest is a master limited partnership ("MLP") formed in early 2002 by MarkWest Hydrocarbon, Inc. ("MarkWest Hydrocarbon"), which continues to manage MarkWest's operations through its ownership of MarkWest's general partner. MarkWest's limited partner units and MarkWest Hydrocarbon's shares are traded on the American Stock Exchange.

MarkWest owns and operates midstream assets across the United States. MarkWest is the largest processor of natural gas in the Appalachian region and its assets include five natural gas processing plants, 136 miles of NGL pipeline, an NGL fractionation plant and two NGL storage facilities in the region, with an aggregate storage capacity of 14 million gallons. MarkWest also owns and operates a gas gathering system and natural gas processing facility in Michigan. Through recent strategic acquisitions, MarkWest is now also a significant midstream competitor in the Southwest. MarkWest owns 19 gathering systems in Texas, Oklahoma, Louisiana, Mississippi and New Mexico, as well as the Arapaho processing plant in Custer County, Oklahoma. MarkWest also owns four intrastate natural gas pipelines in Texas, the Lake

Whitney lateral, the Rio Nogales lateral, the Blackhawk lateral, and the Lubbock lateral. MarkWest clearly has ample experience with all aspects of the midstream business, and in particular gathering and transportation of natural gas and NGLs. This makes MarkWest an excellent candidate for divestiture of the Starfish Pipeline Interest, given their mutual focus on natural gas and NGL transportation.

MarkWest is also committed to expanding its competitive presence in the geographic region in and around the Gulf of Mexico, as demonstrated by its recent acquisitions of assets in the Southwest, particularly its recent acquisition of the American Central Eastern Texas Gas Company, L.P. Carthage gathering system ("East Texas System") in July of 2004 and its acquisition of Pinnacle Natural Gas Company ("Pinnacle") in 2003. The East Texas System is a low-pressure regional natural gas gathering system which gathers gas from the Carthage Field in East Texas from approximately 20 producers. In conjunction with the East Texas System, MarkWest is constructing a processing plant to recover ethane and heavier hydrocarbons and a NGL pipeline to effect eventual delivery of the recovered plant products to Mount Belvieu for fractionation and sale. The Pinnacle assets are located primarily in the state of Texas and comprise three lateral natural gas pipelines transporting up to 1.1 Bcf/day under firm contracts to power plants and eighteen gathering systems gathering more than 44 MMscfd.

MarkWest's MLP structure, which does not permit retention of profits from year to year, was chosen to complement a strategy of owning and operating assets that are able to generate stable cash flows with consistent margins. As such, MarkWest, like Enterprise, focuses on engaging customers in long-term, fee-based contracts, minimizing the risk of loss from potentially volatile energy prices.

MarkWest has both the financial and technical wherewithal to expand its role as a midstream competitor in the Gulf region and maintain the viability of the Starfish Pipeline Interest. MarkWest had 2003 revenues of $117.5 million and net income of $5.8 million and for the 9 months ending September 30, 2004, MarkWest had revenues of $205.3 million and net income of $6.8 million, total market value of approximately $520 million and has spent approximately $350 million since its inception in 2002, acquiring new assets, especially in the Southwest.

One additional point with respect to the Starfish Pipeline Interest is that it represents a 50% non-operating interest in an entity owning the Stingray Pipeline System, the Triton lateral, and the West Cameron Dehydration System. The remaining interests in the asset, and the operatorship, including most competitive decision making, was recently purchased from Shell US Gas & Power LLC by Enbridge (U.S.) Inc., a large entity with 2003 revenue of $3.2 billion. Enbridge adds yet another layer of assurance that the Starfish assets will remain a strong competitive force in the Gulf of Mexico after the divestiture.

THE TERMS OF THE AGREEMENT ACCOMPLISH A FULL DIVESTITURE

As stated earlier, Paragraph II.A. of the Decision and Order requires Respondents to divest the Starfish Pipeline Interest in good faith and at no minimum price on or before March 31, 2005. On January [___], 2005, Enterprise entered into an agreement, the closing of which is expressly conditioned upon the FTC's approval, that will fully accomplish the divestiture of its interest to MarkWest: the Purchase and Sale Agreement,

("PSA"). Respondents have diligently pursued a buyer acceptable to the Commission and have entered into this agreement with MarkWest almost two months before the divestiture deadline.

Enterprise must transfer to MarkWest all of its 50% membership interest in Starfish Pipeline Company, LLC, which constitutes the Starfish Pipeline Interest, at such time as all conditions to closing are satisfied.

MarkWest has agreed to pay Enterprise for the Starfish Pipeline Interest.

Respondents and MarkWest have entered into a divestiture agreement that complies with the Commission's Decision and Order. MarkWest possesses the experience, knowledge, commitment, financial and technical resources to be an aggressive and effective competitor as owner of the Starfish Pipeline Interest. In light of the foregoing, Respondents hereby seek expeditious Commission approval of the proposed divestiture and the related agreements, pursuant to Paragraph II.A. of the Decision and Order.

CONCLUSION

For the foregoing reasons, Respondents respectfully request that the Commission approve the proposed divestiture of the Starfish Pipeline Interest to MarkWest, in the manner provided in the attached PSA, as soon as practicable after expiration of the public comment period.

Respectfully submitted,

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Dated: January 26, 2005

EXHIBIT A

[Redacted]

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CERTIFICATION OF ACCURACY OF ELECTRONIC COPIES

Pursuant to Section 4.2(b)(3) of the Federal Trade Commission ("Commission") Rules of Practice and Procedure, 16 C.F.R. § 4.2(b)(3)(2004), I hereby certify under penalty of perjury under the laws of the United States of America that the electronic copies of each of a confidential version and a public version of a Petition for Approval of the Proposed Divestiture of the Starfish Pipeline Interest to MarkWest submitted via diskette and email in the above-captioned matter, as per Commission Rules, are to the best of my knowledge true and correct copies of the paper originals thereof, and that paper copies of each with an original signature are being filed with the Secretary of the Commission as of the date hereof.

Executed this 26th day of January, 2005.

Neil W. Imus
Attorney for Enterprise Products Partners L.P.