

Complaint

IN THE MATTER OF

AMERADA HESS CORPORATION, ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATIONS OF THE FEDERAL
TRADE COMMISSION ACT AND THE CLAYTON ACT, SEC. 7

Docket C-2456. Complaint, Sept. 18, 1973—Decision, Sept. 18, 1973.

Consent order requiring a New York City based refiner-transporter of petroleum products, among other things to divest itself entirely of Clarco Pipe Line Co., a transporter of crude oil; prohibiting the acquired company Clarco from refusing to transport crude oil; and restraining a Burlington, Vt., manufacturer of asphalt, with operations in the State of Mississippi, from acquiring any asphalt refineries shipping asphalt in or into Mississippi. The order further prohibits two corporations and two individuals, in perpetuity, from owning or controlling any equity or debt interest in Clarco except for those already existing.

Appearances

For the Commission: *Harold G. Munter* and *Hugh F. Bangasser*,
For the respondents: *Briscoe R. Smith*, of *Milbank, Tweed, Hadley
& McCloy*, New York, New York

COMPLAINT

The Federal Trade Commission, having reason to believe that Amerada Hess Corporation has acquired a controlling stock interest in Clarco Pipe Line Company, a Mississippi corporation, and that it has purchased the Black Creek Refinery at Purvis, Mississippi, including pipeline and terminal facilities, from Gulf Oil Corporation, a corporation, in violation of Section 7 of the Clayton Act, as amended (15 U.S.C., Section 18), and/or in violation of Section 5 of the Federal Trade Commission Act, as amended (15 U.S.C., Section 45); that through its officers and directors and others has unreasonably restrained competition in the production and sale of crude oil to, and asphalt from, refineries located in the State of Mississippi; and that through its officers and directors and others it has attempted to monopolize and has monopolized the transportation of crude oil in eastern Mississippi; and that it has acquired the power to exercise total price control over crude oil produced in eastern Mississippi; hereby issues this complaint pursuant to Section 11 of the Clayton Act (15 U.S.C., Section 21) and Section 5(b) of the Federal Trade Commission Act (15 U.S.C., Section 45(b)), stating its charges as follows:

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I

DEFINITIONS

PARAGRAPH 1. As used herein :

(a) The term "asphalt refinery" means any refinery which produces asphalt as its principal product in terms of unit or dollar volume;

(b) The term "Eastern Mississippi" refers to the area covered by Jones, Jasper, Clarke, Wayne, Smith, and Covington Counties, or counties or portions thereof situated directly south thereof which are located north of the East-West Trans-State pipeline owned by Amerada Hess Corporation;

(c) The term "pipeline" refers to pipelines transporting crude oil.

II

RESPONDENTS

A. *Amerada Hess Corporation*

PAR. 2. Amerada Hess Corporation (Amerada Hess), a respondent herein, is a Delaware corporation incorporated on February 7, 1920. It was the surviving corporation in the merger, on June 20, 1969, of Hess Oil & Chemical Corporation into Amerada Petroleum Corporation, with principal executive offices at 51 West 51st Street, New York, N.Y.

PAR. 3. Amerada Hess is engaged in the exploration for and the production, purchase, gathering, transportation, refining and marketing of petroleum products and petrochemicals; and the terminaling of petroleum. Amerada Hess Corporation's exploration and production operations are conducted primarily in the United States (including the Gulf of Mexico and Alaska), Canada, Libya and the North Sea. Its refineries are located in the United States, Virgin Islands, New Jersey and Mississippi, and its marketing of refined petroleum products is conducted primarily in the Northeastern and Southeastern regions of the United States.

PAR. 4. Total sales of Amerada Hess for the year 1970 were \$1,086,290,166; its total assets were \$1,116,175,637. Amerada Hess was the 95th largest industrial corporation in the United States in assets, and 111th in sales in 1970.

PAR. 5. Prior to the aforementioned acquisitions, and to the present time, Amerada Hess has owned and operated a crude oil pipeline system in Mississippi which serves, among other areas, parts of Clarke,

Jasper, Jones, and Wayne Counties in Mississippi. Oil entering this pipeline is transported, in part, to states other than Mississippi.

PAR. 6. At all times relevant herein, Amerada Hess purchased, refined, transported, and sold crude oil and products made therefrom in interstate commerce throughout the Northeastern and Southeastern regions of the United States; it was and is engaged in commerce as defined in the Clayton Act and the Federal Trade Commission Act.

B. Clarco Pipe Line Company.

PAR. 7. Clarco Pipe Line Company (Clarco), is a Mississippi corporation which was incorporated on April 17, 1967, with offices in Room 1001, First National Bank Building, Jackson, Mississippi. It began transmission of crude oil by means of a pipeline system serving various areas of Clarke, Jasper, Jones, and Wayne Counties in Mississippi in July 1968, and operates a gas recycling plant in Jones County, Mississippi, which produces natural gasoline, butane and propane gas. Amerada Hess acquired a 35 percent interest in Clarco's outstanding stock on January 15, 1971. At the same time, Amerada Hess acquired the right to vote a 70 percent stock interest in Clarco. On August 31, 1971, Amerada Hess purchased the remaining 30 percent of the stock of Clarco Pipe Line Company from Ergon, Inc. and Miller Oil Purchasing Company.

PAR. 8. All crude oil which entered the Clarco pipeline system in Mississippi, from the date of its construction up to and including January 15, 1971, was transported to and entered the Humble Oil & Refining Company pipeline at Soso, Mississippi, for transportation to Humble's refinery at Baton Rouge, Louisiana.

PAR. 9. At all times relevant herein, Clarco transported crude oil in interstate commerce in the State of Mississippi; it was and is engaged in commerce as defined in the Clayton Act and the Federal Trade Commission Act.

C. VGS Corporation (Vermont Gas Systems, Inc.)

PAR. 10. VGS Corporation (VGS) (formerly Vermont Gas Systems, Inc.), is a Vermont corporation with corporate offices located at 31 Swift Street, Burlington, Vermont. Among other enterprises, VGS manufactures asphalt under the trade style Southland Oil Corporation.

PAR. 11. VGS owns and operates two refineries and leases and operates one other in the State of Mississippi. Asphalt is the principal product of these three refineries which are the only asphalt refineries in Mississippi using Mississippi crude oil.

PAR. 12. The products refined from crude oil by VGS in various loca-

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tions in the State of Mississippi are sold in Mississippi and adjoining states.

PAR. 13. VGS is a purchaser of crude oil; it possesses a crude oil import quota which it has exchanged with Amerada Hess.

PAR. 14. At all times relevant herein, VGS was producing and selling asphalt and other products refined from crude oil in interstate commerce in Mississippi and surrounding states; it was and is engaged in commerce as defined by the Clayton Act and Federal Trade Commission Act.

D. Robert M. Hearin

PAR. 15. Robert M. Hearin is chairman of the board and chief executive officer of the First National Bank of Jackson, Jackson, Mississippi, and a director of the Amerada Hess Corporation. He was a member of the board of directors of Hess Oil and Chemical Corporation from 1962 until its merger into Amerada Petroleum Corporation on June 20, 1969. Robert M. Hearin, Annie Laurie Hearin and Robert M. Hearin, Jr. were beneficial owners of 58.666 percent of the stock in Southland Oil Company between August 1, 1965, and January 1, 1968. Southland Oil Company was merged into Vermont Gas Systems, Inc. in January 1968. Mr. Hearin and his immediate family are the owners of 46 percent of the shares of VGS Corporation; Mr. Hearin is a director of that corporation. VGS exchanged foreign crude oil with Hess Oil & Chemical Corporation, receiving the latter's domestic crude; in addition, VGS sold petroleum products to Amerada Hess and Amerada Hess sold crude oil to VGS.

E. Leon Hess

PAR. 16. Leon Hess is the major stockholder, a director, and chairman of the executive committee of Amerada Hess Corporation. He is beneficial owner of 3 percent of the shares of stock in VGS Corporation.

III

The following companies and individuals are not named as respondents herein, but are described because of their relationship to the transactions complained of herein.

A. Gulf Oil Corporation

PAR. 17. Gulf Oil Corporation (Gulf), a Pennsylvania corporation with principal offices in the Gulf Building, Pittsburgh, Pennsylvania, owned the Black Creek Refinery at Purvis, Mississippi, with a capacity of 28,500 barrels a day until its sale in April, 1971, for cash to Amerada

Hess. It has, at all times relevant herein, been engaged in interstate commerce.

B. A. F. Chisholm and J. E. Stack, Jr.

PAR. 18. A. F. Chisholm, P.O. Box 2766, Laurel, Mississippi, owned or controlled 35 percent of the capital stock of Clarco Pipe Line Company from the time of its organization, as noted:

A. F. Chisholm 21.5 percent.

Cynthia W. Chisholm 4.5 percent.

Margaret A. Chisholm 4.5 percent.

Jean C. Lindsay 4.5 percent.

He is one of the founders of Clarco Pipe Line Company; with J. E. Stack, Jr., he is a principal of the Brandon Company engaged in the exploration for and drilling of oil in Mississippi, Florida, and Alabama.

PAR. 19. J. E. Stack, Jr., P.O. Box 1023, Meridian; Mississippi, owned 35 percent of the capital stock of Clarco Pipe Line Company. He is one of the founders of Clarco and is associated with A. F. Chisholm, through the Brandon Company, in the exploration for and production of crude oil in Mississippi and nearby states.

PAR. 20. Prior to December 31, 1970, Messrs. Chisholm and Stack were vice president and secretary-treasurer, respectively, and directors of Clarco Pipe Line Company. Since December 31, 1970, they have been president and secretary-treasurer, respectively, of Clarco.

C. Ergon, Inc. and Miller Oil Purchasing Company

PAR. 21. Ergon, Inc., a Mississippi corporation, is the parent company of Miller Oil Purchasing Company (MOPCO), a Mississippi corporation, with offices at 107 West Pearl Street, Jackson, Mississippi. Miller Oil Purchasing Company is wholly owned by Ergon, Inc.

PAR. 22. Prior to August 31, 1971, Ergon, Inc. and MOPCO, each owned 15 percent of the capital stock of Clarco Pipe Line Company.

PAR. 23. Miller Oil Purchasing Company was, at all times relevant herein, engaged in the purchase, transportation and sale of crude oil in Mississippi. It was, until August 31, 1971, the sole customer of Clarco Pipe Line Company during the entire period of Clarco's operation.

PAR. 24. Amerada Hess purchased all of the capital stock of Clarco Pipe Line Company owned by Ergon, Inc. and MOPCO for \$900,000 cash.

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IV

TRADE AND COMMERCE

PAR. 25. Mississippi is a major crude oil producing state. Oil produced therein is transported to points in Louisiana, Alabama and to interstate pipelines; four refineries which depend upon Mississippi-produced crude are located in the state. One other, located at Pascagoula, utilizes offshore crude from Louisiana as its prime raw material.

PAR. 26. The eastern portion of the State of Mississippi, particularly Jasper, Clarke, Jones, Wayne, Smith and Covington Counties, has been growing in importance as an oil producing area during the past ten years. At present, production of crude in these counties approximates 90,000 barrels a day, with an average wellhead price in excess of \$3 a barrel. Value of this production is in excess of \$88,000,000 annually.

PAR. 27. Immediately prior to the organization of the Clarco Pipe Line Company, only two pipeline systems were available to transport oil from eastern Mississippi to various markets in Mississippi, Alabama, Louisiana, and other points in the United States.

PAR. 28. One of these two pipeline systems was, at all times relevant herein, owned and controlled by Hunt Oil Company and was and is used solely for the transportation by Hunt of crude from eastern Mississippi to the Hunt refinery at Tuscaloosa, Alabama. This refinery has a capacity of about 9,000 barrels a day.

PAR. 29. The remaining system was owned by Amerada Hess. The nucleus of the system was acquired by Hess Pipeline Company by purchase from Humble Pipeline Company on April 1, 1963. As constituted immediately before the acquisition of control of Clarco, this system connected with the Humble Pipeline at Soso, Mississippi, and extended into various oil fields in Smith, Jasper, Clarke, Wayne and Jones Counties in Mississippi. In addition to the Humble connection at Soso, the system connected at Eucutta Station in Wayne County with an Amerada Hess pipeline running south to the Purvis refinery of Gulf Oil Company and from Lumberton Station, south of Purvis, where a connection existed with an Amerada Hess pipeline running east-southeast from Southdale, Mississippi, to the Amerada Hess terminal at Mobile, Alabama. In 1970, the Amerada Hess Pipeline system transported in excess of 27.7 million barrels of oil.

PAR. 30. Clarco was incorporated on April 17, 1967, to compete with the Amerada Hess system in the transportation of eastern Mis-

Mississippi crude to various markets. The original line ran from Humble's Soso terminal to the Quitman oil field in Clarke County and, more specifically, to those wells controlled by Messrs. Chisholm and Stack operating under the title of the Brandon Company.

PAR. 31. The Clarco line paralleled the Amerada Hess line; all extensions of the original Clarco line were made into areas within the boundaries of the area served by Amerada Hess, or close enough to the Amerada Hess line to have warranted an extension thereof. By December 31, 1970, both lines had extended into the Pachuta Creek, Nancy, Wausau and Pool Creek oil fields, and were in direct competition with each other for the transportation of oil from other fields in Mississippi.

PAR. 32. Miller Oil Purchasing Company (MOPCO), was the sole user of the Clarco line. It competed for the purchase of oil at well-head from producers, in direct competition with Amerada Hess; and transported it via Clarco to Humble's Soso connection. Humble was MOPCO's only customer. Except for the comparatively minimal purchases by Hunt (see Paragraph Twenty-Eight), Amerada Hess had no significant competition for the purchase of eastern Mississippi crude prior to the construction of Clarco. MOPCO was the purchaser of Brandon Company oil and one of the original organizers of Clarco.

PAR. 33. On or about April 16, 1971, Amerada Hess completed the purchase of the Black Creek Refinery, located at Purvis, Mississippi, including pipeline and terminal facilities, from Gulf Oil Corporation. The refinery, which has a 28,500 barrel a day refining capacity, is to be expanded to 100,000 barrels a day. It is the only refinery in Mississippi using Mississippi crude which is not primarily an asphalt refinery.

PAR. 34. The Amerada Hess pipeline system previously extended to Purvis from the area served by Clarco.

PAR. 35. On August 31, 1971, Amerada Hess purchased 30 percent of the capital stock of Clarco from Ergon and MOPCO, thus gaining 100 percent voting control of the Clarco pipeline.

PAR. 36. It is possible to reverse the flow of the Clarco pipeline from its present westerly direction to a southerly direction to feed the additional anticipated requirement of the Purvis refinery. In such an event, Humble will be unable to obtain eastern Mississippi crude oil by pipeline; and because of excessive trucking costs, eastern Mississippi producers would be precluded from selling to Humble. Except for the minor Hunt oil purchases, eastern Mississippi oil producers would have no purchaser readily available other than Amerada Hess.

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PAR. 37. Prices paid to producers of crude in eastern Mississippi increased immediately upon announcement and construction of the Clarco line.

PAR. 38. Prior to August 1, 1965, three asphalt refineries existed in the State of Mississippi, located at points near Yazoo City, Laurel and Lumberton. The Yazoo and Laurel refineries were owned by the Southland Company, a partnership. The Lumberton plant was owned by Mississippi Federated Cooperative and was operated as Lamar Refining Company.

PAR. 39. The assets of the Southland Company were purchased in August 1965, by Southland Oil Company, a corporation, for approximately \$7,000,000. Leon Hess and Robert M. Hearin posted a total of \$2,200,000 to secure the financing of the purchase.

PAR. 40. In January 1968, Southland Oil Company was acquired by VGS Corporation (Vermont Gas Systems, Inc.).

PAR. 41. Robert M. Hearin and members of his family are the largest holders of record of VGS stock (76,172 shares of a total of 161,409). Leon Hess is the beneficial owner of 2,276 shares of VGS. Prior to VGS' acquisition of Southland, Leon Hess and Robert M. Hearin were joint owners of a convertible debenture of VGS (from which Hess has derived his present stock interest in VGS).

PAR. 42. Amerada Hess is also the principal supplier of crude oil to Southland's asphalt refineries.

PAR. 43. In June 1968, VGS leased the asphalt refinery at Lumberton from Mississippi Federated Cooperative. VGS now owns or controls all asphalt refineries in Mississippi.

PAR. 44. Total sales of asphalt by VGS in 1970 were \$6,319,033. Sales for the first six months of 1971 were \$3,759,108.

v

VIOLATIONS CHARGED

Count I

PAR. 45. Respondents Amerada Hess Corporation, Clarco Pipe Line Company, Leon Hess, Robert M. Hearin, and VGS Corporation are hereby charged with a violation of Section 5 of the Federal Trade Commission Act in that they have, by a continuing course of conduct, tended to monopolize the purchase, transportation and refining of crude oil produced in the State of Mississippi and specific portions thereof, as follows:

(a) By purchasing Humble Pipeline Company's pipeline and gathering system April 1, 1963, Amerada Hess eliminated Humble as a direct purchaser of oil in eastern Mississippi;

(b) By January, 1967, Amerada Hess had acquired all the crude oil pipelines serving eastern Mississippi east of Soso with the exception of the Hunt Oil Co. pipeline and small lines serving the Black Creek Refinery and small asphalt refineries;

(c) With the assistance of financing collateralized by Robert M. Hearin and Leon Hess, the Southland Company, owner of two of three Mississippi asphalt refineries, was absorbed by Southland Oil Company;

(d) As of January 1, 1968, Vermont Gas Systems, Inc. (VGS), of which Hearin and Hess were joint holders of convertible debentures, acquired Southland Oil Company; Hearin remains the largest stockholder of VGS; Hearin and Hess jointly own about 49 percent of VGS stock;

(e) As of August 1968, VGS acquired an eight-year lease on the only remaining asphalt refinery in Mississippi;

(f) Clarco Pipe Line Company came into being in April 1967 as a competitor to Amerada Hess' pipeline described in subsection (a) above;

(g) On or about October 2, 1970, as a direct result of personal action taken by Robert M. Hearin and Leon Hess, Amerada Hess and Messrs. Chisholm and Stack entered an agreement providing Amerada Hess with an option to purchase control of Clarco Pipe Line Company;

(h) On January 15, 1971, Amerada Hess purchased 70 percent voting control and 35 percent of the stock of Clarco from A. F. Chisholm and J. E. Stack, Jr., with an option to purchase the remaining 35 percent controlled by them;

(i) On April 16, 1971, Amerada Hess had completed the purchase of Gulf Oil Corporation's Black Creek Refinery at Purvis, Mississippi, the only non-asphalt refinery in Mississippi using Mississippi crude oil;

(j) On August 31, 1971, Amerada Hess purchased the remaining 30 percent interest in Clarco from Ergon, Inc. and Miller Oil Company.

PAR. 46. As a result of the aforementioned continuing course of conduct:

(a) Completion in the transportation of crude oil by pipeline in eastern Mississippi has been substantially eliminated;

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(b) Substantial barriers to entry have been raised to potential pipeline builders;

(c) Control of pipelines and direct or indirect control of all refining capacity eliminates, or may eliminate, all effective outlets, other than Amerada Hess, for the sale of crude oil by producers in eastern Mississippi;

(d) Excessive market power in the Mississippi market for asphalt has been obtained;

(e) The power to set non-competitive prices on asphalt produced in Mississippi has been enhanced;

(f) Amerada Hess has acquired the power to set low non-competitive prices on crude oil at wellhead in eastern Mississippi.

The above course of conduct constitutes an unfair method of competition.

Count II

PAR. 47. Respondents Amerada Hess Corporation and Clarco Pipe Line Company are hereby charged with a violation of Section 5 of the Federal Trade Commission Act in that they have attempted to monopolize the purchase and transportation of crude oil produced in eastern Mississippi and to eliminate competition in the transportation of eastern Mississippi crude oil as follows:

(a) Amerada Hess Corporation purchased 70 percent voting control of Clarco Pipe Line Company on January 15, 1971;

(b) On April 15, 1971, Clarco's board of directors, voting Hess controlled stock, eliminated the independent management of Clarco by turning over all management, operating, bookkeeping, and accounting functions of the company to Amerada Hess;

(c) Amerada Hess purchased the 30 percent minority interest in Clarco Pipe Line Company on or about August 31, 1971. Clarco Pipe Line Company is now under the complete control of Amerada Hess;

(d) In contrast to its previous rapid growth, Clarco has not expanded its lines since the assumption of voting control by Amerada Hess.

PAR. 48. As a result of the aforementioned attempt to monopolize and to eliminate competition:

(a) Clarco Pipe Line Company has been eliminated as an independent competitor in eastern Mississippi in the transportation of crude oil;

(b) Amerada Hess owns, controls or manages all crude oil pipe-

lines in eastern Mississippi east of Humble's line at Soso and west of Hunt Oil's line into Alabama;

(c) Amerada Hess has acquired the power to foreclose eastern Mississippi oil producers from any market other than Amerada Hess;

(d) Amerada Hess has acquired the power to prevent any competitive expansion of Clarco into newly discovered or producing oil fields, thereby preventing competition for the purchase or transportation of crude oil in such newly discovered fields.

This attempt to monopolize and to eliminate competition is an unfair method of competition.

Count III

PAR. 49. Respondent Amerada Hess is hereby charged with a violation of Section 7 of the Clayton Act in that, on or about January 15, 1971 and August 31, 1971, it purchased all of the stock of Clarco Pipe Line Company, a Mississippi corporation, and has assumed control and management of all of the business and assets of Clarco Pipe Line Company, thereby substantially lessening competition and tending to create a monopoly in the transportation of crude oil in eastern Mississippi and probably substantially lessening competition and tending to create a monopoly in the purchase and transportation of crude oil produced in the States of Mississippi, Alabama, and Florida or segments thereof.

PAR. 50. The effects of the aforesaid acquisition have been or may be as follows:

(a) Actual and potential competition between Amerada Hess and Clarco in the transportation of crude oil in Mississippi and to other states has been or probably will be eliminated;

(b) Actual and potential competition between Amerada Hess and independent oil purchasers in the purchase of crude oil in the areas served by the Amerada Hess and Clarco pipelines has been, or may be, substantially curtailed;

(c) Amerada Hess has accumulated the power to monopolize the purchase of oil in eastern Mississippi;

(d) Amerada Hess has effectively established a monopoly in the transportation of crude oil by pipeline in eastern Mississippi;

(e) The existence of the Amerada Hess and Clarco pipeline systems under the control of one company heightens the barriers to the entry of new pipeline companies in Mississippi;

(f) Concentration in the transportation of crude oil in eastern Mississippi has been increased from duopoly to monopoly; and

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(g) The expansion of the Clarco Pipe Line system as an independent competitive factor into Alabama and Florida has been effectively forestalled, thereby probably substantially lessening competition and tending to create a monopoly in the purchase and transportation of crude oil in those states or segments thereof.

Count IV

PAR. 51. Respondent Amerada Hess is hereby charged with a violation of Section 7 of the Clayton Act in that, on or about April 16, 1971, it purchased the Black Creek Refinery of the Gulf Oil Corporation located at Purvis, Mississippi, thereby probably substantially lessening competition and tending to create a monopoly in (a) the refining of Mississippi crude oil in the State of Mississippi, (b) the purchase of crude oil produced in eastern Mississippi, and (c) the purchase of crude oil produced in Mississippi or adjoining states or segments thereof.

PAR. 52. The effects of the aforementioned acquisition are as follows:

(a) The acquisition and the planned expansion of the refinery will create a demand by Amerada Hess for oil in excess of the entire production of eastern Mississippi;

(b) In connection with the Clarco acquisition, other markets for eastern Mississippi crude oil producers have been, or may be, eliminated;

(c) Concentration of available markets for crude oil in eastern Mississippi and/or Alabama has been, or may be, increased to the point of monopsony by Amerada Hess;

(d) Amerada Hess has acquired a monopoly of crude oil refining capacity in Mississippi which utilizes Mississippi-produced crude.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereto with violation of Section 7 of the Clayton Act, as amended, and/or Section 5 of the Federal Trade Commission Act, as amended, and the respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the complaint

to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having considered the agreement and having provisionally accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Amerada Hess Corporation is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 51 West 51st Street, New York, New York.

Respondent Clarco Pipe Line Company is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Mississippi, with its office and principal place of business located at Room 1001, First National Bank Building, Jackson, Mississippi.

Respondent VGS Corporation is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Vermont, with its office and principal place of business located at 31 Swift Street, Burlington, Vermont.

Respondent Robert M. Hearin is chairman of the board and chief executive officer of the First National Bank of Jackson, Jackson, Mississippi, and a director of respondents Amerada Hess Corporation and VGS Corporation.

Respondent Leon Hess is the major stockholder, a director, and chairman of the board of directors of respondent Amerada Hess Corporation.

ORDER

For the purposes of this order, the definitions below shall apply:

"Respondent Amerada Hess" refers to Amerada Hess Corporation, a corporation, its subsidiaries, affiliates, successors, and assigns.

"Respondent Clarco" refers to Clarco Pipe Line Company, a corporation, its subsidiaries, affiliates, successors and assigns.

"Respondent VGS" refers to VGS Corporation, a corporation, its subsidiaries, affiliates, successors and assigns.

"Person" means any individual, corporation, partnership, association, firm, or other business or legal entity.

I

It is ordered, That respondent Amerada Hess, its officers, directors, agents, representatives, and employees shall, within twelve (12) months from the date of service upon it of this order, divest absolutely and in good faith, subject to the approval of the Federal Trade Commission, all stock, voting rights, assets, properties, rights and privileges, tangible and intangible, including, but not limited to, all plants, pipelines, equipment, machinery, inventory, and customer lists acquired by respondent Amerada Hess as a result of its acquisition of the stock of respondent Clarco, together with all additions and improvements thereto, of whatever description.

II

It is further ordered, That respondent Amerada Hess shall be restrained, forthwith and for a period ending eighteen (18) months from the date of the divestiture ordered by Paragraph I of this order, from expanding its pipeline system to such existing crude oil production as it obtained from Messrs. Stack and Chisholm; and, further, that any pipelines, equipment, machinery, and inventory which were removed from respondent Clarco's pipeline at the time of, or subsequent to, acquisition by respondent Amerada Hess and utilized on respondent Amerada Hess' pipeline shall be returned to respondent Clarco along with any improvements, additions, replacements and alterations thereto.

III

It is further ordered, That none of the stock, voting rights, assets, properties, rights or privileges described in Paragraph I of this order shall by such divestiture be transferred, directly or indirectly, to any person who has been an officer, director, employee, or agent of respondent Amerada Hess, or has owned or controlled, directly or indirectly, more than one (1) percent of the outstanding shares of respondent Amerada Hess or respondent VGS at any time from the date of the first acquisition by respondent Amerada Hess of respondent Clarco's stock.

IV

It is further ordered, That, pending divestiture, respondent Clarco shall be operated as if a common carrier for the transportation of

crude oil between all existing points of delivery on its lines and Soso, Mississippi, with transportation charges not to exceed those posted by respondent Clarco at the time of its acquisition by respondent Amerada Hess.

V

It is further ordered, That, after divestiture, respondent Clarco shall be prohibited from having as directors, managers, accountants or other managing officials any person having been employed or retained, in any manner, by respondent Amerada Hess or respondent VGS, or who acted as an officer of respondent Clarco at any time from the date of respondent Amerada Hess' first acquisition of respondent Clarco's stock until the time of divestiture, except such persons who were officers of respondent Clarco prior to such acquisition.

VI

It is further ordered, That respondent Clarco shall be prohibited for a period of ten (10) years from the date of service upon it of this order, from refusing directly or indirectly, to transport crude oil for any customer to any destination to which it delivered crude oil for such customer prior to January 1, 1971.

VII

It is further ordered, That respondent VGS, its officers, directors, agents, representatives, and employees shall be restrained, for a period of ten (10) years from the date of service upon it of this order, from acquiring any asphalt refineries shipping asphalt in or into Mississippi; *Provided, however,* That nothing in this paragraph shall preclude respondent VGS from exercising options or other rights held by it as of July 6, 1973 with respect to the asphalt refinery at Lumberton, Mississippi leased by it as of the date of service of this order.

VIII

It is further ordered, That respondents Amerada Hess, VGS, Robert M. Hearin, and Leon Hess are prohibited in perpetuity, from owning or controlling in any manner, directly or indirectly, any equity or debt interest in respondent Clarco, except for debt interests existing at the date of service of this order.

IX

It is further ordered, That, with respect to the divestiture required herein, nothing in this order shall be deemed to prohibit respondent Amerada Hess from accepting consideration which is not entirely cash and from accepting and enforcing a loan, mortgage, deed of trust or other security interest for the purpose of securing to respondent Amerada Hess full payment of the price, with interest received by it in connection with such divestiture; *Provided, however,* That should respondent Amerada Hess by enforcement of such security interest, or for any other reason, regain direct or indirect ownership or control of the divested plants, land or equipment, said ownership or control shall be redinvested, subject to the provisions of this order, within one (1) year from the date of reacquisition.

X

It is further ordered, That, pending divestiture, respondent Amerada Hess shall not make or permit any deterioration in any of the plants, machinery, buildings, equipment or other property or assets of respondent Clarco, which may impair respondent Clarco's present market value, unless such value is restored prior to divestiture.

XI

It is further ordered, That respondents Amerada Hess, Clarco, and VGS shall not acquire, directly or indirectly, through joint ventures or otherwise, without the prior approval of the Federal Trade Commission, the whole or any part of the stock or share capital of any person engaged in the transportation and refining of crude oil produced in the States of Mississippi or Alabama, or any of such persons' assets (other than crude oil) which are related to the transportation or refining of crude oil produced in either of such states.

XII

It is further ordered, That respondents shall, within sixty (60) days from the date of service upon them of this order and every sixty (60) days thereafter until the divestiture ordered by Paragraph I hereof is effected, submit to the Federal Trade Commission a detailed written report of their actions, plans and progress in complying with the provisions of this order, and fulfilling its objectives. All compliance reports shall include, among other things that are from time to

time required, a summary of all discussions and negotiations with any person or persons who are potential owners or managers of the assets to be divested, the identity of all such persons, copies of all communications to and from such persons, and all internal memoranda, reports, and recommendations concerning divestiture.

XIII

It is further ordered, That respondents Amerada Hess, Clarco, and VGS shall notify the Federal Trade Commission at least thirty (30) days prior to any proposed change in their corporate structures, such as dissolution, assignment or sale resulting in the emergence of successor corporations, the creation or dissolution of subsidiaries, or any other change in said respondents which may affect compliance obligations arising out of this order.

IN THE MATTER OF

LEAR SIEGLER, INC.