UNITED STATES OF AMERICA BEFORE FEDERAL TRADE COMMISSION

In the Matter of)			
)			
SOFTSEARCH HOLDINGS, INC.,)			
a corporation, and)			
)			
GEOQUEST INTERNATIONAL HOLDINGS, INC.,)	Docket 1	No.	C-3759
a corporation.)			
)				

COMPLAINT

The Federal Trade Commission ("Commission"), having reason to believe that Dwight's Energydata, Inc. ("Dwight's"), a wholly-owned subsidiary of respondent SoftSearch Holdings, Inc., a corporation subject to the jurisdiction of the Federal Trade Commission, has entered into an agreement to merge with Petroleum Information Corporation ("PI"), a wholly-owned subsidiary of respondent GeoQuest International Holdings, Inc., a corporation subject to the jurisdiction of the Commission, in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act ("FTC Act"), as amended, 15 U.S.C. § 45, and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its complaint, stating its charges as follows:

THE RESPONDENTS

PARAGRAPH ONE. Respondent SoftSearch Holdings, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its offices and principal place of business located at 1202 Estates Drive, Suite A, Abilene, Texas 79602. Its wholly-owned subsidiary, Dwight's EnergyData, Inc., 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 1633 Firman Drive, Suite 100, Richardson, Texas 75081. Dwight's Energydata, Inc., holds a 37 percent interest in Graphic Information Technologies, Inc.,("GITI") a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware.

PARAGRAPH TWO. Respondent GeoQuest International Holdings, Inc., 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 5333 Westheimer Drive, Houston, Texas 77056. Its principal subsidiary is Petroleum Information Corporation, 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 5333 Westheimer Drive, Houston, Texas 77056.

PARAGRAPH THREE. At all times relevant herein, each of the respondents or their predecessors, has been and is now engaged in commerce, as "commerce" is defined in Section 1 of the Clayton Act, 15 U.S.C. § 12, and is a corporation whose business is in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44.

THE MERGER

PARAGRAPH FOUR. In July 1995 respondents agreed to merge the businesses of Dwight's and PI.

THE RELEVANT MARKETS

PARAGRAPH FIVE. One relevant line of commerce in which to evaluate the effects of the merger is the sale or licensing of well data. "Well Data" means information in any media concerning the location, permitting, drilling or completion of any oil and gas well located in the United States, and related information.

PARAGRAPH SIX. One relevant line of commerce in which to evaluate the effects of the merger is the sale or licensing of production data. "Production Data" means information in any media concerning the locations of, and volume of oil, gas, or water produced from any oil or gas well located in the United States, and related information.

PARAGRAPH SEVEN. One relevant section of the country in which to evaluate the effects of the merger is the United States as a whole.

PARAGRAPH EIGHT. The relevant markets set forth in PARAGRAPHS FIVE, SIX, and SEVEN are highly concentrated, whether measured by Herfindahl-Hirschman Indices or two-firm and four-firm concentration ratios. Dwight's and PI are actual competitors in the relevant markets. Dwight's and PI are the only competitive providers of well and production data for many areas of the country. The merged Dwight's/PI will have the largest market share in the relevant markets.

PARAGRAPH NINE. Respondents are the only firms that have extensive, multi-state collections of historical information on oil and gas properties. Firms lacking similar databases cannot effectively compete in the relevant markets. Assembling a database that matches the database possessed by either respondent would be very difficult, expensive, and time consuming. This factor makes timely and effective entry into the relevant markets difficult and unlikely.

EFFECTS OF THE MERGER

PARAGRAPH TEN. The merger may substantially lessen competition in the relevant markets in the following ways, among others:

- (a) by eliminating direct competition between Dwight's and PI;
- (b) by increasing the likelihood that respondents will unilaterally exercise market power; and
- (c) by increasing the likelihood of, or facilitating, collusion or coordinated interaction;

each of which increases the likelihood that the prices of well data and production data will increase. The merger is also likely to lead to reduced service for customers. The merger may lead to a decline in technological innovation due to loss of rivalry in making product enhancements. The merger may further lead to a deterioration in the accuracy of the data compiled due to loss of competition in securing and verifying data.

VIOLATIONS CHARGED

PARAGRAPH ELEVEN. The merger described in PARAGRAPH FOUR constitutes a violation of Section 5 of the FTC Act, 15 U.S.C. § 45.

PARAGRAPH TWELVE. The merger described in PARAGRAPH FOUR, if consummated, would constitute a violation of Section 7 of the Clayton Act, 15 U.S.C. § 45, and Section 5 of the FTC Act, 15 U.S.C. § 45.

IN WITNESS WHEREOF, the Federal Trade Commission has caused this Complaint to be signed by the Secretary and its official seal to be affixed, at Washington, D.C. this twenty-eighth day of July, 1997.

By the Commission.

Donald S. Clark Secretary

SEAL: