UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

In the Matter of **DUKE ENERGY CORPORATION,** a corporation, **PHILLIPS PETROLEUM COMPANY,** a corporation, and **DUKE ENERGY FIELD SERVICES L.L.C.** a limited liability company.	**Docket No. C-3932** ***Public Record Version***

APPLICATION FOR APPROVAL OF DIVESTITURE TO ONEOK

INTRODUCTION

Pursuant to §2.41(f) of the Federal Trade Commission's Rules of Practice and Procedures, 16 C.F.R. §2.41(f) (2000), and to Paragraph II of the May 5, 2000, Decision and Order in the above-captioned matter, the Respondents -- Duke Energy Corp. ("Duke"), Duke Energy Field Services, L.L.C. ("DEFS"), and Phillips Petroleum Company ("Phillips") -- submit this Application for Approval of Divestiture to Oneok Gas Processing, L.L.C., a subsidiary of Oneok, Inc. (collectively "Oneok"), of the assets listed on the following Schedules appended to the Decision and Order:

Schedule C	Texas/Cimarron Counties, OK Area
Schedule D	Northwest Beaver County, OK Area
Schedule E	Meade/Clark Counties, KS Area
Schedule F	Ellis/Woodward Counties, OK Area
Schedule G	Dewey/Roger Mills Counties, OK Area
Schedule H	Southern Oklahoma City Area
Schedule I	Northern Oklahoma City Area
Schedule J	Northeast Logan County, OK Area

The assets listed on Schedule A and Schedule B have already been divested in accordance with the Decision and Order. Accordingly, the assets on Schedules C through J constitute all of the assets remaining to be divested.

The Asset Sale Agreement ("ASA") between Respondent DEFS as seller and Oneok as buyer provides, subject to approval by the Commission, that Oneok will acquire all of the above listed Schedule C through Schedule J assets. As described more fully below, Oneok is a large, experienced firm engaged in all aspects of the natural gas industry. Moreover, Oneok does not have any appreciable gas gathering activities in the relevant township areas in which the divestiture assets are located. Accordingly, the proposed divestiture to Oneok will fulfill the objectives of the Decision and Order to "ensure the continuation of the Assets To Be Divested . . . . as, or as part of, viable enterprises engaged in the natural gas gathering and processing business and to remedy the lessening of competition resulting from the merger and acquisitions alleged . . . ." Decision and Order, ¶ II(M).

DISCUSSION

I. Description of Proposed Divestiture Transaction

On March 30, 2000, the Commission approved for public comment the "Agreement Containing Consent Order" in this matter. The Consent Order was placed on the FTC's website on March 31, 2000. Paragraph II(A)-(J) of the Consent Order requires the Respondents to divest the assets described in Schedules A through J by no later than 120 days after the publication of the

Consent Order.[1] Respondents promptly began marketing the assets to be divested under the Order and sought a wide array of potential candidates for the purchase of the various gas gathering systems identified in Schedules C through J.[2]

A. Marketing of the Divestiture Assets to Potential Buyers

At least twenty-five firms expressed interest in the relevant gathering systems to be divested and Duke sent confidentiality agreements and information packages to the interested buyers. Potential buyers were then invited to visit the "data room" that provided due diligence information including contracts, detailed descriptions of the assets to be divested, and production volumes, among other information. In April, nearly twenty firms visited the data room that Respondents had created in Oklahoma City and final bids for the various divestiture packages were due on April 26, 2000.

Duke received bids for all eight of the divestiture packages from Oneok and four additional firms.[3] Duke preferred Oneok because Duke had the greatest confidence in Oneok's ability to negotiate and close the transaction in a timely fashion. On June 23, 2000, Duke and Oneok reached agreement on the business terms of the proposed transaction and signed the definitive Asset Sale Agreement ("ASA"), which is attached as Exhibit 1.

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[1] Moreover, Paragraph II(L) of the Decision and Order requires Respondents to complete certain asset interconnections specified in Schedules C through J within 120 days of the Public Record Date. Respondents hereby certify that all interconnecting pipe specified in the relevant Schedules has been or will be installed within 120 days after the Public Record Date or by the closing date of the proposed divestiture transaction, if earlier.

[2] The Schedule A assets and Schedule B assets, as noted above, were already being divested to buyers approved by the Commission.

[3] The other four firms were: American Central Gas, Hermes Consolidated, Seminole Pipeline, and Superior Pipeline.

B. Terms of the Asset Sale Agreement Between Duke and Oneok

1. Purchase Price

Under the terms of the ASA, Oneok will acquire from Duke all of the assets described in Schedules C through J of the Decision and Order. In return, Oneok will pay Duke **REDACTED** addition, the ASA includes other terms that settle certain pre-existing (but unrelated) business issues between the companies.

2. Other Terms of the ASA

a. Transportation, Compression and Processing Services

Oneok prefers that it have the option of Duke providing certain downstream transportation, compression and processing services to Oneok for each divestiture system that will not immediately be connected to an existing Oneok gathering system. The relevant service agreements are referenced in Article 8.1(e) and 8.2(e) of the ASA and are set out in more detail in Exhibit D to the ASA. Additionally, as provided in Article 12.2, Duke has agreed to provide usual and customary accounting services for three months after closing.

Under the service agreements, Oneok will gather the gas from the wellhead through the relevant Oneok-acquired gathering system to a central delivery point ("CDP") on Duke's system. For a five-year term, Duke would then compress the gas and transport it to a gas plant for processing. However, Oneok also has, and will continue to have, the option to connect any divestiture system to other systems in the area (including existing Oneok systems). As noted below in Section III(B), Oneok could obtain significant efficiencies from integrating the divestiture systems with its existing gathering systems.

REDACTED

d. L19 Line

Duke operates the L19 line in Caddo County, Oklahoma under a lease agreement with Oneok. The L19 line is at least 15 miles from the nearest asset to be divested. Under the lease agreement, Duke has the option to buy the L19 line for $200,000.

REDACTED

e. Bushton Ethane Extraction

The ASA also modifies a pre-existing processing agreement between Oneok and Duke (as successor to GPM). Under this existing agreement between Oneok and Duke, Oneok's Bushton Plant located in Kansas processes gas from many areas, including some gas flowing through certain former GPM systems in Western Oklahoma.

REDACTED

f. Narrow Non-Solicitation Clause

Article 12.4 of the ASA provides that Duke will not, for a period of six months following the Closing, seek to provide gathering service for any existing wells currently connected to any of the divestiture assets. This non-solicitation provision does not limit Duke's ability to compete for new wells in any location. Nor does it in any way restrict Oneok's ability to compete for a new well or for wells currently connected to Duke gathering systems. This provision helps ensure the viability of the divestiture assets and is sufficiently limited in scope and duration to avoid any significant reduction in competition. This provision is modeled after, but is less restrictive than, a similar provision in the divestiture agreement approved by the Commission in *Shell/Tejas*, Docket. No. C-

3843 (1998). *See* Letter of Richard A. Brooks to Federal Trade Commission, dated November 23, 1998, FTC File No. 981-0166 (describing a one-year noncompetition agreement for wells currently connected to divestiture assets).

These additional terms obviously create no competitive issues.

II. Oneok Is an Ideal Acquirer of the Divestiture Assets

The Bureau of Competition's "Study of the Commission's Divestiture Process" (hereafter "Divestiture Study"), issued in 1999, identified certain factors that are linked with successful divestitures. The Divestiture Study concluded that the "most successful buyers appear to be the ones that know the most about what they were buying. Frequently, the most knowledgeable and best buyer was the fringe competitor or an entrant extending geographically." *Divestiture Study,* p. 34. Oneok has extensive natural gas operations in the Mid-Continent Region, but is not immediately present where the divestiture systems are located, and, therefore, is exactly the type of buyer that the Divestiture Study indicates will be successful.

Perhaps the most important factor is Oneok's experience and expertise in all phases of the natural gas industry. Oneok was founded as a pipeline business in 1906. Today, Oneok is a publicly traded, diversified energy company with headquarters in Tulsa, Oklahoma.[4] In particular, Oneok is a vertically integrated natural gas company with substantial expertise in gas production, gathering, processing, marketing, and retail distribution. For example, Oneok's production subsidiary, Oneok Resources Company, operates over 700 wells, has interests in over 2,300 wells, and has total gas

[4] The *Oneok 1999 Annual Report* is Exhibit 2 to this Application. Oneok's 1999 10-K is Exhibit 3 to this Application.

reserves in excess of 250 billion cubic feet.[5] Oneok also processes gas at nine plants in Oklahoma and those "plants are connected to multiple intrastate and interstate pipelines, offering flexibility for producers in the marketing of residue gas."[6] Indeed, Oneok is able to transport this and third-party gas to market via another affiliate, Oneok Gas Transportation Company, L.L.C., that operates over 2,000 miles of transmission pipelines that link 46 gas processing plants, 130 producing fields, and ten interstate pipelines.[7]

Oneok may be most well known to the public because of its retail natural gas distribution business. That business serves 80% of Oklahoma and two-thirds of Kansas with over 1.4 million residential, commercial, and industrial customers. In 1999, Oneok ranked as the ninth-largest gas distribution utility in the nation.[8] Finally, another Oneok subsidiary markets gas in over twenty states.[9]

As a fully integrated natural gas company, Oneok has substantial gas gathering operations as well (*i.e.*, through Oneok Field Services Co. and Oneok Gas Processing, L.L.C.). Particularly in light of its recent acquisitions of certain Dynegy and Kinder-Morgan gathering assets, Oneok has significant gas gathering operations in Texas, Kansas, and Oklahoma.[10] In short, the extensive

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[5] *See* Exhibit 2 (*Oneok 1999 Annual Report*) (also available at Oneok's website: www.oneok.com).

[6] *Id.*

[7] *Id.*

[8] *Id.*

[9] *Id.*

[10] For the Anadarko area of Oklahoma relevant for the Second Request, Oneok is the third largest gatherer with an approximate 15% share. *See* Duke Second Request Response, Table 3(a)(i)(listing Oneok with 11.97% share, Dynegy at 2.59%, and Kinder-Morgan at 0.22% in the Anadarko Region). Similarly, Oneok's share for the areas of Kansas, the Texas Panhandle, and the Oklahoma Panhandle relevant for the Second Request is 18.11% (the sum of: KN/Kinder Morgan 17.85%; Oneok 0.22% and Dynegy 0.04%). *See* Duke Second Request Response, Table

breadth and depth of Oneok's management expertise in the natural gas industry – including gas gathering in the Mid-Continent Region -- renders Oneok an ideal purchaser for the divestiture assets here.

Oneok's industry expertise is buttressed by substantial financial strength. For calendar 1999, Oneok had total assets in excess of $3 billion and operating revenues nearing $2 billion.[11] The market capitalization of Oneok's equity now exceeds $750 million, and in 1999 its operating income increased by over 20%. Indeed, all of Oneok's business units are profitable:

Table 1 -- Oneok Operating Income by Business Segment ($ Millions)[12]

Business Segment	***1999***	***1998***
Retail Distribution	$103	$97
Transportation and Storage	$62	$55
Marketing	$24	$17
Production	$22	$8
Gathering and Processing	$22	$12
Other	$5	$3
Total Operating Income	$238	$192

Oneok's operating income has more than doubled since 1995, increasing from $105 million to $238 million. During the same period, Oneok's net income after taxes has similarly more than doubled

3(a)(i)("List of Gatherers: Panhandle (Hugoton) Area").

11 *See* Oneok, Inc. website at: www.oneok.com.

12 *See* Exhibit 2 (*Oneok 1999 Annual Report*)(also available at Oneok's website: www.oneok.com).

from $42 million to $107 million.[13] Clearly Duke has proposed a strong buyer for the divestiture asset packages.[14]

III. Divestiture to Oneok Will Increase Competition Above the Pre-Merger Status Quo

A. No Adverse Competitive Effect in the Eight Divestiture Areas

The Commission's complaint alleged that the effect of the DEFS/GPM and DEFS/Conoco/Mitchell transactions "may be substantially to lessen competition or tend to create a monopoly in the gathering of natural gas" in eight areas relevant here (the other two areas of interest having been resolved via previously approved divestitures). To the extent that any such lessening of competition may have otherwise occurred, the divestiture of the Schedules C through J assets to Oneok will eliminate the perceived problem that the Duke acquisitions would reduce effective competition in gas gathering in certain areas.

As noted above, Oneok is a strong company in the natural gas business in the Mid-Continent Region. However, Oneok (even including its recent Dynegy and Kinder Morgan acquisitions) is not significant in the areas of concern that generated the divestitures found in Schedules C through J. Duke has worked extensively with the Bureau of Competition and Southwest Region Staffs over the past three months to assess the competitive effects of a divestiture to Oneok in the eight divestiture areas. Duke submitted, at the Staffs' request, a substantial amount of information about competition in the divestiture areas. The Staffs reviewed this information and concluded that a divestiture to Oneok would not raise competitive concerns in at least five of the eight divestiture areas:

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13 *Id.*

14 The Divestiture Study noted that in many instances the merging parties propose weak buyers for the assets to be divested. For example, in some instances start-up companies were proposed and approved as buyers for divestiture asset packages. *Divestiture Study*, p. 17. The Divestiture Study concluded that such inexperienced buyers were less likely to result in viable competition. *Id.* Here the exact opposite is the case.

Texas/Cimarron,[15] Northwest Beaver,[16] Meade/Clark,[17] Dewey/Roger Mills[18] and Northeast Logan.[19]

The Staffs requested additional information regarding three divestiture areas in which Oneok does have gathering and/or transmission assets: Ellis/Woodward; Southern Oklahoma City; and Northern Oklahoma City. Duke submitted additional information in these areas showing that most of Oneok's pipe in the relevant areas is high-pressure pipeline not engaged in gathering service and that Oneok's share of current volumes gathered is trivial, as shown in the following table:

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[15] According to DEFS maps, Oneok has gathering lines only to the east of the divestiture assets. There are extensive El Paso (Coastal/ANR) and Anadarko gathering systems in the divestiture townships and townships surrounding the divestiture area. Texaco, CMS, Exxon/Mobil and Samson Resources also operate in the relevant area. Other competitors in the area include Crouch Petroleum, Wallace Oil & Gas, Ensign Operating Co., Fair Oaks Oil & Gas Co., Coronado Petroleum Corp. and Valence Operating Co.

[16] According to DEFS maps, Oneok has a low-pressure gathering line in only one township in which divestiture assets are located. El Paso, CMS, Questar and Cross-Timbers operate extensive gathering systems in the townships surrounding the divestiture area. Seminole, Anadarko, Williams, Enogex and Enron also operate in the relevant area. Other competitors include Aurora, Kiowa Gas Gathering, Western Gas Interstate Co., Engage Energy, Vintage Gas, and Kaiser Francis.

[17] According to DEFS maps, Oneok has no low-pressure gathering lines in any of the townships in which divestiture assets are located. El Paso, Seminole, Enron (Northern Natural), Williams, CMS and Texaco operate in the relevant area. Other competitors include Cibola, Kaiser Francis, Star Resources, Aurora, Renco Pipeline, Chesapeake, Colt Resources, Vernon Faulconer, Midco Exploration, Clarco, Twister, and Westar Gas.

[18] According to DEFS maps, Oneok has gathering lines only to the southeast of the divestiture assets. Enogex, CMS, Enron (Northern Natural), Western Farmers, Reliant, and Transwestern operate in the relevant area. Other competitors include Kerr McGee, Range, Exploration Associates and Twister.

[19] According to DEFS maps, Oneok has no low-pressure gathering lines in any of the townships in which divestiture assets are located. CMS, Enogex, Octagon and Williams operate in the relevant area.

Table 2 – Oneok Volume Share in Divestiture Areas [20]

Divestiture System	*Oneok Share in Divestiture Townships[21]*	*Oneok Share in Divestiture and Surrounding Townships*
Northern Oklahoma City	0.2%	2.3%
Southern Oklahoma City	0.2%	6.1%
Ellis/Woodward	1.7%	2.0%

Based on the information provided, the Staffs concluded that a divestiture to Oneok would not raise competitive concerns in the eight divestiture areas. In fact, the above table illustrates that even in these three areas where the Staffs requested additional information, Oneok is but a fringe competitor. As noted above, the *Divestiture Study* concluded that fringe competitors are likely to be viable -- and often preferred -- purchasers of divestiture assets.

As shown in the preceding table, the "overlaps" between the systems to be divested and Oneok's actual gas gathering are insignificant. Oneok operates geographically complementary systems. These are precisely the circumstances in which large integrative efficiencies are available. Consequently, DEFS -- which will be a more efficient competitor as a result of the GPM and Conoco/Mitchell acquisitions -- will face competition from a more efficient Oneok. In summary, a divestiture to Oneok will not reduce competition relative to the premerger status quo ante, but will likely increase efficiency and competition relative to the premerger status quo ante.

20 *See* Exhibits 4 and 5 (providing the underlying calculations for these shares drawn from Dwights data for 1999).

21 "Divestiture townships" are townships including assets to be divested. Oneok's share also includes wells listed by Dwights as gathered by Dynegy or Kinder-Morgan. But for Oneok's acquisition of Dynegy assets, Oneok's share would be 0.0% for the divestiture townships in Northern Oklahoma City.

1. Ellis/Woodward

Although Oneok has pipe in Ellis and Woodward Counties, Oneok is actually gathering gas only in extreme northern Ellis County. Although the Ellis/Woodward divestiture includes gathering pipe in fifteen townships, Dwights indicates that Oneok has *no market share* in any of the following ten townships: 19N/23W, 20N/23W, 21N/23W, 21N/22W, 21N/21W, 22N/24W, 22N/23W, 22/22W, 22N/21W and 24N/22W. Consequently, the "overlap" of the divestiture assets and Oneok existing gathering assets is not significant. Oneok's pipelines in the divestiture area are primarily transmission lines, operating between 760-1100 psig, and thus are highly differentiated from the low-pressure gathering lines to be divested. Oneok's current 1.7% share reflects its status as , at best, a fringe competitor.

2. Southern Oklahoma City

Oneok does not have any pipe anywhere near the bulk of the Southern Oklahoma City divestiture assets. Moreover, Oneok is actually gathering gas in only one of the eight townships that include divestiture assets in Southern Oklahoma City. Its gathering share in this eight-township area is 0.2%. Even though Oneok has pipeline in other relevant townships, it is not gathering any gas.[22] Oneok's pipelines in the area are primarily transmission lines.[23] In addition, even after the divestiture, DEFS will still have pipe throughout the area. Consequently, even with a divestiture to

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[22] *See* Exhibit 5.

[23] Oneok's pipelines in the six-township area 9N/3W to 11N/4W are high-pressure transmission lines. The Oneok east-west pipeline that runs across the northern sections of 9N/4W-7W is also a high-pressure transmission line, operating at 700-800 psig. This transmission line has a small gathering system attached in 9N/7W (a township in which Chapparel and Enogex each individually currently gather more gas than Oneok).

Oneok, the Southern Oklahoma City area will still be served by at least the following additional gatherers: DEFS, Enogex, Oneok, and Chapparel.[24]

3. Northern Oklahoma City

The Northern Oklahoma City divestiture is encompassed within six townships: 14N/5W, 15N/5W, 13N/4W, 14N/4W, 15N/4W, and 16N/4W. Although the maps we have provided indicate that Oneok does have some assets in these townships, the Dwights Data indicate that, prior to its recent acquisition of Dynegy assets, *Oneok has not gathered any gas in any of these six townships.* Thus, Oneok's gathering share in the relevant "markets" was 0.0% prior to the Dynegy asset acquisition and is only 0.2% today. Additionally, Oneok pipelines in this area are transmission lines.[25] Finally, Enogex's lines are as well situated to compete as are Oneok's current lines.[26] Consequently, even assuming that Oneok is currently a competitor (despite its lack of volume), divesting the Northern Oklahoma City system could be considered, at worst, a 5-4 consolidation

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[24] Dwights indicates that the following firms gather gas in the eight relevant townships in Southern Oklahoma City: Chapparel, DEFS, Enogex, ExxonMobil, Okland, and Oneok.

[25] The three pipelines that meet in 15N/4W (Logan County), section 29, converge at a storage facility called the Edmond Storage Field. These pipelines (including the line that runs southwest to Oneok's El Reno Plant) operate at pressures of 600-800 psig. Similarly, Oneok does not gather gas in the six-township area 12N/3W to 14N/4W (Oklahoma County).

[26] Enogex has a north-south pipeline that is adjacent to the Oneok line in 16N/4W. The Enogex line then turns to the west and crosses the divestiture assets in 15N/4W; it also runs within one mile of the divestiture assets in 15N/5W. Moreover, Enogex has two other lines that gather gas (*e.g.*, see the Enogex wells in 13N/6W) and cross the divestiture assets.

because DEFS, Enogex, Oneok, and CMS[27] will be competitive post-divestiture.[28] Moreover, such a divestiture will produce a more efficient competitor to DEFS.

B. Oneok's Acquisition of the Divested Assets Will Yield Substantial Efficiencies

Respondents understand that Oneok will be independently submitting business plans to the Commission regarding the proposed divestiture and refer the Commission to those plans as to the s ficiencies to be achieved. Nevertheless, speaking more generally, the gas gathering h the Respondents' (and the Commission's) consistent experience with past is that oducers and gatherers gain substantially from integrative efficiencies. Indeed, some efficienc be obtained *only if* the divestiture is made to a company that already has some operations in th iate area. For example, because Oneok does have operations in Oklahoma it will be able to u current local operating personnel to also service the additional e being acquired.[29] This efficiency gain is only possible if the sale is to a company, such as eady has some operations in the general area of the divestitures.[30] Because these cost are highly localized geographically, they directly facilitate Oneok's ability to offer more favorable contractual terms to local producers. Producers will obtain either directly or indirectly the

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27 While not reflected on the maps submitted during the investigation, Dwights indicates that CMS gathers gas in 16N/4W. CMS has a processing plant nearby in southern 17N/4W.

28 Dwights indicates that the following firms gather gas in the six relevant townships in Northern Oklahoma City: Cabot, CMS, DEFS, Enogex, Enron, Oneok, and Westana.

29 Similarly, Oneok will be able to achieve further efficiency gains by spreading its corporate overhead over a larger revenue base provided by the divested systems.

30 Reduced operating costs are reductions in short-term variable costs. Reductions in variable costs generally are considered to have a more direct effect on static pricing than reductions in fixed costs.

benefit of most efficiency gains in this industry, and nowhere is this effect clearer than for producers who would have wells shut in but for the integrative efficiencies.

Integration of Oneok's assets with the divestiture assets will likely produce three principal benefits: (1) lower line pressures, (2) reduction in system down time, and (3) increased marketing options. Integration of the assets to be divested into Oneok's adjacent gathering systems would reduce line pressures because Oneok will be able to combine the lowest pressure pipe from each system. Lower line pressure benefits producers by allowing higher gas production, lower wellhead operating costs, and by extending the productive life of wells.

Integration with an adjacent system also improves the reliability of the combined gathering system. Combining the divestiture gathering systems with Oneok will allow Oneok to redirect gas . of a compressor failure at any point along the gathering line (compressor failure results in the shut down of the associated gathering line). By redirecting the gas around points of failure, Oneok could avoid costly interruptions in the flow of gas. As these interruptions result in producers' gas being shut in during downtime, increased system reliability yields significant producer benefits.

Integration with a nearby system also increases gas marketing options, which results in better netbacks and increased negotiating leverage for producers. An integrated system would permit producers served by the divestiture assets to reach a greater number of gas customers because the combined system would be linked to more delivery points than the divestiture system being purchased by an entity with no nearby pipe. As noted above, Oneok is a vertically integrated company that includes the affiliate Oneok Gas Transportation Company, L.L.C. which operates over 2,000 miles of transmission pipelines linking 46 gas processing plants, 130 producing fields, and ten interstate pipelines.[31] The result is that producers being served by the divestiture assets will have their gas transported to its highest-valued use at a lower cost if Oneok is the approved buyer because of Oneok's ability to transport gas to multiple delivery points.

Finally, the efficiencies described above may be less likely to be achieved via divestiture to any available buyer other than Oneok. As noted above, only four other firms -- American Central Gas, Hermes Consolidated, Seminole Pipeline, and Superior Pipeline -- bid for all eight divestiture asset packages. While those four additional companies would all be viable buyers, they may present less opportunity for integrative efficiencies relative to Oneok, simply because they do not have currently existing proximate systems.[32]

CONCLUSION

Oneok is a significant competitor in the natural gas industry in the Mid-Continent Region; it is a highly qualified buyer under the FTC's own criteria, as described in the Divestiture Study. Respondents request that the Commission approve this Application for Approval of Divestiture, permitting the sale of the Schedule C-J assets to Oneok.

Respectfully submitted,

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31 *See* Exhibit 2 (*Oneok 1999 Annual Report*)(available at Oneok's website: www.oneok.com).

32 Of course, the full extent of the efficiencies specific to the proposed transaction with Oneok can only be ascertained after closing the transaction and actually integrating the divestitures into Oneok's gathering operations. Significant information necessary to determine the full extent of the available efficiencies requires, among other things, study of the results of initial integration (*e.g.*, study of the effects of integration on system pressures).