



Department of Justice

FOR IMMEDIATE RELEASE
FRIDAY, AUGUST 17, 1990

AT
202-514-2007
(TDD) 202-514-1888

JUSTICE CHALLENGES MARINE CONSTRUCTION ACQUISITION

The Department of Justice filed an antitrust suit today challenging the proposed \$80 million acquisition by Offshore Pipelines Inc. (OPI) of marine construction vessels and associated assets from Brown & Root Inc., both of Houston, Texas. At the same time, the parties filed a consent decree that would settle the suit by requiring OPI to divest certain vessels.

OPI and Brown & Root operate marine construction barges, including barges capable of laying and burying oil and natural gas pipelines on the sea bottom. They sell such services to crude oil and natural gas transmission companies in connection with the offshore production of oil and gas. Both companies are major providers of these services in the United States portion of the Gulf of Mexico. IN 1989, OPI had revenues of \$104 million in the Gulf, while Brown & Root's worldwide revenues were \$130 million in such services.

James F. Rill, Assistant Attorney General in charge of the Antitrust Division, said the complaint, filed in U.S. District Court for the District of Columbia, also names Brown & Root's parent company, Halliburton Company, as a defendant.

Rill said the proposed acquisition would be anticompetitive in the United States section of the Gulf of Mexico in providing

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barge services in the "intermediate pipelay/pipebury market," which involves water depths of approximately 200 feet to 400 feet, or pipe with 12-inch or larger diameters. Brown & Root and OPI are two of four companies currently operating in this market.

The consent decree requires OPI to divest two combination pipelay/pipebury barges capable of performing services for the intermediate market. The sale must be completed by March 15, 1991, or a trustee will be appointed to carry out the divestiture.

"The divestiture will ensure that the acquisition of Brown & Root's vessels by OPI will not raise the cost of offshore oil and gas exploration and production in the U.S. Gulf of Mexico," said Rill.

The required divestiture will create a viable and independent competitor in providing intermediate pipelay/pipebury barge services in the Gulf of Mexico, he said.

In 1989, total revenues in the pipelay/pipebury market were \$26 million, with OPI accounting for about 27 percent and Brown & Root accounting for about 31 percent. If the proposed final judgement is approved by the court after a required 60-day comment period, it would terminate the suit.

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