



Department of Justice

FOR IMMEDIATE RELEASE
TUESDAY, FEBRUARY 16, 1993

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

**JUSTICE DEPARTMENT CHALLENGES PROPOSED ACQUISITION
BY COFLEXIP OF WELLSTREAM**

WASHINGTON, D.C. -- The Department of Justice announced today that it informed the parties that it intends to file a civil antitrust suit challenging the proposed acquisition by Coflexip S.A., a French corporation, of the assets of Wellstream Corporation, headquartered in Panama City, Florida, unless they abandon the transaction.

Also named as defendants are Coflexip & Services Inc., a wholly-owned subsidiary of Coflexip S.A., headquartered in Houston, and The Hillman Company, a corporation headquartered in Pittsburgh, Pennsylvania, that is indirectly the majority stockholder of Wellstream Corporation.

Coflexip and Wellstream are the only two significant manufacturers in the world of unbonded flexible pipe, which is used in offshore oil and gas production. Worldwide sales of unbonded flexible pipe last year were approximately \$200 million. Coflexip accounted for about \$190 million and Wellstream about \$12 million of those sales.

The suit would charge that the proposed acquisition would

(MORE)

substantially lessen competition and tend to create a monopoly in violation of Section 7 of the Clayton Act, and would restrain trade and create a monopoly in violation of Sections 1 and 2 of the Sherman Act.

John W. Clark, Acting Assistant Attorney General in charge of the Antitrust Division, said, "This combination would likely increase the cost of unbonded flexible pipe for operators of offshore oil and gas production facilities in the United States and throughout the world."

Unbonded flexible pipe is used to transport crude oil, natural gas, and other natural resources from offshore wells to production facilities, or from those facilities to other sites offshore and onshore. Unbonded flexible pipe is preferred by operators of offshore oil and gas production facilities over other types of pipe for dynamic and certain static applications because of its flexibility and strength.

Dynamic applications are applications where the pipe is likely to move in the water on a regular basis after it is installed, such as pipelines connecting a floating production system. Unbonded flexible pipe also is preferred for certain static applications, particularly where installation of other types of pipe would be complex and therefore more costly, such as pipelines that must traverse uneven seabeds or pipelines that are installed in remote areas.

####