

EXHIBIT B

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UNITED STATES DISTRICT COURT
FOR THE
DISTRICT OF NEW JERSEY

FILED

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MICHAEL BELLO, JR.
CLERK

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.)
)
STANDARD OIL COMPANY (NEW JERSEY))
and POTASH COMPANY OF AMERICA,)
)
Defendants.)

Civil Action No. 954-64

Filed:

COMPLAINT

1. The United States of America, plaintiff, by its attorneys, acting under the direction of the Attorney General of the United States, brings this civil action to obtain equitable relief against the above-named defendants, and complains and alleges as follows:

JURISDICTION AND VENUE

2. This complaint is filed and this action is instituted against the defendants under Section 15 of the Act of Congress of October 15, 1914, as amended (15 U.S.C. §25), commonly known as the Clayton Act, in order to prevent and restrain the violation by the defendants, as hereinafter alleged, of Section 7 of said Act.

3. Defendant Standard Oil Company (New Jersey) inhabits, transacts business and is found within the District of New Jersey.
Defendant Potash Company of America inhabits, transacts business and is found within the District of Colorado.

DEFENDANTS

4. The Standard Oil Company (New Jersey), hereinafter referred to as Jersey, is made a defendant herein. Jersey is incorporated in the State of New Jersey and has its general offices in New York City.

Exhibit B

5. Jersey is a holding company for a large number of subsidiaries, domestic and foreign, engaged primarily in the exploration for, production, refining, transportation and sale of petroleum and products derived therefrom, including petrochemicals. In 1963, Jersey's sales totalled \$10,264,343,000 and its assets, as of December 31, 1963, aggregated \$11,996,691,000. In terms of sales the company was the second largest industrial corporation in the United States during 1963. In terms of assets held it is the largest.

6. Through a 70% owned subsidiary in Canada, known as Imperial Oil, Ltd., Jersey has rights to a number of tracts of land in Saskatchewan which contain deposits of potash. Potash is one of the three primary nutrients required for plant growth. Jersey also, through a subsidiary known as Humble Oil & Refining Company, holds leases to over 3000 acres of land containing deposits of potash in the State of Utah.

7. Jersey has fertilizer manufacturing operations and anhydrous ammonia production facilities in the Caribbean, South America and elsewhere overseas.

8. The Potash Company of America, hereinafter referred to as PCA, is made a defendant herein. PCA is incorporated in the State of Colorado and has its main offices in Denver, Colorado. A principal sales office of PCA is located in New York City.

9. PCA is engaged almost exclusively in the business of exploring for, mining, refining and selling potash for fertilizer purposes in the United States and for export. The PCA potash mining and refining operation in New Mexico is the largest in the United States. The company also holds substantial reserves of potash in Saskatchewan adjacent to the tracts held by Imperial Oil, Ltd. PCA intends to resume production from its Saskatchewan properties early

in 1965, after delays due to water seepage in its mining shaft.

In the United States and Canada, PCA will have a combined capacity for the production of over 1,000,000 tons of potash a year, in terms of potassium oxide content, or about 1,700,000 tons of muriate of potash.

10. PCA sells potash to a large number of fertilizer and chemical companies which either resell it for direct application to the soil or mix it with other primary fertilizer nutrients for resale. In the year ending June 30, 1964, PCA's sales aggregated \$23,279,153 and its total assets as of that date were in excess of \$54,000,000.

TRADE AND COMMERCE

11. The healthy growth of agricultural crops depends upon the application to the soil of large amounts of nitrogen, phosphorus and potassium, as primary plant nutrients. No primary nutrient can be substituted for any other and, when available in proper balance, they complement and supplement each other. Potassium salts, most all the production of which is used for fertilizer purposes, are generally referred to as potash.

12. Deliveries of potash for agricultural uses in the United States by the eight North American producers thereof aggregated 2,541,316 tons (K_2O) in the year ending June 30, 1964. Until recently the principal source of potash in North America has been New Mexico and producers from reserves in that state produce about 25% of world potash production. Other sources of potash in the United States are located in Utah and California.

13. Perhaps the largest and most valuable deposits of potash in the world are located in the Saskatchewan Province of Canada. At present only one producer, International Minerals & Chemicals Corporation, is shipping potash from these reserves. PCA, with a productive

capacity of 360,000 tons a year, and one other firm will have facilities in Saskatchewan in production early next year.

14. Imperial Oil, Ltd., began studying the feasibility of mining potash in Saskatchewan in 1961 and these studies continued up to the time of Jersey's decision to purchase the properties and assets of PCA. The studies were part of Jersey's efforts to obtain a basic position in potash and phosphatic fertilizer materials and a captive source of supply for Jersey's fertilizer plants.

15. At the time of the decision to acquire PCA, Imperial Oil, Ltd. had proposed a potash mining venture in Saskatoon, Saskatchewan, adjacent to PCA's reserves, projecting an initial productive capacity of up to about 700,000 tons of potash a year at an investment for Jersey of about \$40,000,000. It would take four to five years for construction and development work before production could begin.

16. Acquisition of PCA, however, would eliminate the five year delay in production which self-development imposes and give Jersey a potash mining operation in the rich and largely untapped Canadian reserves by early next year, the largest domestic potash production facilities of any producer, a captive source for existing Jersey potash requirements and an excellent sales organization to dispose of excess production.

17. Jersey's potash needs for its Caribbean and South American fertilizer plants currently total about 62,000 tons of potash (K_2O) a year or approximately 2% of the total volume of domestic and export shipments of potash for fertilizer use by North American producers. These requirements are expected to increase to over 270,000 tons annually by 1971. PCA, in 1963, sold over 16% of the potash sold by North American producers.

BACKGROUND OF OFFENSE CHARGED

18. On September 16, 1964, Jersey and PCA signed an agreement under which, in exchange for 850,000 shares of Jersey stock, PCA will transfer all its properties and assets to a new company formed and 100% owned by Jersey. The closing date for consummation of the exchange is set at October 28, 1964. After the closing, PCA is obligated to distribute the Jersey stock it will have received to its stockholders and wind up its affairs and dissolve.

OFFENSE

19. The acquisition of PCA by Jersey will violate Section 7 of the Clayton Act in that the effect of the acquisition may be substantially to lessen competition in the United States with respect to the hereinbefore described trade and commerce in the following ways, among others:

- (a) Potential competition between Jersey and PCA in the sale of potash in the United States will be eliminated.
- (b) Actual and potential competition generally in the production and sale of potash may be substantially lessened.
- (c) Independent competing producers of potash will be deprived of a fair opportunity to compete for the substantial market represented by Jersey's purchases.
- (d) PCA will obtain competitive advantages over other producers of potash to the detriment of actual and potential competition.

20. The defendants threaten to and will carry out the transfer of PCA's properties and assets to Jersey unless the relief prayed for herein is granted.

PRAYER


WHEREFORE, plaintiff prays:

1. That the proposed acquisition of PCA by Jersey, described herein, be adjudged a violation of Section 7 of the Clayton Act.
2. That an injunction issue against the defendants restraining them from taking any action to transfer any of PCA's assets or properties to Jersey under their agreement of September 16, 1964 or any similar plan and that pending final adjudication of the merits of this complaint a preliminary injunction issue.
3. That pursuant to Section 15 of the Clayton Act, an order be made and entered herein requiring the defendant PCA to be brought before this Court in this proceeding, and directing the Marshal of the District of Colorado to serve summons upon it.
4. That plaintiff have such other and further relief as the Court may deem proper.
5. That plaintiff recover the costs of this suit.


Dated: October 21, 1964



 NICHOLAS deB. KATZENBACH
 Acting Attorney General



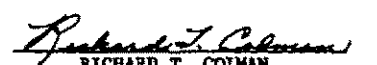
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