

Completed acquisition by Motor Fuel Limited of 228 petrol stations and other assets from Murco Petroleum Limited

ME/6471-14

Parties

1. Motor Fuel Limited (**MFL**) is part of the Motor Fuel Group group of companies (**MFG**) which is ultimately owned and controlled by Patron Capital L.P. IV (**Patron**)¹ through Patron's interest in Scimitar Top Co Limited (**Scimitar**), which is MFG's ultimate UK parent company. Scimitar owns 60 petrol stations in the UK via a number of wholly-owned subsidiaries, including MFL (**the MFG Sites**).²
2. Murco Petroleum Limited (**Murco**) is an indirectly wholly-owned subsidiary of the Murphy Oil Corporation, a US oil and gas exploration and production company. In the UK, Murco operates refining, distribution and marketing operations and, prior to the transaction, owned 228 petrol stations.
3. MFL, through a newly established wholly-owned subsidiary, St Albans Operating Company Limited (**SAOCL**), purchased from Murco, 228 petrol stations located across the UK (**the Murco Sites**),³ and 226 road fuel supply contracts in relation to independent petrol stations not owned by Murco (together **the Target Business**).

Transaction

4. On 30 September 2014, MFL completed its purchase of the Target Business from Murco (**the Merger**).

¹ Patron already owns the freehold to 53 of the Murco Sites via its subsidiary Scorpion PFS 1 Limited.

² 45 sites are owned by MFL, six by Goldstar Fuels LLP, four by Fuel Stop (UK) Limited, four by Highway Stops Limited and one by Gold Star FSL LLP. Together these companies comprise MFG.

³ Including all fixed plant, loose plant, equipment and goodwill associated with each property.

Background

5. On 22 December 2014, the Competition and Markets Authority (**CMA**) decided under section 22(1) of the Enterprise Act 2002 (**the Act**) that it believes that it is or may be the case that the Merger has resulted or may be expected to result in a substantial lessening of competition within a market or markets in the United Kingdom. That decision of 22 December 2014 is referred to in this decision as the **SLC decision**. The text of the SLC decision is available on the CMA's web pages.⁴
6. Under section 73(2) of the Act, the CMA may, instead of making a reference of the Merger for an in-depth (phase 2) investigation, and for the purpose of remedying, mitigating or preventing the substantial lessening of competition concerned or any adverse effect which has or may have resulted from it or may be expected to result from it, accept from such of the parties concerned as it considers appropriate undertakings to take such action as it considers appropriate.
7. On 29 December 2014, MFL proposed to the CMA an undertaking in lieu of a reference under section 73(2) of the Act. As required under section 73A(1) of the Act, MFL made this offer within five working days beginning the day after the CMA notified it of the SLC decision under section 34ZA(1)(b) of the Act.
8. The CMA gave notice to MFL on 8 January 2015, pursuant to section 73A(2)(b) of the Act, that it considered that there were reasonable grounds for believing that the undertaking offered, or a modified version of it, might be accepted by the CMA under section 73(2) of the Act and that it was considering MFL's offer. A copy of that notice is available on the CMA's web pages (the **UIL decision**).⁵ As set out in the SLC decision, the CMA believes that, in the absence of an appropriate undertaking, it would be under a duty to refer the Merger for an in-depth (phase 2) investigation.

The undertaking offered

9. As set out in the SLC decision, the CMA found that the Merger gives rise to a realistic prospect of a substantial lessening of competition as a result of horizontal unilateral effects in relation to the market for the retail supply of road fuels in the Hythe area in Kent.

⁴ See [CMA case page](#).

⁵ See [CMA case page](#).

10. To address the CMA's concerns, MFL has offered to give undertakings in lieu of a reference to divest one petrol station and related assets, including a grocery outlet, that before the Merger was owned by Murco (Seapoint Filling Station) in the Hythe area in Kent, by way of the sale of the freehold property (the Murco Hythe Site). MFL submitted that this divestment will remedy the substantial lessening of competition identified in the SLC decision.
11. As set out in paragraph 6 of the notice of 8 January, the CMA does not consider it appropriate to seek an upfront buyer in respect of the Divestment Business.

Consultation

12. On 21 January 2015, pursuant to paragraph 2(1) of Schedule 10 to the Act, the CMA published the proposed undertaking in lieu of a reference offered by MFL which, in the circumstances of the case, the CMA considered was likely to be appropriate to remedy, mitigate or prevent the competition concerns identified in the SLC decision.
13. The CMA thereby gave notice that it proposed to accept that undertaking in lieu of a reference for an in-depth (phase 2) investigation.
14. Before reaching a decision as to whether to accept the proposed undertaking, the CMA invited interested parties to make their views known in relation to the proposed undertaking.⁶
15. The CMA did not receive any comments from third parties during the consultation period.

Decision

16. The CMA found in its SLC decision that, because of the realistic prospect of the substantial lessening of competition, the Merger would be referred for an in-depth (phase 2) investigation if MFL failed to give suitable undertakings in lieu of reference pursuant to section 73 of the Act to remedy the substantial lessening of competition concerned.
17. The CMA considers that the undertaking provided by MFL is a clear-cut and effective remedy for the substantial lessening of competition concerned, and is capable of ready implementation. The CMA considers, in the circumstances

⁶ The consultation text was published on the CMA's website alongside the proposed undertakings. See the CMA case page: [Motor Fuel / Murco Petroleum merger inquiry](#).

of this case, that the undertaking offered by MFL is appropriate. The CMA has therefore decided to accept the undertaking offered by MFL pursuant to section 73 of the Act. The Merger will therefore not be referred for an in-depth (phase 2) investigation.

18. The undertaking, which has been signed by MFL, will come into effect today.

Michael Grenfell

Senior Director, Sector Regulation and Concurrency

Competition and Markets Authority

16 February 2015