MATT DUNDREA
Senior Vice President
Treasury and Administration

WWW.APACHECORP.COM
DIRECT (713)296-6640

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Mr. Robert deV. Frierson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW Washington,
DC 20551

Via Email and U.S. Mail

Re: Docket No. 1479 and RIN 7100 AE-10: Complementary Activities, Merchant Banking Activities, and Other Activities of Financial Holding Companies related to Physical Commodities, Advance Notice of Proposed Rulemaking

By an Advance Notice of Proposed Rulemaking ("ANPR") issued January 21, 2014, the Board of Governors of the Federal Reserve System ("Board") has sought public comment on various issues related to physical commodity activities conducted by financial holding companies ("FHCs") subject to Board supervision. The focus of the Board's inquiry is physical commodity-related activities that have been found to be "complementary to a financial activity" under the banking laws, as well as certain grandfathered activities.

As U.S. Corporations that are end-users that rely on commodities and related derivatives markets to manage our business risks, we have a strong interest in ensuring that the Board understands and takes into consideration the significance Main Street companies place on the FHCs' important role in providing commodity hedges to manage our price risk. We submit this letter in response to the ANPR.

The ANPR does not address the many benefits FHCs provide to end-users and we are concerned that the Board has not fully considered the impact any additional regulation on FHCs in this area will have on such companies. As the ANPR notes, FHCs already have begun to exit physical commodities markets. Further regulation could hasten this process, which causes us concern. In short, FHC departures will create more concentrated, illiquid markets, which will make it very difficult for end-users of physical commodities to efficiently transact in these markets.

FHCs, unlike other counterparties in these markets, are uniquely situated to serve the distinct needs of end-users of physical commodities and likely cannot be replaced by other market participants.

First, they are in the business of making markets and their physical commodities activities allow end-users to transact in these markets at the specific points in time which they need to do so. FHCs, given their size, sophistication, and business model, allow end-users to efficiently transact in the markets, how and when they need to do so.

Second, given their sophistication, FHCs are able to customize trades to each end-user's specific needs, allowing end-users to most effectively hedge their underlying risks.

Third, because FHCs are large, liquid entities authorized to hold title to physical commodities, end-users of physical commodities are able to use FHCs' services through the course of their day-to-day business activities.

Fourth, end-users also feel comfortable transacting with FHCs because they are already well regulated by agencies such as the Board, the Federal Energy Regulatory Commission, the Commodity Futures Trading Commission, and the Securities & Exchange Commission.

We appreciate that the Board is taking the time to analyze whether FHCs' physical commodities and commodity-related derivatives activities pose "substantial risks to the safety and soundness of depository institutions or the financial system generally." We do not see such a risk, but we do see one of regulation driving FHCs out of the physical commodities' space, much to our detriment.

We request that the Board continue to permit FHCs to perform their valuable role in physical commodity and commodity derivative markets.

We thank you for your consideration.

Sincerely,

Matt Dundrea