

**VanNess
Feldman**
ATTORNEYS AT LAW

A PROFESSIONAL CORPORATION
1050 Thomas Jefferson Street N.W.
Washington, D.C. 20007-3877
(202) 298-1800 Telephone
(202) 338-2416 Facsimile
www.vnf.com

Seattle, Washington
(206) 623-9372

208753

Kathrine L. Henry
(202) 298-1824
klh@vnf.com

August 21, 2003

VIA HAND DELIVERY

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001



ENTERED
Office of Proceedings

AUG 21 2003

Part of
Public Record

Re: STB Docket No. NOR 42084
CF Industries, Inc. v. Kaneb Pipe Line Partners, L.P. and
Kaneb Pipe Line Operating Partnership, L.P.

Dear Secretary Williams:

Enclosed for filing in the above-referenced proceeding please find an original and ten copies of the Answer of Kaneb Pipe Line Partners, L.P. and Kaneb Pipe Line Operating Partnership, L.P. to CF Industries, Inc.'s Complaint. A diskette containing the text of the Answer in Microsoft Word is also enclosed.

Please acknowledge receipt of the enclosed by stamping and returning to our Paralegal the enclosed duplicates of this filing.

Sincerely,

Kathrine L. Henry

Kathrine L. Henry

Enclosures

UNITED STATES OF AMERICA
BEFORE THE
SURFACE TRANSPORTATION BOARD



CF INDUSTRIES, INC.,
Complainant

v.

KANEB PIPE LINE PARTNERS, L.P.,

and

KANEB PIPE LINE OPERATING
PARTNERSHIP, L.P.,
Defendants

Docket No. NOR 42084

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ANSWER OF KANEB PIPE LINE PARTNERS, L.P.
AND KANEB PIPE LINE OPERATING PARTNERSHIP, L.P.
TO CF INDUSTRIES, INC.'S COMPLAINT

Pursuant to 49 C.F.R. § 1111.4 of the Surface Transportation Board's ("Board")

Rules of Practice, Kaneb Pipe Line Partners, L.P. and Kaneb Pipe Line Operating Partnership, L.P. (collectively, "Kaneb" or "Defendant") answer the Complaint of CF Industries, Inc. ("CF Industries" or "Complainant") as follows:¹

COMPLAINT

1. Kaneb denies the first sentence of Paragraph 1. The second sentence of Paragraph 1 comprises a request for relief, as to which no response is required. Kaneb denies, however, that CF Industries is entitled to the requested relief.

¹ Numbered paragraphs correspond to the numbered paragraphs of the Formal Complaint, and references to "Paragraph [X]" refer to paragraphs as numbered in the Complaint.

Background

2. Kaneb lacks information sufficient to form a good faith belief regarding the truth of Paragraph 2, and therefore denies it.
3. Kaneb denies the first sentence in Paragraph 3. Kaneb admits the remainder of Paragraph 3.

The Existing Rate Prescription

4. In reference to Paragraph 4, Kaneb admits that the Board issued a decision on May 9, 2000, in response to a complaint filed by CF Industries. Kaneb denies CF Industries' characterization of the decision, which speaks for itself.
5. Kaneb denies the allegations in Paragraph 5, which contain CF Industries' characterization of the May 9th Order and the complaint referenced therein; the order and complaint speak for themselves.
6. Kaneb lacks information sufficient to form a good faith belief regarding the truth of the first sentence of Paragraph 6, and therefore denies it. Kaneb denies the remainder of Paragraph 6, which contains CF Industries' characterization of the Board and D.C. Circuit decisions referenced therein; the decisions speak for themselves.
7. Kaneb admits that in the fall of 2002, Kaneb purchased a pipeline from Koch, as referenced in the first sentence of Paragraph 7. Kaneb denies, however, the last part of the first sentence of Paragraph 7, alleging Kaneb sought to increase rates for all customers, including CF Industries, above the prescribed rates without first seeking Board approval. With respect to the second sentence of Paragraph 7, Kaneb admits that Dyno Nobel Inc. filed a complaint against Kaneb,

denies CF Industries' characterization of the complaint, and states that the complaint speaks for itself. The last sentence of Paragraph 7 consists of CF Industries' characterization of its complaint, to which no response is required.

Legal Issue and Analysis

8. Paragraph 8 contains legal conclusions or analysis, to which no response is required. Kaneb further states that 49 U.S.C. § 15503(a) speaks for itself.

9. Paragraph 9 contains legal conclusions or analysis, to which no response is required. Kaneb further states that 49 U.S.C. § 10704(a)(1) speaks for itself.

10. The first three sentences of Paragraph 10 purportedly quote portions of the Supreme Court decision referenced therein. Kaneb states that the decision speaks for itself. The last sentence of Paragraph 10 contains legal conclusions or analysis, to which no response is required.

11. The first three sentences of Paragraph 11 purportedly quote from decisions cited in footnotes 4 and 5. Kaneb states that the decisions cited in footnotes 4 and 5 speak for themselves. Kaneb denies the allegations in the fourth sentence. With respect to the fifth sentence, Kaneb states that it did not expressly request permission from the Board to change the prescribed rates. The sixth and seventh sentences of Paragraph 11 contain legal conclusions and argument, to which no response is required.

12. Paragraph 12 consists of legal argument or analysis, to which no response is required. Kaneb further states that 49 U.S.C. §§ 15503(a), 15102(2), 10102(4),

referenced in Paragraph 12, and 49 U.S.C. § 10102(4) and 49 C.F.R. § 1101.1 (2003) referenced in footnote 6, speak for themselves.

13. Paragraph 13 contains legal conclusions or analysis, to which no response is required. Kaneb further states that the decisions referenced in Paragraph 13 and footnote 7 speak for themselves.

14. The first four sentences of Paragraph 14 contain legal arguments, to which no response is required. Kaneb denies CF Industries' characterization in the fifth and sixth sentences of Paragraph 14 of the Asset Purchase and Sale Agreement referenced in footnote 9, which speaks for itself.

15. Paragraph 15 contains legal arguments and analysis, to which no response is required. Kaneb further states that the Board's May 9, 2000 decision speaks for itself.

16. Paragraph 16 consists of legal argument, to which no response is required.

Requested Relief

17. The first sentence in Paragraph 17 contains legal conclusions, to which no response is required. The last sentence in Paragraph 17 comprises a request for relief, as to which no response is required. Kaneb denies, however, that CF Industries is entitled to the requested relief.

AFFIRMATIVE DEFENSES

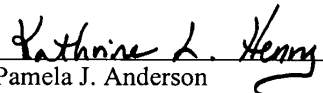
A. The Complaint fails to state a claim upon which relief can be granted.

REQUESTED RELIEF

WHEREFORE, in consideration of the above and foregoing, Kaneb respectfully requests that the Board

1. Dismiss the Complaint with prejudice;
2. Award Kaneb its costs and fees incurred in defense of this action;
and
3. Grant Kaneb such additional relief as it deems proper.

Respectfully submitted,



Pamela J. Anderson
Kathrine L. Henry
Angela Addison Freeman
Van Ness Feldman, P.C.
1050 Thomas Jefferson Street, N.W.
7th Floor
Washington, D.C. 20007-3877
Phone: (202) 298-1800
Fax No.: (202) 338-2416

Attorneys for Kaneb Pipe Line Partners, L.P. and
Kaneb Pipe Line Operating Partnership, L.P.

Dated: August 21, 2003

VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF)

Leroy Anderson, being duly sworn, deposes and says that he has read the foregoing Answer, knows the contents thereof, and that the facts stated therein are true and correct to the best of his knowledge, information and belief.

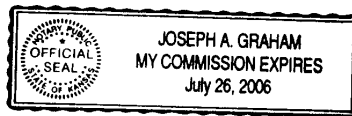


Vice President – Regulatory Affairs
of Kaneb Pipe Line Company, LLC
The Sole General Partner of Kaneb Pipe Line
Operating Partnership, L.P.

Subscribed and sworn to before me
this 20th day of August 2003.



Notary Public in and for the State of Kansas

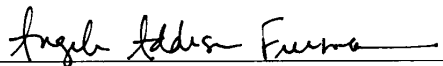


My Commission expires on 7/26/06.

CERTIFICATE OF SERVICE

Pursuant to Rule 1104.12 of the Surface Transportation Board's Rule on Service of Pleadings and Papers, I hereby certify that I have this day served a copy of the foregoing document by first-class U.S. mail, postage prepaid, on all parties of record in this proceeding, Docket No. NOR 42084.

Dated at Washington, D.C., this 21st day of August 2003.


Angela Addison Freeman

Mitchell F. Hertz
Jeffrey J. Williamson
Kirkland & Ellis LLP
655 Fifteenth Street, N.W.
Suite 1200
Washington, D.C. 20005
Counsel for CF Industries, Inc.