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PRE MERGER
NOTIFICATION
OFFICE

November 5, 1985

EXPRESS MAIL - RETURN RECEIPT

Pre-Merger Notification Office
Bureau of Competition
Room 303 Federal Trade Commission
Washington, DC 20580

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Attn: Mr. Wayne Kaplan

RE: PRE-MERGER NOTIFICATION UNDER THE HART-SCOTT-RODINO ANTI-TRUST IMPROVEMENT ACT OF 1976

Dear Mr. Kaplan:

This is to advise you that, based upon a telephone conversation between you and me on November 5, 1985, and our analysis of the Hart-Scott-Rodino Anti-Trust Improvement Act of 1976 ("Act") and rules promulgated thereunder, we have concluded that the transactions described below are not subject to reporting under the Act because the $15 million threshold for the size of transaction test is not met. If you do not agree with our conclusion, kindly notify us at your earliest convenience so that we may take appropriate action. If we do not hear from your office within 7 days of your receipt of this letter, we will proceed with our transactions on the premise that reports under the Act need not be made.

The parties involved in the transactions described below are the following:

1. [redacted] and the present owner of the assets to be sold.
2. [redacted] and the owner of 100% of the voting securities of [redacted] publicly held company.
3. [redacted] which is wholly owned by [redacted] The latter is a publicly held company.

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4. [redacted]pproximately 96% of the voting stock of which is owned by [redacted] The balance of the stock is held by over 700 shareholders. [redacted] do not own in the aggregate a significant interest in [redacted] they do not own an interest, either directly or beneficially, entitling them to vote 10% or more of the issued outstanding voting stock of [redacted] is one of nine members of the Board of Directors of [redacted]

[redacted] have entered into an Asset Purchase Agreement ("Agreement") effective October 1, 1985. A copy of the Agreement, without Exhibits, is attached to this letter. (The Exhibits are voluminous and consist principally of specific descriptions of assets being purchased.) [redacted]s a party to the Agreement for the purpose of guaranteeing [redacted]erformance, as set forth in paragraph 16.15 of the Agreement.

The Agreement provides for the sale by [redacted] of certain of [redacted] oil and gas reserves and related equipment and other related assets (collectively "Assets"). The purchase price for the Assets is $22 million, subject to the possibility of certain upward or downward adjustments. For the purposes of reaching our conclusions as set forth in this letter, we have assumed that the adjustments will not exceed a net amount of $4 million, so that the total purchase price will not exceed $26 million.

At the time [redacted] was engaged in discussions with [redacted]ulminating in the Agreement, [redacted]ad entered into a verbal agreement under which [redacted] would acquire 50% of all o[redacted] rights and obligations under the Agreement and, thus, the right to an undivided 50% interest in all Assets being conveyed pursuant to the Agreement. During the course of negotiations between [redacted]regarding the Agreement [redacted]requested that the document be structured to include [redacted]as a named party-purchaser as to an undivided 50% of the Assets. [redacted]refused because it wanted to expedite the negotiations and closing of the transaction, and [redacted]had not investigated [redacted] financial or managerial ability to achieve those goals as it had [redacted]did agree to paragraph 16.3 in the Agreement permitting [redacted]o assign 50% of its interest in the Agreement to [redacted]

As of November 1, 1985, [redacted] entered into a written agreement pursuant to which [redacted] cquired 50% of [redacted] interest in and obligations under the Agreement and the right to an undivided 50% interest in the Assets at closing. A copy of that agreement is attached to this letter. [redacted] has reimbursed [redacted] for its 50% share of the initial payment of a portion of the purchase price under paragraph 3.1 of the Agreement.

[redacted] has agreed that at the closing it will assign directly to each of [redacted] and [redacted] by separate instrument its undivided 50% interest in the Assets. [redacted] will pay directly to [redacted] its 50% share of the balance due on the purchase price.

Obviously, the transaction between [redacted] was not entered into to avoid reporting under the Act, but for a legitimate business purpose, namely to permit [redacted] o acquire a 50% interest in the Assets being sold by [redacted]

Based upon the foregoing we have concluded that the transaction in question, as now structured, involves two separate sales of assets, one to [redacted] nd the other to [redacted] neither of which sale considered alone exceeds the $15 million threshold for application of the filing requirements under the Act and rules. Accordingly, we have concluded that [redacted] eed not file reports under the Act concerning these transactions. We would appreciate your advising us promptly if you conclude differently.

Very truly yours,

[redacted]

Enclosures

[redacted]