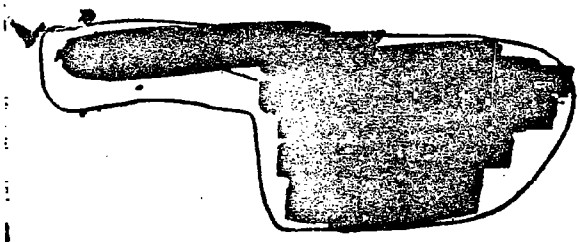

(SV)

This material may be subject to the confidentiality provision of Section 7A (h) of the Clayton Act which restricts release under the Freedom of Information Act

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PRE MERGER NOTIFICATION OFFICE

April 10, 1984

Sandra Vidas, Esq.
Room 301, Federal Trade Commission
Washington, D.C. 20580

Re: 

Dear Sandy:

As we discussed on the telephone last Friday, [redacted] has signed an agreement to acquire [redacted] properties in Wyoming and one property in Arkansas with a total value of about $28 million. These properties are owned by [redacted] limited partnerships, with [redacted] as the general partner. Not one of these 25 partnerships has an interest in these properties exceeding $3.3 million, nor would [redacted] derive revenues from this asset sale which would even be close to $15 million. [redacted] currently has crude oil production in Arkansas of less than 1000 barrels per day, and in Wyoming of only about 10,000 barrels per day, so it is highly unlikely that this transaction has any antitrust significance.

$28 MM total

Irrelevant

It is my understanding that it is the FTC's position that because [redacted] has filed as the "ultimate parent entity" of its limited partnerships in the past, it has waived the usual interpretation of the Premerger Notification Office that a partnership is its own parent entity. That position undoubtedly was adopted because a contrary interpretation would have required a number of nearly identical, but separate filings by each [redacted] limited partnership and the buyer, and because each partnership was presumably selling more than $15 million in assets to that buyer. By calling [redacted] the ultimate parent entity in the above situation, duplicative filings were avoided and all parties benefitted.

I can appreciate the FTC's concern that it not be forced into an inconsistent position. However, it would appear that the intent of §802.20 of the Rules, which exempts from the requirements of the Hart-Scott-Rodino Act asset transactions not exceeding $15 million in value, would be frustrated by requiring a filing in [redacted] present transaction with the [redacted] limited partnerships. This should particularly be the case where, as here, the transaction has no antitrust significance.

I al[redacted] understand that you have taken the position that crude oil producing properties are never exempt from filing under §802.1 as acquisitions made "in the ordinary course of business." I am sure that you are aware that the vagueness of the "ordinary course of business" standard and the lack of guidance provided to the oil industry to date has led to a lot of confusion on this issue. [redacted] believes that your interpretation of §802.1 as never applying to crude oil producing properties is unrealistic, because oil producers frequently sell or exchange producing properties in the ordinary course of business. I would like the opportunity to discuss this subject with you in greater detail if this becomes necessary.

However, regarding the transaction at hand, this issue need not be addressed if we are able to agree that, applying the unique facts of this transaction to the FTC's usual interpretations of "holdings" and "ultimate parent entity" with respect to partnerships, it is not reportable because the $15 million asset threshold set forth in §802.20 is not reached. Please let me know what you decide on this question, and feel free to contact me if you need further information.

Very truly yours,

[redacted]