



October 27, 1984

NOV 1 1984

Dana Abrahamsen, Esq.
Federal Trade Commission
6th and Pennsylvania Avenues, N.W.
Washington, DC 20580

Dear Dana:

It was a pleasure talking with you the other day. I am sure it was thanks to your good wishes that the Tigers did so well.

The purpose of this letter is to confirm advice that you gave me on behalf of the FTC's premerger notification office. I told you that [redacted] is considering paying approximately \$82 million for a major, integrated oil company's interest in six Alaska petroleum leases. This acquisition would increase [redacted] interest in these leases from about 10 per cent to about 20 per cent. (I also noted that [redacted] is considering possible future acquisitions of an additional 10 or 20 per cent interest, but these acquisitions are not the subject of the telephone call.)

The facts concerning the development of these leases are as follows. Exploratory drilling has been completed, the existence of petroleum has been confirmed, and the best locations for drilling producing wells have been determined. However, even if the plan proceeds the first barrel of oil will not be produced until 1988. Before then, the participants would have to (1) agree to proceed; (2) obtain state and federal permits; (3) build two drilling islands; (4) build production facilities; and (5) perform all of the development drilling (approximately 80 wells). (No well that will be used for production has yet been drilled.)

You advised me that the test for determining whether to report such an acquisition is whether a stream of revenue has been produced. If it has not, an acquisition of petroleum leasehold interests is not reportable under the Hart-Scott-Rodino Act. Accordingly, the proposed acquisition is not reportable. You cautioned me that the test may be reviewed in the future, so I should check back before relying on the test to conclude that other acquisitions are not reportable.

Dana Abrahamsen, Esq.
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I understand that you are willing to call me and confirm that this letter accurately records your advice (assuming it does). I would appreciate such a call.

Thank you for your consideration.

Yours sincerely,

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