[redacted] [redacted] [redacted]

February 18, 1986

Mr. Dana Abrahamson
Federal Trade Commission
Premerger Notification Office
Room 301
Washington, D.C. 20580

By Messenger

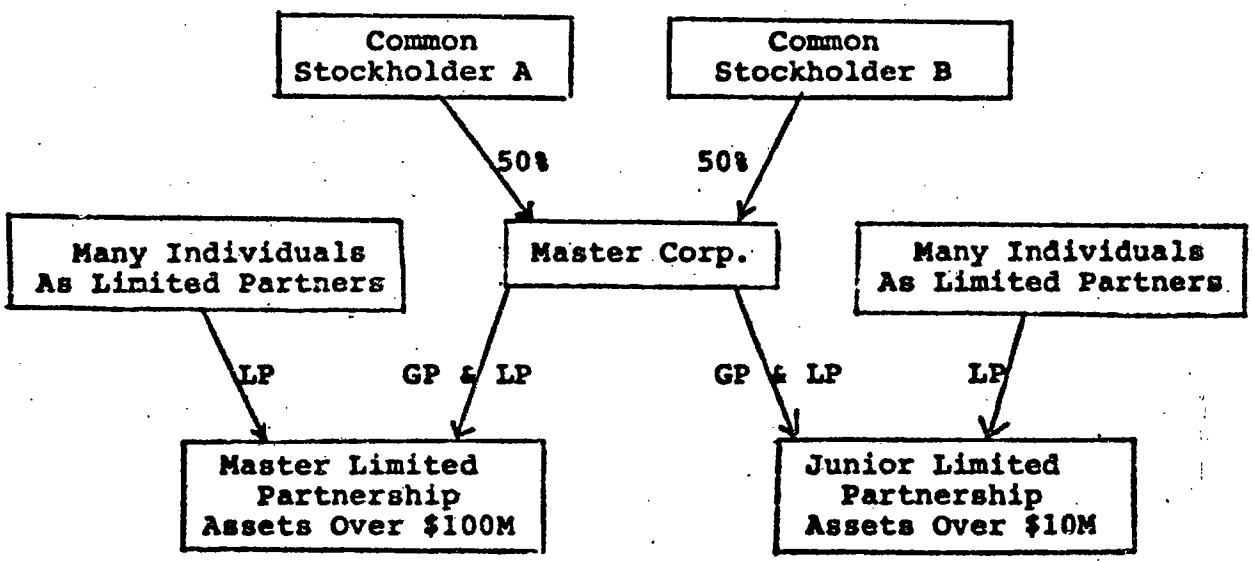
Dear Mr. Abrahamson:

Further to our conversations on the telephone over the past couple of weeks, I am writing to provide a description of two groups of proposed transactions so that I might obtain the Premerger Notification Office staff's view on the reportability of any of these transactions.

Most of the transactions described below involve limited partnerships, which, as we have discussed, do not neatly fit within the Premerger Notification Rules. For that reason, your help will be particularly appreciated. The two groups of proposed transactions are described below as Transaction 1 and Transaction 2.

Transaction 1

First, let me provide an outline of the players.



As shown on this diagram, Master Corp. (all of whose voting securities are owned by two shareholders, in equal parts) is both the general partner and a holder of limited partner interests in Master Limited Partnership and Junior Limited Partnership. This proposed transaction is an exchange offer in which Master Limited Partnership ("Master") is offering to exchange new limited partner interests in itself for the net assets of Junior Limited Partnership ("Junior") that are attributable to the interests of partners in Junior who elect to participate in a plan of partial liquidation. In other words, if 90% of Junior's partners approve the exchange offer and participate in the plan, Master will obtain 90% of Junior's net assets. Junior's assets are mostly oil and gas properties. Thereafter, under the plan, Junior Limited Partnership would distribute to its partners who elected to participate the limited partner interests in Master obtained in the exchange offer. It may be assumed that Master Limited Partnership has total assets in excess of $100 million, that Junior Limited Partnership has total assets in excess of $10 million, and that the size of the transaction (the value of the limited partner interests in Master) is in excess of $15 million.

As we analyze this transaction, Master Limited Partnership will be the acquiring person and Junior Limited Partnership will be the acquired person.

Correct

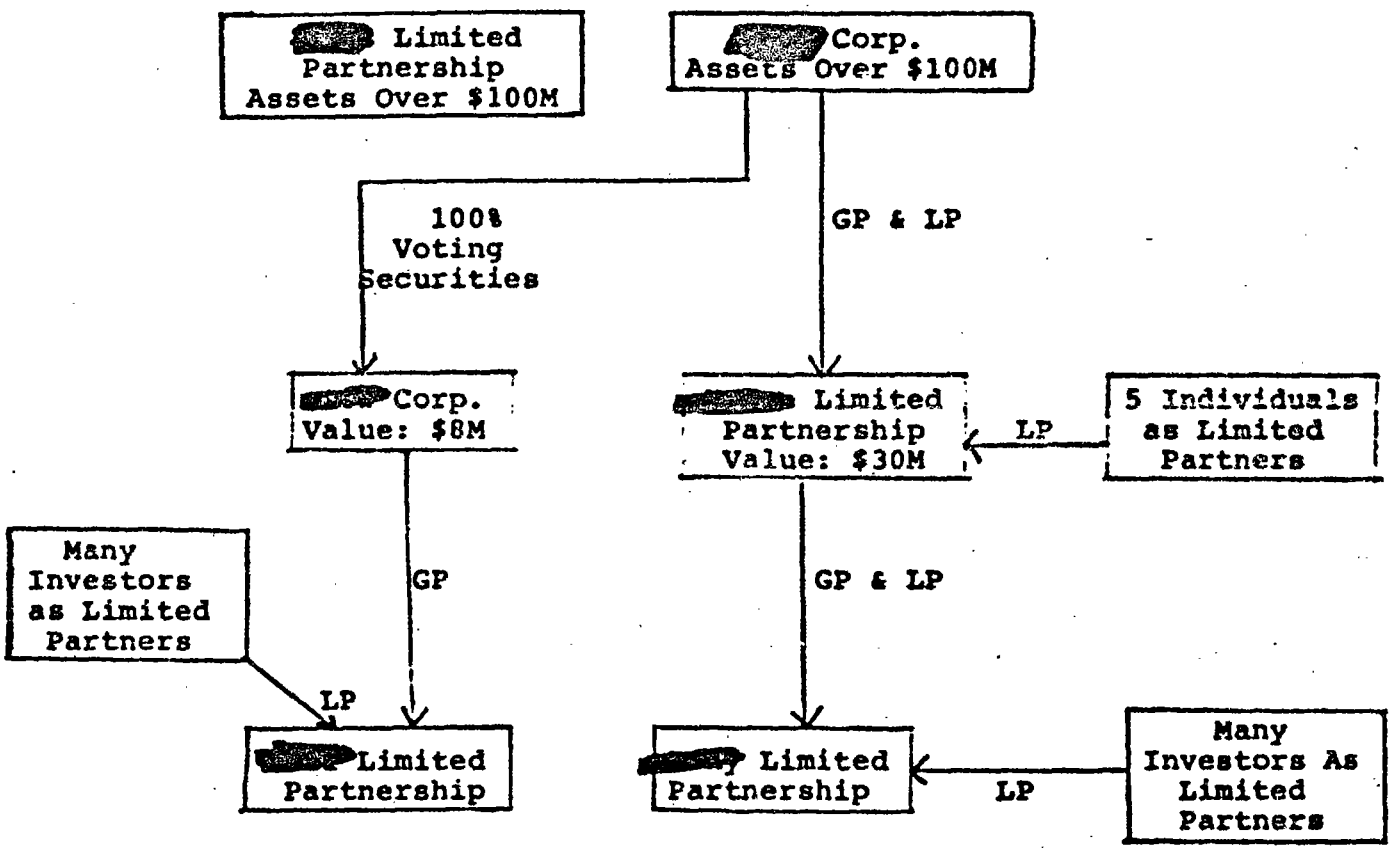
Because Master Corp. is the general partner of both Master and Junior, it is hard to see that this transaction would in any circumstance have any antitrust significance. In fact, under the Commission's proposed rules regarding transactions involving carbon based minerals, this transaction unquestionably would not be required to be reported.

Because the limited partner interests in Master that are being acquired by Junior and ultimately distributed to Junior's partners are not "voting securities," there does not seem to be any need to deem Junior Limited Partnership or its individual partners as acquiring persons and Master Limited Partnership as an acquired person required to report. Junior and its partners are acquiring neither voting securities nor assets (§ 801.21).

A Master LP is acquiring assets of Junior LP B
- A files for asset acq from B

Transaction 2

Here are the players.



This transaction is actually three transactions between [redacted] Limited Partnership [redacted] and corporations and limited partnerships in which [redacted] Corp. has an interest. It may be assumed that [redacted] and [redacted] Corp. each have assets in excess of $100 million.

First, [redacted] will pay [redacted] Corp. $8 million for 100% of the voting securities of [redacted] Corp.

Second, [redacted] will pay $30 million for all of the general and limited partner interests in [redacted] Limited Partnership [redacted]. Of this $30 million, $25 million will go to [redacted] Corp.

Finally, [redacted] will make an exchange offer to [redacted] Limited Partnership ([redacted]) and [redacted] Limited Partnership ([redacted]) under the following terms. [redacted] will offer limited partner interests in itself for the net assets of each of these limited partnerships, provided that a majority of the limited partners approve the transaction. Immediately after this exchange, [redacted] and [redacted] would both liquidate and distribute the [redacted] limited partner interests to the [redacted] and [redacted] partners. There are two alternative scenarios for the exchange offers. Under one scenario, the value of the [redacted] limited partner interests that [redacted] and [redacted] obtain will each be $20 million. Under the second scenario, they would each be worth only $10 million.

With respect to the $8 million purchase of [redacted] Corp., I understand that Rule 802.20 exempts this transaction from reporting. [redacted] will not be acquiring assets of the acquired person ([redacted] Corp.) valued at more than $15 million, and while [redacted] will acquire voting securities that confer control over [redacted] Corp., [redacted] Corp. does not have annual net sales or total assets of $25 million or more.

With respect to the acquisition of the partner interests of [redacted] Limited Partnership, I understand that this transaction is reportable because the staff treats the acquisition of all outstanding partnership interests in a limited partnership as an acquisition of its assets, with Horse as the ultimate parent entity of the acquired person. The size of the transaction test is met because [redacted] has total assets over $100 million, [redacted] has total assets valued at over $10 million, and [redacted] is acquiring assets valued in excess of $15 million.

Finally, with respect to both [redacted] and [redacted] will become, simultaneously with the closing of the exchange offer, the general partner of each, and thus the same question arises as is presented under Transaction 1 above. In any event, however, where the value of the Boss limited partner interests exchanged is less than $15 million, these transactions would be exempt under § 802.20.

I would appreciate the staff's view on each of these transactions. After you have had an opportunity to review this material, please call me at [redacted] At that time, I would like to set up a conference call in which several of our lawyers could participate to discuss this

matter with you. Meanwhile, if you have any questions about the transactions described, please do not hesitate to call me.

Very truly yours,

[redacted]

[redacted]