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Washington, D.C. 20580	By Messenger
Attention: Mr. Victor Cohen	
Gentlemen:	
On behalf of our client, we seek the informal advice of the staff of the Federal Trade Commapplicability of the requirements of the Hart-Scott-Rodino Antitrust Improvation 1976, as amended (the "Act"), including the filing of a Notification and thereunder to the proposed transaction described below.	vements Act of
all the outstanding stock of	purchase from
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	rene live them to be follow them to the ten of the staff of the Federal Trade Commission of the Street and Pennsylvania Avenue, N.W. Washington, D.C. 20580 Attention: Mr. Victor Cohen Gentlemen: On behalf of our client, we seek the informal advice of the staff of the Federal Trade Commission of the Tequirements of the Hart-Scott-Rodino Antitrust Impro 1976, as amended (the "Act"), including the filing of a Notification and thereunder to the proposed transaction described below. Currently intends to a single purpose corporation formed in 1989 at in order to facilitate a production payment financing transaction production payment is similar to a royalty interest except that it expires up a specified amount rather than continuing for the productive life of the under The use of single purpose corporations such as industry in connection with production payment financing because of lim applicable banking regulations on the ability of banks to own real estate. typical financing transaction, an oil and gas company creates the productions in the to purchase the production payment from a bank. The productions in the production payment financing because of liminating transaction, an oil and gas company creates the productions in the production payment from a bank.

assets consist solely of (i) an oil and gas production payment (the "Production Payment") and (ii) \$1,000 in cash. The outstanding Production Payment balance currently is approximately \$48,000,000; thus the will receive aggregate cash payments in this amount, plus related interest amounts, over the life of the Production Payment. Coan balance is identical to the Production Payment balance. Payments received in respect of the Production Payment are immediately applied to reduce the bank debt. Therefor, on the balance sheet of the Production Payment is offset by a corresponding liability which at all times is equal to the value of the Production Payment; thus the total net assets of the equal approximately \$1,000.

The underlying oil and gas leases that are burdened by the Production Payment are operated by and/or its industry partners.

Production Payment, has no operational power or control or other operations. also has no employees.

As is typical in production payment financings, the chas, and will be, reimbursed by the for actual expenses incurred in connection with owning as well as payment of certain fees, which in the case of the will be approximately initially, and the connection Payment terminates. In effect, the connection payment terminates in return for holding the stock of

The parties have determined to effect the transfer as a stock transaction because an asset transfer would require that (i) a new single purpose subsidiary be formed by (ii) new loan documents be prepared and (iii) a reconveyance of the Production Payment occur, all of which would require significant expenditures.

For purposes of the Act's size of person test under Section 7(A)(a)(2) of the Act, would be considered a "person which has total assets of \$100,000,000 or more" and although its net value is only \$1,000, would be considered a "person not engaged in manufacturing which has total assets of \$10,000,000 or more".

Although the size of the transaction test under Section 7A(a)(3) is nominally met because more than 15% of the stock of this transaction, the minimum dollar value requirement under Rule 802.20 for application of the filing requirement should not be deemed to be met.

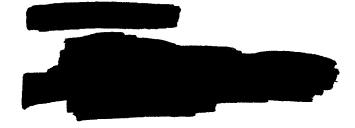
Under previous informal interpretations of the staff, it is our understanding that the Production Payment would be considered a contract right for the payment of cash and would not constitute an asset for purposes of determining the size of the transaction; thus, under this interpretation, although is acquiring more than 15% of the voting stock of assets do not exceed the minimum dollar value requirements set forth under Rule 802.20.

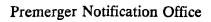
Both and are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code, and neither nor provide is engaged in the oil and gas business or the business of acquiring or disposing of interests similar to the Production Payment. Obviously, the proposed transfer of the Production Payment resulting from the sale of the Production Payment resulting from the payment resulting from the payment resulting from the payment resulting f

Accordingly, we seek the informal advice of the staff that the specific transaction described above would not be subject to the filing requirements of the Act because the Production Payment represents a contract right for the payment of cash and in the context of the proposed transaction would not constitute an asset for purposes of the size of the transaction test.

We appreciate your attention to this letter at your earliest convenience. Please address any questions or comments you may have on this matter to the undersigned at

Very truly yours,







October 29, 1991

