

If a person assigns his contract right transfer 801.1
person prior to the acquisition then he has not paid
the underlying assets

[REDACTED]

[REDACTED]

April 15, 1992

Mr. Victor Cohen
Premerger Notification Office
Mail Stop: Room 301
Federal Trade Commission
6th & Pennsylvania Avenue, N.W.
Washington, D.C. 20580

16 11 34 AM '92
FEDERAL TRADE
COMMISSION
MERGER NOTIFICATION
OFFICE

Re: Confirmation of informal interpretation of
Section 7A of the Clayton Act ("Act")

Dear Mr. Cohen:

This letter will confirm our conversation on April 13, 1992 regarding the proposed acquisition of certain oil and gas assets by several limited partnerships in which one of our clients (the "Client") serves as general partner and several institutional investors for which the Client provides property management services.

Our Client is engaged in the purchase, sale and operation of oil and gas assets for its own account and for the account of certain institutional investors. Some of these institutional investors prefer not to own working interests in oil and gas properties directly and so purchase limited partnership interests in limited partnerships in which our Client serves as general partner. Other institutional investors prefer to own the oil and gas interests directly and the Client, pursuant to contract, identifies properties appropriate for purchase by such investors, negotiates the purchase of the properties, and thereafter manages such properties, on behalf of the investors. Thus, funding for the purchase of properties on behalf of such entities is provided by the limited partners of the partnerships or the institutional investors directly, and the beneficial ownership of such properties resides in the partnerships or the institutional investors, as the case may be. Under the terms of the property management contracts, however, the Client is sometimes required to purchase for its own account a modest interest in the properties.

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The institutional investors for whom the Client provides property management services are not included in the same "person" as the Client, as that term is used in Rule 801.1(a)(1) promulgated under the Act. With the exception of one partnership, the Client is not included within the same person as the partnerships for which it serves as general partner.

Our Client has entered into a purchase agreement to purchase certain oil and gas properties from two sellers for an aggregate consideration of approximately [REDACTED] million. Each of the sellers is included within the same acquired person. The purchase agreement involving our Client also provides for the sale by the same sellers of a like amount of assets to a person unrelated to our Client, the limited partnerships for which our Client serves as general partner or the institutional investors for whom our Client provides property management services; we understand notification under the Act will be filed in connection with this separate transaction.

The purchase agreement signed by the Client provides that the Client may assign all or any part of its rights and obligations under this contract to two named institutional investors (or any of their affiliates) or to any affiliate of the Client, which term includes the limited partnerships for which the Client serves as general partner. The Client proposes prior to closing the purchase of the assets to assign all of its interest in the purchase agreement (other than a [REDACTED] interest valued at approximately [REDACTED] which it is required to retain under its property management agreements with the institutional investors) to four limited partnerships for which the Client serves as general partner and the two institutional investors named in the purchase agreement as permitted assignees. The assignments will be made in varying percentages, but no assignee will become the beneficial owner of more than an interest of approximately [REDACTED], valued at approximately [REDACTED] million. (This is true even when the Client's direct retained interest [REDACTED] is aggregated with the approximately [REDACTED] interest to be assigned to the limited partnership included within the same person as the Client.)

In our conversation you confirmed our view that, based on the foregoing circumstances, no notification would be required to be filed under the Act by the Client or the assignees of the

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purchase agreement since neither the Client nor any of the assignees (who are the acquiring persons) would acquire assets valued at more than \$15 million. Furthermore, we understand that the assignment by the Client of its rights under the purchase agreement would not be deemed by the Staff to be a scheme or device for avoidance of the Act, in light of the circumstances presented to the Staff. If this is not an accurate reflection of our discussion or the views of the Staff, please contact me.

As always, the Staff's willingness to assist us in these matters is most appreciated.

Very truly yours,

[REDACTED]

[REDACTED]