

[REDACTED]

[REDACTED]

[REDACTED]

September 14, 1990

VIA FACSIMILE

Federal Trade Commission  
Pennsylvania Avenue at 6th St., N.W.  
Third Floor, Room 313  
Washington DC 20580

Attention: Mr. Thomas F. Hancock

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

afternoon regarding the applicability of the "realty exemption"  
contained in Section 7A(c)(1) of the Hart-Scott-Rodino Act.

acreage that, absent an exemption, meets the tests requiring  
premerger notification under the HSR Act. We have concluded that  
the Section 7A(c)(1) exemption is applicable here; however, the  
facts are unique enough for us to seek confirmation of our view

entity in the business of exploration and development of oil and  
gas, is purchasing a large block of horizontally- or  
stratigraphically-severed oil and gas leasehold rights from a  
major integrated oil and gas company. The oil and gas leases  
underlying the rights to be conveyed are in their secondary  
stage, as they are held by oil production from several hundred  
non-producing formations which lie above the producing, developed

formations. The acquisition includes no interests in any of the

other production. The purchase price is approximately  
\$30 million.

Federal Trade Commission  
September 14, 1990  
Page 2

Because of engineering controls emanating from (1) the drilling logs from the major's deeper wells and (2) a number of offset or nearby wells located outside of the acreage being acquired which are owned or operated by others (including some by our client) and which are producing from the two formations being acquired, the majority of the oil and gas reserves under the [REDACTED] interests to be conveyed would be considered "covered

instant transaction from the exemption, inasmuch as the key factor in transactions such as this is not whether the subject

producing.

As we discussed, I will call you next Wednesday, September 19, to confirm the FTC's position in this regard.

Yours very truly,

[REDACTED SIGNATURE]

4/17/90

What advice [REDACTED] when he called that we agreed with his analysis and conclusion that the transaction