

(714)

5801.01

[REDACTED]

[REDACTED]

[REDACTED]

January 27, 1992

BY FEDERAL EXPRESS

THIS RECEIPT MAY BE SUBJECT TO
REGULATION OF THE FEDERAL RESERVE BOARD

Washington, DC 20500
Attention: Mr. Thomas Hancock

Re: Conveyance of [REDACTED] Payment

Dear Mr. Hancock:

Our client is involved in the transaction described below, which we believe is exempted from filings made with the Federal Trade Commission ("Commission") pursuant to the North-South Pacific

REGULATION (16 CFR) OF THE COMMISSION OF THE FEDERAL RESERVE BOARD

person is a corporation, qualifying as a charitable foundation for federal income tax purposes with total

2. The acquired person is engaged in activities affecting commerce.
3. The acquired person proposes to transfer an [REDACTED] payment to the acquiring person for \$38,000,000 in cash. The acquiring person will simultaneously mortgage the [REDACTED] payment to secure borrowings of \$38,000,000 from a commercial bank ("Bank"). Interest and principal on such borrowings will be non-recourse to the acquiring person, payable solely

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4. The [REDACTED] payment is payable solely out of the cash proceeds of the sale of [REDACTED] from the properties burdened by the [REDACTED] payment. The acquiring person is not entitled to receive [REDACTED] or any other assets from the acquired person, [REDACTED] by reason of the [REDACTED] payment.
5. Other aspects of the [REDACTED] payment are as follows:

[REDACTED] payment will bear interest at a rate of approximately 6.75%.

- b. Term of Production Payment: It is anticipated that the principal of the [REDACTED] payment, and all interest thereon, will be paid within eight years.
- c. Source of Repayment. The source of payment of the [REDACTED] payment is limited to proceeds of [REDACTED] attributable to the acquired person's undivided interest in the properties to be burdened by the [REDACTED] payment, which are situated (i) [REDACTED] and (ii) within [REDACTED] after the acquired person has deducted and paid applicable [REDACTED] payments on [REDACTED] owed to lessors of the leases, [REDACTED]

- d. Personal Liability. The acquired person has no personal liability to pay any amount represented by, or attributable to, the [REDACTED] payment.
- e. Remedies. Under certain conditions, generally relating to (i) the acquired person's election not

date of the [REDACTED] payment, or (ii) the acquired person's failure or refusal to prudently manage the [REDACTED] the acquiring person may exercise various remedies which are intended to allow the acquiring person to participate in such [REDACTED] operations or to purchase the acquired person's undivided interests in the [REDACTED] to give the acquiring

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[redacted] and thereby recover outstanding amounts due under the [redacted] payment.

f. **Contingent Payments.** In the event that the value of the [redacted] from the [redacted] exceeds certain stipulated levels, the acquired person will make [redacted] payments to the [redacted] in an amount equal to 1% of the revenues attributable to the [redacted] while such excess continues.

6. It is anticipated that all of the rights obtained by the

property interests and security interests in the personal property interests acquired by the acquiring person in the [redacted] relating to the [redacted]

We understand that the staff of the Commission has previously

[redacted] primarily because of the exclusions from the definition of assets transferred provided in Section 801.21 of the regulations. 15 C.F.R. §801.21. We respectfully request that the staff of the Commission consider to us that the notification filing requirements of the Act are not applicable to the transaction described herein.

I will place a telephone call to you on Tuesday, February 28th to verify orally your response based on the facts presented above.

Very truly yours,

[redacted signature]

[redacted]

OK 1/29/92
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TFT