

Underlying facts indicate that beneficial ownership has not passed to B. Loan is not the purchase assets.

801. '66

[REDACTED]

July 7, 1992

BY HAND DELIVERY

Victor L. Cohen, Esq.
Premerger Notification Office
Bureau of Competition Room 303

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FEDERAL
COMMERCE
PREMERGER
NOTIFICATION
OFFICE

Dear Victor:

I am writing this letter to confirm the oral advice which you provided in telephone conversations on June 18 and 26 regarding the time for filing Hart-Scott notification with respect to the following transaction.

As we discussed, ultimate parent entities A and B have

process that may take as long as two years.

Pursuant to a preclosing agreement, A will provide pipeline

loan to A. The foregone loan interest will be B's payment for the transportation provided. The \$20 million loan will be repaid by B at closing and B will then tender to A the purchase price

If the acquisition fails to be consummated within certain specified time limits, B may demand repayment of the loan. A then has three repayment options. A may: (1) repay the loan in full within 10 days; (2) repay the loan in 12 monthly installments, with the unpaid balance subject to 12% interest; or (3) repay the loan by providing pipeline transportation, with the unpaid balance subject to 12% interest payable in cash. If the third option is selected, the transportation would be provided at a specified rate within A's FERC tariffs, but possibly below then

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Page 2

As we discussed, among the key factors for analysis are the following: (a) the \$20 million loan will be fully repaid whether

(b) if consummation does not occur for any reason, B will receive none of the benefit or detriment of any increase or decrease in the pipeline's value; (c) until consummation, B is not liable for

portation to be received by B will be at rates and terms and conditions of service within A's FERC tariff.

Based on all the above facts, you advised that beneficial ownership of the undivided pipeline interest to be acquired would

loan and transportation agreements described above. You further indicated that because Hart-Scott notification expires one year following expiration of the waiting period 16 C.F.R. § 203.7

prior to the expected consummation date of the transaction.

If the above does not accurately reflect the Hart-Scott advice you provided concerning the above transaction, please call me immediately. As always, thank you very much for time and most

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