

Acquisition of real property which is exempt is allowable even though transaction of all [redacted] constitutes sub realty held. Need not aggregate with other [redacted] + since they are valued at less than \$15MM, no prereserve filing is required.

802.1
(b)

December 9, 1994

See #222 in Berger Notification Practice Manual

VIA FACSIMILE

Mr. Victor L. Cohen
Premerger Notification Office

Washington, D.C. 20580

Dear Mr. Cohen:

This letter serves to confirm our telephone conversation of Wednesday, December 7, 1994. During that conversation, you and I discussed the "ordinary course" exemption for undeveloped [redacted] facts we discussed are as follows:

B has entered into a contract to purchase substantially all of the assets of S, a limited partnership, for an aggregate acquisition price of \$15,066,200. Both B and S are engaged in the [redacted] the assets being purchased consist of producing [redacted] non-producing acreage. Prior to contacting Hart-Scott-Roundo counsel, B and S agreed upon the following allocations for the various types of assets:

Producing [redacted] leasehold	\$11,708,721
Non-Producing Leasehold	\$ 4,257,479

The allocated value of the non-producing leasehold was further broken down into approximately 80 separate values given to particular acreage positions. The value of this non-producing leasehold is economically separate from the producing

and non-producing properties being purchased by a limited partnership interests which have value based on the possibility of [redacted] These non-producing properties are not now, and, to our

[REDACTED]

Mr. Victor L. Cohen
December 9, 1994
Page 2

knowledge, have never been, revenue-producing. While these acreage positions may be contained in a lease that includes producing properties, the portion of

Commission's Premerger Notification Office concurs with B's position that the acquisition of the non-producing interests is exempt under Section 7A(c)(1) of the Act and therefore that B may, pursuant to 16 C.F.R. Section 801.15, subtract the allocated value of the non-producing properties from the total acquisition price before determining whether the acquisition price

B recognizes that, pursuant to 16 C.F.R. Section 801.10, the value of assets to be acquired is the greater of the acquisition price or fair market value. Given that the

If this letter does not correctly reflect our conversation or misstates the views of the Premerger Notification Office, please contact me as soon as possible, since this transaction is scheduled to be closed on December 31, 1994, and if a filing is required it will have to be

[REDACTED]

[REDACTED]