

802.50

December 8, 2000

Mr. Michael Verna  
FEDERAL TRADE COMMISSION  
Bureau of Competition  
Premier Notification Office  
Room 303  
Washington, D. C. 20580

Re: Exemption from Filing Requirements under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("HSR Act") pursuant to Rule 802.50(a)

Dear Mike:

Thank you for speaking with me with respect to [REDACTED] on November 30, 2000 about the exemption for acquisitions of foreign assets by a United States person set forth in Rule 802.50(a) under the HSR Act. Specifically, we were inquiring with respect to an asset acquisition by Company A from Company B, both of whose ultimate parent entities are United States persons.

Company A will be acquiring crude oil and gas reserves and associated assets, all of which are located in [REDACTED]. Section 802.50(a) of the Federal Trade Commission's rules and regulations under the HSR Act exempts from reporting the acquisition of assets located outside of the United States unless there have been sales attributable to the acquired assets aggregating \$25 million or more during the acquirer's most recent fiscal year. 16 C.F.R. §802.50(a)(2).

The crude oil and natural gas produced from the reserves are sold to a number of aggregators in [REDACTED] that gather crude oil and gas from various producers. The aggregators generally process the crude oil and gas into consumable products before shipping to end users. We are aware that the aggregators arrange for transportation through a variety of pipe lines throughout Canada, perhaps indirectly reaching the United States. The parties estimate that total sales attributable to these assets exceed \$25 million. However, the producers of the crude oil and gas have no control over where or to whom the resulting refined products are ultimately sold. Company B estimates that perhaps 50% of the resulting refined products are sold in the United States, but has no firm knowledge of this or access to specific data in this regard. Title to the oil and gas is transferred to [REDACTED] before undergoing the further refining and processing operations noted above. In our conversation, you said that the percentage of sales into the United States was too speculative to require a filing on the basis of sales into the United States. Indeed, we understand that the FTC staff's view is that aggregator's sales are not attributed to their crude oil and gas

[REDACTED]