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FEDERAL TRADE COMMISSION  
PREMERGER NOTIFICATION OFFICE

Mr. Michael Verne  
FEDERAL TRADE COMMISSION  
Bureau of Competition  
Premerger 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(b)

Dear Mike:

Thank you for speaking with me on November 30, December 12 and December 18, 2000, about the exemption for acquisitions of foreign entities by a United States person set forth in 16 C.F.R. §802.50(b) under the HSR Act. Specifically, I was inquiring with respect to an acquisition of voting securities of entities that are currently direct or indirect subsidiaries of Fletcher Challenge Limited ("Fletcher Challenge") by Apache Corporation ("Apache").

The assets of the entities that [redacted] will be acquiring are oil and natural gas reserves and associated assets, all of which are located in [redacted]. Section 802.50(b) of the Federal Trade Commission's rules and regulations under the HSR Act exempts from reporting the acquisition of the voting securities of a foreign issuer located outside of the United States unless the acquired issuer has assets located in the U.S. having an aggregate value of \$15 million (Rule 802.50(b)(1)) or more or the acquired issuer has made sales in or into the U.S. aggregating \$25 million or more during its most recent fiscal year (Rule 802.50(b)(2)).

In discussing dollar amounts in this letter, we are using the average exchange rate during Fletcher Challenge's most recent fiscal year which ended June 30, 2000, based on the Federal Reserve Bank of New York Noon Interbank rate of 0.67941 Canadian dollars for each U.S. dollar. It is our understanding that Fletcher Challenge's oil and natural gas are sold to a number of buyers in [redacted] at purchase oil and natural gas from various producers. Depending upon the type of buyer, they then either re-sell the oil and natural gas to end users or refine the hydrocarbons themselves. Some of the purchasers are brokers and some have pipeline operations. The following are the facts and perceptions that have been relayed to us by [redacted] legal counsel to Fletcher Challenge.

[redacted]

completely non-recourse to each [redacted] Company and will use the proceeds to purchase equipment to be leased to [redacted] operating companies.

As part of the recapitalization of the [redacted] Companies, the partnership agreement of each [redacted] Company will be amended and restated to (i) convert [redacted]'s partnership interest to a separate class of partnership interest having an agreed allocation of income and losses and very limited voting rights; and (ii) provide that [redacted] and [redacted] have "put" and "call" rights, respectively, to cause the [redacted] Company to effect a redemption of [redacted] interests in that [redacted] Company at fair market value. The redemption price would be paid, in part, by a distribution of the [redacted] company's interest in SPV to [redacted]. If a redemption occurs, [redacted] would have no remaining interest in the Project Company and therefore [redacted] through its direct and indirect subsidiaries would hold 100% of the ownership interests in the [redacted] Company, and [redacted] would hold 100% of the ownership interests in the SPV. [redacted] put right expires nine months after the recapitalization, and [redacted]'s call right expires 17½ months after recapitalization.

The structure of [redacted] after completion of the purchase transactions and the recapitalizations is shown on Schedule 1 and the structure after the completion of the redemption is shown on Schedule 2.

The acquisition of the [redacted] [redacted]s are not HSR reportable transactions because of various exemptions. The [redacted] will not meet the amended size of transaction test (\$50 million). Acquisition of the [redacted] is exempt because it is the purchase of a partnership interest. It is also exempt pursuant to 16 CFR §802.70 (acquisitions subject to order). Further, the recapitalization of the [redacted] Companies (including the formation and the capitalization of the SPV's) are exempt. (collectively, "the Initial Transactions").

The reportable transactions for which these HSR filings are made is the potential acquisition by [redacted] of 100% of the assets of each of the SPV partnerships and by [redacted] of 100% of the assets of the [redacted] Companies. Please note that each SPV company does not yet exist, and at the time of any acquisition the only assets which would be held by any SPV would be the loan proceeds and/or capital assets which have been purchased by the SPV and leased to [redacted]. The parties are filing these HSR notification report forms to confirm the non-reportability of the Initial Transactions, and to be able to promptly exercise the put or call rights if market and other conditions warrant during the twelve months following expiration or early termination of the HSR waiting periods with respect to each of the filings.

The Closing of the transactions described herein is subject to the fulfillment of certain conditions including, among others, the approval of the Federal Energy Regulatory Commission and, for the HSR reportable transactions, expiration or early termination of the waiting period(s) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. The parties intend for the closing with respect to the Initial Transactions, to occur in the first quarter of 2001. If the put or call is exercised with respect to the HSR reportable transactions then Closing would occur not later than seventeen and half months after the recapitalization.

[redacted]