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July 7, 1992

BY HAND DELIVERY

Victor L. Cohen, Esq. Premerger Notification Office Bureau of Competition, Room 303 Federal Trade Commission Sixth St. and Pennsylvania Ave., N.W. Washington, D.C. 20580

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 entered into an agreement under which B will acquire from A for \$20 million an undivided interest in certain pipeline assets. The acquisition cannot be consummated until approved by FERC, a process that may take as long as two years.

Pursuant to a preclosing agreement, A will provide pipeline transportation to B, subject to the terms and conditions of A's FERC tariffs. In return, B will make a \$20 million interest free 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 w third option is selected, the transportation would be provided at a specified rate within A's FERC tariffs, but possibly below then The Hand of the Wilder She with the She with the State of the She with the State of the She with Current market levels.

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As we discussed, among the key factors for analysis are the following: (a) the \$20 million loan will be fully repaid whether or not the acquisition is consummated; (b) the acquisition cannot be consummated without FERC approval; (c) until consummation, B will bear none of the risk of loss (e.g., a pipeline explosion); (d) 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; (e) until consummation, B is not liable for pipeline operating expenses; and (f) any preconsummation transportation 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 not pass from A to B until consummation of the transaction following FERC approval. You thus advised that no Hart-Scott filing need be made by the parties prior to entering into the 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. § 803.7, the parties should file notification no earlier than one year 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 helpful assistance.

