§ 802.3

11. “A” intends to purchase a poultry farm from “B.” The acquisition of the poultry farm is a transfer of agricultural property that is exempt pursuant to §802.2(g). If, however, “B” has a poultry slaughtering and processing facility on his farm that is included in the acquisition, “A’s” acquisition of the farm is not exempt as an acquisition of agricultural property because agricultural property does not include property or assets adjacent to or used in conjunction with a processing facility that is included in an acquisition.

12. “A” proposes to purchase the prescription drug wholesale distribution business of “B” for in excess of $50 million (as adjusted). The business includes six regional warehouses used for “B’s” national wholesale drug distribution business. Since “A” is acquiring the warehouses in connection with the acquisition of “B’s” prescription drug wholesale distribution business, the acquisition of the warehouses is not exempt.


§ 802.3 Acquisitions of carbon-based mineral reserves.

(a) An acquisition of reserves of oil, natural gas, shale or tar sands, or rights to reserves of oil, natural gas, shale or tar sands together with associated exploration or production assets shall be exempt from the requirements of the act if the value of the reserves, the rights and the associated exploration or production assets to be held as a result of the acquisition does not exceed $500 million. In an acquisition that includes reserves of oil, natural gas, shale or tar sands and associated exploration or production assets, the transfer of any other assets shall be subject to the requirements of the act and these rules as if they were being acquired in a separate acquisition.

(b) An acquisition of reserves of coal, or rights to reserves of coal and associated exploration or production assets, shall be exempt from the requirements of the act if the value of the reserves, the rights and the associated exploration or production assets to be held as a result of the acquisition does not exceed $200 million. In an acquisition that includes reserves of coal, rights to reserves of coal and associated exploration or production assets, the transfer of any other assets shall be subject to the requirements of the act and these rules as if they were being acquired in a separate acquisition.

(c) Associated exploration or production assets means equipment, machinery, fixtures and other assets that are integral and exclusive to current or future exploration or production activities associated with the carbon-based mineral reserves that are being acquired. Associated exploration or production assets do not include the following:

(1) Any pipeline and pipeline system or processing facility which transports or processes oil and gas after it passes through the meters of a producing field located within reserves that are being acquired; and

(2) Any pipeline or pipeline system that receives gas directly from gas wells for transportation to a natural gas processing facility or other destination.

Examples:

1. “A” proposes to purchase from “B” for $550 million gas reserves that are not yet in production and have not generated any income. “A” will also acquire from “B” for $280 million producing oil reserves and associated assets such as wells, compressors, pumps and other equipment. The acquisition of the gas reserves is exempt as a transfer of unproductive property under §802.2(c). The acquisition of the oil reserves and associated assets is exempt pursuant to §802.3(a), since the value of the reserves and associated assets does not exceed the $500 million limitation.

2. “A,” an oil company, proposes to acquire for $180 million oil reserves currently in production along with field pipelines and treating and metering facilities which serve such reserves exclusively. The acquisition of the reserves and the associated assets are exempt. “A” will also acquire from “B” for in excess of $50 million (as adjusted) a natural gas processing plant and its associated gathering pipeline system. This acquisition is not exempt since §802.3(c) excludes these assets from the exemption in §802.3 for transfers of associated exploration or production assets.

3. “A,” an oil company, proposes to acquire a coal mine currently in operation and associated production assets for $80 million from “B,” an oil company. “A” will also purchase from “B” producing oil reserves valued at $100 million and an oil refinery valued at $13 million. The acquisition of the coal mine and the oil reserves is exempt pursuant to §802.3. Although §802.3(c) excludes the refinery from the exemption in §802.3 for transfers of associated exploration and production assets,
§ 802.5 Acquisitions of investment rental property assets.

(a) Acquisitions of investment rental property assets shall be exempt from the requirements of the act.

(b) Investment rental property assets. “Investment rental property assets” means real property that will not be rented to entities included within the acquiring person except for the sole purpose of maintaining, managing