

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **201316005**
Release Date: 4/19/2013
Index Number: 7704.00-00

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact: _____, ID No.

Telephone Number:

Refer Reply To:
CC:PSI:B01
PLR-130592-12
Date:
December 27, 2012

LEGEND

X =

Y =

Z =

State =

Dear _____ :

This letter responds to a letter from Y's authorized representative dated July 16, 2012 requesting a modification of LTR 201233009 (the Original Ruling) issued to X on February 10, 2012.

In the Original Ruling, based solely on the information submitted and representations made, we conclude "that income derived by the Partnership from the mining and marketing of silica for sale to oil field service companies for injection as a proppant in the production of crude oil and natural gas constitutes qualifying income within the meaning of § 7704(d)(1)(E)."

SUPPLEMENTAL FACTS SUBMITTED

According to the letter from Y's authorized representative dated July 16, 2012, Y is a limited partnership formed under the laws of State. Its general partner is Z, a State limited liability company whose sole member is X. Currently, X also holds 100% of the limited partner interests in Y.

MODIFIED FACTS SUBMITTED

The first paragraph of the Facts section of the Original Ruling describes a particular initial public offering (IPO) structure, which would result in the Partnership having the same taxpayer identification number as X. More specifically, the owners of X planned to contribute their equity interests in X to a new partnership or convert X into a limited partnership.

However, according to the letter from Y's authorized representative dated July 16, 2012, another IPO structure has been selected, with the result that the Partnership that will conduct the activities described in the Original Ruling is Y. The Partnership will have the same taxpayer identification number as Y. According to the letter, the activities of the Partnership have not changed.

LAW AND ANALYSIS

Section 11.04 of Rev. Proc. 2012-1, 2012-1 I.R.B. 1, provides that a letter ruling may be revoked or modified if found to be in error or there has been a change in law. Section 11.05 provides that a letter ruling revoked or modified based on a material change in facts is applied retroactively.

CONCLUSION

Based solely on the information submitted and representations made, we conclude that the Original Ruling should be modified to apply to Y and its conduct of the activities described in the Original Ruling. This modification, which relates to a material change in facts, applies retroactively as of February 10, 2012. The analysis and conclusion of the Original Ruling remain the same.

This ruling is directed only to the taxpayer who requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney currently on file with the Internal Revenue Service, we are sending a copy of this letter to Y's authorized representative.

Sincerely,

David R. Haglund

David R. Haglund

Chief, Branch 1

Office of the Associate Chief Counsel

(Passthroughs & Special Industries)

Enclosures (2)

Copy of this letter

Copy of this letter for section 6110 purposes

cc:

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **201233009**
Release Date: 8/17/2012
Index Number: 7704.00-00

Third Party Communication: None
Date of Communication: Not Applicable
Person To Contact:
, ID No.
Telephone Number:

Refer Reply To:
CC:PSI:B01
PLR-141802-11

February 10, 2012

LEGEND

X =

State =

Dear

This letter responds to a letter from X's authorized representatives dated October 4, 2011, submitted on behalf of X, requesting a ruling concerning the qualifying income exception to the publicly traded partnership rules of § 7704 of the Internal Revenue Code (the Code).

FACTS

According to the information submitted and representations made, X is a limited liability company organized under the laws of State. The owners of X intend to contribute the equity interests in X to a new partnership or convert X into a partnership under applicable state law (in either case, the partnership is referred to as the "Partnership"). The owners of X believe that, after it consummates an initial public offering, the Partnership will be a publicly traded partnership within the meaning of § 7704(b).

The Partnership will own and develop reserves, and market to
and natural gas . The will crude oil

The _____ sold by the Partnership

oil and natural gas

The Partnership's income-generating activities include extracting the _____ from the _____, transporting the _____ to the point of shipment and selling the _____ in large quantities to industrial users,

LAW AND ANALYSIS

Section 7704(a) provides that, except as provided in § 7704(c), a publicly traded partnership shall be treated as a corporation.

Section 7704(b) provides that, for the purposes of § 7704, the term "publicly traded partnership" means any partnership if (1) interests in the partnership are traded on an established securities market, or (2) interests in the partnership are readily tradable on a secondary market (or substantial equivalent thereof).

Section 7704(c)(1) provides that § 7701(a) shall not apply to any publicly traded partnership for any taxable year if such partnership met the gross income requirements of § 7704(c)(2) for such taxable year and each preceding taxable year beginning after December 31, 1987, during which the partnership (or any predecessor) was in existence. Section 7704(c)(2) explains that a partnership meets the gross income requirements of § 7704(c)(2) for any taxable year if 90 percent or more of the gross income of such partnership for such taxable year is qualifying income.

Section 7704(d)(1)(E) provides that the term "qualifying income" means income or gains derived from the exploration, development, mining or production, processing, refining, transportation (including pipelines transporting gas, oil, or products thereof), or the marketing of any mineral or natural resource (including fertilizer, geothermal energy, or timber).

Based solely on the facts submitted and representations made, we conclude that income derived by the Partnership from the _____

_____ crude oil and natural gas constitutes qualifying income within the meaning of § 7704(d)(1)(E).

Except as expressly provided herein, we express or imply no opinion concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this

letter. In particular, no opinion is expressed as to whether the Partnership meets the 90 percent gross income requirement of § 7704(c) in any taxable year.

The ruling is directed only to the taxpayer who requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the power of attorney on file with this office, a copy of this letter is being sent to X's authorized representative.

Sincerely,

David R. Haglund

David R. Haglund

Chief, Branch 1

Office of the Associate Chief Counsel
(Passthroughs & Special Industries)

Enclosures (2)

Copy of this letter

Copy of this letter for section 6110 purposes