

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

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Person To Contact:  
, ID No.  
Telephone Number:

Refer Reply To:  
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Date:  
July 07, 2011

Legend:

X =

Partnership =

State =

Dear :

This letter responds to a letter dated February 8, 2011, submitted on behalf of X, requesting a ruling under § 7704(d)(1)(E) of the Internal Revenue Code.

Facts

X is a limited liability company organized under the laws of State. X intends to form a publicly-traded partnership either by creating a new entity or by consummating an initial public offering itself, hereinafter Partnership. The interests in Partnership will be listed and traded on a nationally recognized exchange.

Partnership, through subsidiaries and disregarded entities, will process and transport, store, market and distribute to a variety of customers

Partnership acquires multiple types of for processing

In some cases, Partnership for its own account for use as a feedstock in constructing Partnership owns an interest in or is in the process of constructing facilities, where the are

Partnership also transports, stores, markets and distributes

Partnership owns a direct or indirect interest in or is in the process of constructing markets Partnership

X requests a ruling that income derived from processing and transporting, storing, marketing and distributing will constitute qualifying income under § 7704(d)(1)(E).

### Law and Analysis

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

Section 7704(b) provides that, for 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 the substantial equivalent thereof).

Section 7704(c)(1) provides that § 7704(a) does not apply to a publicly traded partnership for any taxable year if such partnership meets the gross income requirements of § 7704(c)(2) for the 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) provides 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 the partnership for the taxable year consists of qualifying income.

Section 7704(d)(1)(E) provides that the term “qualifying income” includes income and 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 resources (including fertilizer, geothermal energy, and timber).

### Conclusion

Based solely on the facts submitted and the representations made, we conclude that the income derived by Partnership from processing and transporting, storing, marketing and distributing will constitute qualifying income under § 7704(d)(1)(E).

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter. In particular, no opinion is expressed or implied as to whether Partnership meets the 90 percent gross income requirement of § 7704(c)(1) in any taxable year for which this ruling may apply.

This ruling is directed only to the taxpayer requesting 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 and Special Industries)

Enclosures (2)  
Copy of this letter  
Copy for § 6110 purposes