

**Internal Revenue Service**

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Washington, DC 20224

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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: