## Department of the Treasury **Internal Revenue Service** Washington, DC 20224 Number: 201347015 Third Party Communication: None Release Date: 11/22/2013 Date of Communication: Not Applicable Index Number: 7704.03-00 Person To Contact: , ID No. Telephone Number: Refer Reply To: CC:PSI:B02 PLR-128457-13 Date: July 22, 2013

Dear :

This letter responds to a letter dated June 20, 2013, submitted on behalf of  $\underline{X}$ , requesting a ruling under § 7704(d)(1)(E) of the Internal Revenue Code.

 $\underline{X}$  is a limited partnership organized under the laws of  $\underline{State}$ .  $\underline{X}$ , through affiliated operating limited partnerships, limited liability companies, or disregarded entities, currently engages in activities that produce qualifying income under § 7704(d)(1)(E) in its diversified business focused on the storage, transportation, processing and distribution of natural resources.

As part of X's existing natural resource operations, X derives gross income from

("Access and Throughput Activities").

 $\underline{X}$  intends to acquire  $\underline{Y}$ , an energy logistics business.  $\underline{Y}$  has two lines of business.  $\underline{Y}$  provides beginning to end logistics services

("Energy Logistics Support Services"). In addition,  $\underline{Y}$  also sells and/or delivers refined petroleum products and other chemicals necessary for the exploration, drilling and production of oil and natural gas, to exploration and production companies and provides exploration and production companies with recycling and disposal services for many of these refined petroleum products and chemicals ("Oilfield Supply and Distribution").

X seeks a ruling that its gross income derived from Access and Throughput Activities, Energy Logistics Support Services, and Oilfield Supply and Distribution constitutes qualifying income under § 7704(d)(1)(E).

Section 7704(a) provides generally that a publicly traded partnership shall be treated as a corporation.

Section § 7704(b) provides that 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) exempts from treatment as a corporation any publicly traded partnership for any tax year if the partnership meets the gross income requirements of § 7704(c)(2) for that year and each preceding tax 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 for any tax year if 90% or more of the partnership's gross income for that year consists of qualifying income.

Section 7704(d)(1)(E) defines "qualifying income" to include income and gains derived from the exploration, development, mining or production, processing, refining, transportation, or marketing of any mineral or natural resource.

Based solely on the representations made and the facts submitted, we conclude that  $\underline{X}$ 's gross income from Access and Throughput Activities, Energy Logistics Support Services, and Oilfield Supply and Distribution, is qualifying income within the meaning of § 7704 (d)(1)(E).

Except for the specific ruling above, we express or imply no opinion concerning the federal tax consequences of the facts of this case under any other provision of the Code. Specifically, we express or imply no opinion as to whether  $\underline{X}$  is taxable as a partnership for federal tax purposes.

This ruling is directed only to the taxpayer requesting it. However, in the event of a technical termination of  $\underline{X}$  under § 708(b)(1)(B), the resulting partnership may continue to rely on this ruling in determining its qualifying income under § 7704(d)(1)(E).

According to § 6110(k)(3), this ruling may not be used or cited as precedent.

Under a power of attorney on file with this office, we are sending a copy of this letter to your authorized representatives.

Sincerely,

Bradford R. Poston Senior Counsel, Branch 2 (Passthroughs & Special Industries)

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