

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:PSI:B02
PLR-135627-13

Date:
August 30, 2013

Legend:

X =

Y =

State =

Dear :

This letter responds to a letter from X's authorized representatives dated August 12, 2013, submitted on behalf of X and Y, requesting a ruling under § 7704(d)(1)(E) of the Internal Revenue Code.

Y is a limited partnership organized under the laws of State. X has formed Y with the intent of contributing to Y all or a portion of X's activities and operations described herein, and offering inte rests in Y to the public investors via an initial public offering. Afterwards, Y, itself and through affiliated operating limited partnerships, limited liability companies, or disregarded entities, will engage in oilfield services activities, including

services.

Each stage of drilling, completion and production of modern oil and gas wells requires

services. Y's services will include

. In addition, Y will derive income from providing services necessary for the development and production of oil and natural gas,

. In connection with and in addition to the above services, Y also will provide

otherwise necessary for the exploration and production activities at the well-site. In many instances, employees of Y conduct at the well-site.

The complex process of exploration and production also requires experienced personnel at the well-site to ensure safe, efficient and effective exploration and production of oil and natural gas. Y will provide to exploration and production companies on a project-by-project basis in exchange for a fee.

, Y will derive income from providing supervisory, specialist and management functions at the well-site. Y will use to provide certain technical services and specialized tasks, For other services, Y will generally utilize

X seeks a ruling, on behalf of Y, that Y's gross income derived from

services 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 Y's gross income from

services, is qualifying income within the meaning of § 7704(d)(1)(E). However, in the case where Y, such income will not constitute qualifying income under § 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 Y 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 Y 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

cc: