

DENISE VOIGT CRAWFORD  
SECURITIES COMMISSIONER



NICHOLAS C. TAYLOR  
CHAIRMAN

JOHN R. MORGAN  
DEPUTY SECURITIES COMMISSIONER

JOSE ADAN TREVINO  
MEMBER

## State Securities Board

MAIL: P.O. BOX 13167  
AUSTIN, TEXAS 78711-3167

208 E. 10th Street, 5th Floor  
Austin, Texas 78701  
Phone (512) 305-8300  
FAX (512) 305-8310  
<http://www.ssb.state.tx.us>

KENNETH W. ANDERSON, JR.  
MEMBER

September 28, 1999

Ms. M. Elaine Meyers  
Jenkins & Gilchrist  
Fountain Place  
1445 Ross Avenue, Suite 3200  
Dallas, Texas 75202-2799

RE: American Rivers Oil Company (Acquisition of American Rivers Oil Company and Alliance Resources Plc)

Dear Ms. Meyers:

This is in response to your letter dated August 27, 1999, and received by this Agency on August 30, 1999, and supplemented by your letter received via facsimile on September 22, 1999, and several telephone conversations. Your letters and supplemental materials describe two proposed transactions. Both transactions are related and each is contingent on completion of the other.

The materials describe the first proposed transaction (the "Merger") pursuant to which American Rivers Oil Company ("Wyoming"), a Wyoming corporation, will merge with a newly-formed subsidiary ("Delaware Subsidiary"), a Delaware corporation, of America Rivers Oil Company ("Delaware Parent"), also a Delaware corporation. On completion of the Merger between Delaware Subsidiary and Wyoming, Delaware Subsidiary will be the surviving entity. The Merger must be approved by affirmative vote of the shareholders of a majority of the Wyoming common stock and Class B common stock, voting as a single class. In the Merger, each holder of Wyoming common stock or Class B common stock ("Wyoming Stock") will receive 0.11 shares of Delaware Parent ("New Stock"). Holders of Wyoming Stock will not give or promise any consideration for their New Stock they will receive other than the shares of Wyoming Stock held by them immediately prior to the Merger.

The second proposed transaction (the "Exchange") involves an offer by Delaware Parent to purchase the outstanding shares of Alliance Resources PLC ("UK PLC"), a public limited company incorporated in England and Wales. In the Exchange, each share of UK PLC will entitle the holder to receive one share (i.e., New Stock) of Delaware Parent. You have represented that there is no concept in the U.K. comparable to a merger of two public companies and that the Exchange must be accepted by shareholders of a majority of the UK PLC shares in order for the transaction to occur. Therefore, to accomplish the same result, the transaction would be structured as an exchange of shares.

Ms. M. Elaine Meyers  
September 28, 1999  
Page 2

The materials provide that, once the holders of a majority of UK PLC shares accept the offer to exchange their shares for New Stock, UK PLC will declare the offering "unconditional" and keep the offering open until holders of 90% of UK PLC shares have accepted the offer. In addition, once the offer becomes unconditional, Delaware Parent intends to apply to the London Stock Exchange to have the UK PLC shares delisted, as is typical for transactions of this type in the U.K. The materials note that the management of UK PLC anticipates that once the offer becomes unconditional, virtually all the holders of its shares will accept the Exchange. Once the 90% acceptance rate is reached for the Exchange, Delaware Parent would apply to a U.K. court to have the offer declared "mandatory" so that the remaining UK PLC shareholders must tender their shares in the Exchange. You have represented that, once the Exchange is completed, Delaware Parent would liquidate UK PLC. Further, you estimate that the 90% acceptance would be received and UK PLC would be liquidated within one year after the offer is sent out to UK PLC shareholders. This period would include the notice period before acceptance, applying to the U.K. courts for the remainder of the shares to be made subject to the Exchange, actually exchanging the shares, and the liquidation of UK PLC.

When the Merger and Exchange are completed, Delaware Parent will own indirectly all the assets and business of Wyoming and UK PLC, the shareholders of UK PLC will own 98% of the shares of Delaware Parent, and the shareholders of Wyoming will own 2% of the shares of Delaware Parent. On the successful conclusion of the Merger and Exchange, Delaware Parent will change its name to Alliance Resources, Inc.

You have requested that the staff recommend no action regarding the New Shares issued in the Exchange, based on the similarity of the planned Exchange and the exemption provided by Section 5.G of the Texas Securities Act. Although the Exchange transaction is not exempt under Section 5.G, you have asked that staff take the following points into account in considering the similarity between the Exchange and Section 5.G exempted transactions: (1) the transaction between Delaware Parent and UK PLC could not be structured as a traditional merger contemplated under Section 5.G, since the concept of merger in this context is not recognized under U.K. law; (2) since holders of a majority of UK PLC shares must agree to accept the Exchange before it would take place, the equivalent of a shareholder "vote" will occur in connection with the Exchange; and (3) if the Exchange is made "mandatory" (once the 90% acceptance rate is reached), UK PLC will be liquidated and Delaware Parent will be the surviving corporation in a transaction that is equivalent to a merger.

Based on the foregoing, and subject to the requisite shareholder approval, the exemption provided by Section 5.G of the Texas Securities Act is available for the New Shares issued pursuant to the Merger. Based on the foregoing, the staff of the State Securities Board will recommend no action to require registration of the New Shares issued pursuant to the Exchange.

Ms. M. Elaine Meyers  
September 28, 1999  
Page 3

Please note that this Agency has not made an independent investigation of the facts, but has relied solely on the information you have provided. If this information is incorrect or changes substantially, the staff would reconsider the matter and the opinion and the no-action position stated above would be void.

Further, this Agency does not grant nor confer an exemption. Its availability depends entirely on full compliance with the language of the exemption. If a dispute arises about availability of an exemption, the burden of proof falls on the party claiming the exemption.

Finally, the opinions expressed by this Agency are not binding on civil litigants in future proceedings.

I trust this letter answers your inquiry. Please feel free to write us if you need further information.

Very truly yours,

DENISE VOIGT CRAWFORD  
Securities Commissioner

David Weaver  
General Counsel

DW/ms