

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.



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SINU VALLEY PROJECT OFFERING PROPOSED

Exploration Service Company, Ltd., Far Hills, N. J., and Amkirk Petroleo Corporation, Fort Worth, Texas, filed a registration statement (File 2-14292) with the SEC on August 11, 1958, seeking registration of \$400,000 of Working Interests (non-producing) in Sinu Valley Project, to be offered for public sale in \$12,500 units (of which \$8,000 is payable in cash and \$4,500 is to be represented by promissory notes). The interests are to be offered for public sale on a "best efforts basis" by Cadon Incorporated, of Far Hills, for which a \$750 per unit selling commission will be paid. According to the prospectus, the Service Company, by contract with Amkirk, has the right to acquire an undivided 80% beneficial interest in a certain concession granted by the Republic of Columbia for the search for and production of oil and/or gas, covering approximately 37,319 acres (known as Floresanto II) located in the Sinu River Valley of Columbia, South America, now held in the name of Amkirk. The funds obtained by this offering will be employed by Service Company to exercise its right to acquire the 80% interest from Amkirk and to conduct an exploratory program on the concession which will include the drilling of two exploratory wells.

Amkirk was organized in February, 1958, and will be the operator of the concession. All its stock is owned by Ambassador Oil Corp. of Fort Worth. Its president is F. Kirk Johnson. The Service Company is a limited partnership organized in April with Exploration Management Corp., of Delaware, as General Partner and James B. Crawley as a limited partner. Charles S. Dewey, Jr., is president and Allan B. Grady is vice president and treasurer of Exploration Management; and they each own 50% of the latter's outstanding stock.

INTERMOUNTAIN PETROLEUM STOCK LISTING SUSPENDED

In a decision announced today, the Securities and Exchange Commission ordered a 60-day suspension of the listing and registration on the Salt Lake Stock Exchange of the common stock of Intermountain Petroleum, Inc., of Salt Lake City. Failure to file corrected reports with the Exchange and the Commission within the 60-day period will result in permanent withdrawal of the stock from listing and registration.

The Commission's action was based upon the company's failure to make timely filings of current (monthly) reports required by the Securities Exchange Act of 1934, as well as the inclusion in such reports of misleading statements and the omission of material facts.

Intermountain has outstanding 531,034 shares of \$1 par stock, held by 1,997 shareholders. Austin B. Smith, secretary-treasurer and controlling person, owns the largest block, about 9%. Since February 1955 the company's principal activities have consisted of the purchase and sale of oil and uranium properties and its annual reports show no income from the operation of properties. In April, 1957, the company effected a reverse split of one for ten of the outstanding common shares and changed the par value from 10¢ to \$1 per share.

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According to the Commission's decision, Intermountain on July 27, 1955, acquired certain uranium and oil leases in Wyoming from General Oil & Uranium, Inc. and Powder River Lease & Minerals Co., for which 1,400,000 shares were issued. Both selling companies were represented by one Charles Gurney. 1,200,000 shares were issued to Gurney, but were cancelled the same day and re-issued in July and August 1955 to some 90 shareholders of General Oil and Powder River. The remaining 200,000 shares were issued to Austin B. Smith Brokerage Company, of which Smith was sole proprietor, and were then transmitted to Gurney. On April 6, 1956, Intermountain issued a total of 274,500 shares to 58 shareholders of Aztec Uranium Company for 12 oil and gas leases which were owned of record by General Oil and Powder River. Gurney again represented the selling corporations and negotiated with Smith, who was the controlling person of Aztec but who did not receive any of the 274,500 shares. On May 8, 1956, Smith transferred to Intermountain 60 uranium claims for 461,538 shares. A current report for August 1955 was not filed until September 19, 1955, and reports for April and May 1956 were not filed until March 20, 1957. The delay in filing these reports violated the reporting requirements of the law, which calls for reports within 10 days after the close of a month in which there occurs an acquisition of a significant amount of assets or a significant increase in outstanding securities.

Moreover, these reports when filed contained false and misleading statements regarding the availability of exemptions from registration under the Securities Act, the recipients of stock issues, and the value of mining and oil claims. The record did not establish Intermountain's claim to an exemption with respect either to the 1,400,000-share block or the 274,500-block, the Commission ruled. There was also a failure to disclose, with respect to the issuance of the 274,500 shares for oil and gas leases acquired from General Oil and Powder River that the shares were issued directly to 58 stockholders of Aztec, which had advanced funds to the other two companies in connection with the leases.

The Commission also pointed out that the report for August 1955 stated that the "appraised value agreed upon by officials of the companies" for the leases acquired by Intermountain was \$3 per acre for the uranium property and \$5 per acre for the oil property, although there had been no geologic appraisal of the properties and no exploratory holes drilled. The report for May 1956 stated that Intermountain had acquired from Smith 60 uranium claims "valued at \$500.00 per claim." But the claims involved were unworked and unpatented claims of unknown value.

Intermountain claimed that there had been no intent to mislead or withhold information, and that the deficiencies in its reporting were the result of a lack of understanding of the requirements and the failure to consult counsel. While this did not excuse the company's failure to comply, the Commission observed that the violations "did not stem from any plan or intent to defraud investors and that the company now fully appreciates its obligations and has exhibited a willingness to file accurate information." Accordingly, the Commission gave the company 60 days from August 11th within which to file complete and accurate reports, failing which the Intermountain common would be permanently withdrawn from Exchange listing and registration.

NATIONAL STEEL FILES STOCK OPTION PLAN

National Steel Corporation, Pittsburgh, filed a registration statement (File 2-14293) with the SEC on August 11, 1958, seeking registration of 281,068 shares of its \$10 par Capital Stock, to be offered at \$50 per share to certain officers and employees of the company and its subsidiaries pursuant to a Stock Option Plan.