

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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DAYBREAK URANIUM WITHDRAWS REGISTRATION FOR STOCK OFFERING

The Securities and Exchange Commission has granted a request of Daybreak Uranium, Inc., of Opportunity, Washington, to withdraw its registration statement under the Securities Act of 1933 which proposed a public offering of stock. At the same time the Commission made public certain facts developed in an investigation of the adequacy and accuracy of the disclosures contained in said registration statement.

The registration statement, filed January 29, 1958, proposed a public offering of 630,000 common shares on behalf of the issuing company and 526,774 shares on behalf of fifteen individual stockholders, including certain of the promoters, the offering to be made "at the market." Daybreak Uranium was organized in March 1955 for the purpose of acquiring, exploring and developing mining properties, located in the Mt. Spokane, Washington, area, and the Spokane Indian Reservation for which the company had issued to the promoters 2,800,000 common share, \$3,000 in cash and \$47,000 of notes which have been paid.

The Commission's investigation related particularly to disclosures in the registration statement with respect to the grade and extent of the company's ore reserves, and the extent and results of drilling and exploratory work done on its properties. During the course of the investigation the following facts were developed: 1. At registrant's Dahl Lease ore reserves reported to have amounted to 5,000 tons in mid-1957 declined to about 100 tons a year later. Substantial exploratory drilling has failed to locate extensions of the ore bodies formerly mined except for the aforementioned 100 tons and indicates that the mined ore bodies terminate at shallow depth. Moreover, if any further mining is done at this lease it will not be by open-cut method as heretofore but instead will be by the more costly underground method; 2. At registrant's Lowley Lease, surface exploratory drilling, shaft sinking and underground lateral work failed to establish the existence of any mineable ore deposits; and 3. Registrant's mining properties were substantially idle at the time of the investigation, June 1958.

On June 3, 1958, the company advised the Commission that it wished to withdraw its registration statement. On September 2, 1958, as a part of its application for withdrawal, registrant filed an amendment to its registration statement disclosing that:

1. With respect to the Dahl Lease, indicated mineable ore reserves amount to 120 tons, and exploratory drilling indicates that ore bodies are small, discontinuous and probably precluded from downward extension;
2. With respect to the Lowley Lease, drilling, shaft and underground lateral drifting have failed to uncover any mineable ore deposits; and
3. No shipments of ore have been made from the company properties since May 1958, and the properties should be considered substantially dormant at this time.

Daybreak Uranium represents that none of the securities included in its registration statement have been offered or sold publicly.

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PAULEY PETROLEUM PROPOSES STOCK OFFERING

Pauley Petroleum Inc., Los Angeles, today filed a registration statement (File 2-14380) with the SEC seeking registration of 500,000 shares of its \$1 par Common Stock, to be offered for public sale through an underwriting group headed by William R. Staats & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company was organized under Delaware law on June 2, 1958. The prospectus indicates that in October it will acquire substantially all of the assets of the oil and gas business which for many years has been conducted by Edwin W. Pauley as an individual operator. It also will acquire all of the outstanding capital stock of Pauley Pan American Petroleum Company. In exchange for Pauley oil and gas properties the company will issue 444,063 common shares and assume indebtedness of \$7,908,351; and for the Pauley Pan American stock the company will issue to Pauley and others 983,399 common shares. The company also will acquire from Douglas Weatherston, in exchange for 7,750 shares of its stock, a 2½% interest in the compensation payable under a contract with Petroleos Mexicanos, an agency of the Government of Mexico.

The company will be engaged in the business of operating producing oil and gas properties, the exploration and development of its properties, the acquisition of interests in additional oil and gas properties and, through Pauley Pan American, the exploitation in Mexico of rights under the contract with Petroleos Mexicanos. Of the net proceeds of the stock sale, \$1,929,000 will be applied to the repayment in full of notes of the company and Pauley Pan American and \$3,031,851 to reduce to \$4,000,000 the amount of secured notes and to pay the mortgage note assumed in connection with the acquisition of the Pauley oil and gas properties. The balance of such net proceeds will be added to the general funds of the company and will be available to the company and its subsidiaries as working capital.

The prospectus lists Edwin W. Pauley as president. He holds 1,001,004 common shares, or 69.5% of the stock now outstanding.

MISSOURI POWER NOTE FINANCING CLEARED

The SEC has issued an order permitting Missouri Power & Light Company, Jefferson City, to issue \$3,150,000 of short-term notes for construction purposes and to repay \$1,475,000 of outstanding notes.

PHILADELPHIA CO. TO RENEW NOTE

Philadelphia Company has applied to the SEC for an order authorizing its issuance of a renewal promissory note in replacement of a \$2,500,000 promissory note held by Standard Gas and Electric Company; and the Commission has issued an order giving interested persons until October 10, 1958, to request a hearing thereon. The outstanding note matured September 10, 1958 and bore interest at 4½%. The renewal note bears interest at the prime interest rate (3½%) and will mature September 10, 1959.

INDIANA & MICHIGAN ELECTRIC NOTE FINANCING CLEARED

The SEC has issued an order authorizing Indiana & Michigan Electric Company, Ft. Wayne, to issue and sell unsecured promissory notes to banks in the maximum amount of \$21,000,000 outstanding at any one time. The proceeds will be used to pay part of the costs of the company's construction program which, it is estimated, will amount to \$35,300,000 during the last six months of 1958.

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TRANSCONTINENTAL GAS PIPE LINE FILES FOR STOCK OFFERING

Transcontinental Gas Pipe Line Corporation, Houston, today filed a registration statement (File 2-14381) with the SEC seeking registration of 600,000 shares of its 50¢ par Common Stock, to be offered for public sale through an underwriting group headed by White, Weld & Co. and Stone & Webster Securities Corporation. The public offering price and underwriting terms are to be supplied by amendment.

The company estimates that it will spend approximately \$118,700,000 after June 30, 1958, in completing construction work which was scheduled at that date and is expected to be completed in 1958 and 1959. It is a revolving credit agreement with six banks which permits borrowings up to \$60,000,000 until June 8, 1959; and on August 31, 1958, \$13,500,000 of notes were outstanding under such agreement. Of the new proceeds of the stock offering, \$8,000,000 is to be applied toward the prepayment of notes outstanding under said agreement, expected to aggregate \$24,500,000 at the time of the stock sale. The balance of such proceeds will be added to the general funds of the company. The proceeds of the notes were used in connection with the construction program. Additional funds necessary to carry out the program will be obtained from bank borrowings, from general funds, from the withdrawal of funds on deposit under the company's mortgage, and from the sale of additional debt or equity securities, or both.

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