

C-2

# sec news digest

LIBRARY

Issue 78-169

SEP 1 1978

August 30, 1978

## RULES AND RELATED MATTERS

## U.S. SECURITIES AND EXCHANGE COMMISSION

### DECISION ON FINANCIAL ACCOUNTING AND REPORTING REQUIREMENTS FOR OIL AND GAS PRODUCERS

At an open meeting held on August 29, the Commission approved in principle four releases setting forth requirements for financial accounting and reporting for oil and gas producing activities. These requirements reflect the following conclusions:

- (1) traditional accounting methods -- successful efforts and full cost -- fail to provide sufficient useful information on the financial position and operating results of oil and gas producers;
- (2) information supplemental to primary financial statements is required to permit assessment of the financial position and operating results of a company and to permit comparison of companies engaged in oil and gas producing activities;
- (3) development of an accounting method based on a valuation of proved oil and gas reserves would provide significant useful information, and steps should be taken to develop such a method; and
- (4) in these circumstances, requiring either successful efforts or full cost as a uniform method of accounting is unwarranted.

Accordingly, as approved in principle, the releases will indicate that the Commission has adopted rules that prescribe supplemental financial and operating data (including information on future net revenues) that apply regardless of the accounting method followed. The rules will also specify a successful efforts method of accounting that oil and gas producers may follow. Alternatively, oil and gas producers may follow a full cost method, pursuant to rules that the Commission is proposing separately for public comment. Two other releases will contain related proposals that would (1) conform the Commission's existing oil and gas disclosure requirements to the new financial statement rules and (2) require a supplemental earnings summary based on a valuation of proved oil and gas reserves. The Commission's accounting standards requirements will apply in filings with the Commission pursuant to the Federal securities laws and in the preparation of accounts by persons engaged, in whole or in part, in the production of crude oil or natural gas in the United States for purposes of filing with the Department of Energy reports of energy information that are subject to the requirements of the Energy Policy and Conservation Act of 1975.

At the meeting, Chairman Williams summarized and discussed the Commission's actions. He stated that the ultimate objective of the Commission in this proceeding is the development of a method of accounting for oil and gas producing activities that recognizes valuations of proved oil and gas reserves in the balance sheets and income statements of oil and gas producers, a method which the Commission has designated as reserve recognition accounting or "RRA." He indicated that the feasibility of RRA is not assured, however, because of the inherent imprecision of reserve valuations, and that therefore the ultimate method of reporting is not yet determinable.

The Chairman emphasized in his remarks that although the Commission's conclusions differ in this instance from those of the Financial Accounting Standards Board, they do not represent a change in the Commission's policy toward the FASB. He pointed out that the oil and gas project of the Commission has been unique in many ways, including the impact of the Energy Policy and Conservation Act of 1975. He stated that the Commission's releases will emphasize its strong support of the FASB, but will also indicate that the Commission recognizes that its relationship with the FASB must allow for occasional differing judgments on issues in view of the responsibilities and independence of each body.

The Commission expects to approve and publish the proposed releases by the beginning of September 1978. Copies of the Chairman's statement are available from the Commission's Publications Unit, 500 North Capitol Street, Washington, D. C. 20549. (202-755-1600).

---

## COMMISSION ANNOUNCEMENTS

---

### LIST OF FOREIGN ISSUERS WHICH HAVE SUBMITTED INFORMATION PURSUANT TO RULE 12g3-2 UNDER SECURITIES EXCHANGE ACT OF 1934

A release has been issued containing a list of certain foreign private issuers which are current as of July 31, 1978 in providing to the Commission information pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Rule 12g3-2(b) provides an exemption from registration under Section 12(g) of the Act for a foreign issuer which submits on a current basis material specified in the Rule to the Commission. Such required material includes that information about which investors ought reasonably to be informed with respect to the issuer and its subsidiaries and which the issuer (1) has made public pursuant to the law of the country or of its domicile or in which it is incorporated or organized, (2) has filed with a stock exchange on which its securities are traded and which was made public by such exchange and/or (3) has distributed to its security holders.

The purpose of the present release is to call to the attention of brokers, dealers and investors that some form of current information concerning the foreign issuers included on the attached list is available in the public files of the Commission. There is a total of 152 foreign issuers on the list. (Rel. 34-15104)

---

## COURT ENFORCEMENT ACTIONS

---

### GEORGE S. HAMILTON ENJOINED

The Commission announced the filing of a complaint in the U.S. District Court for the Southern District of New York on August 29 against George S. Hamilton of Los Angeles, California. The complaint alleges that Hamilton violated the antifraud provisions of the securities laws in connection with the purchase and sale of the common stock of both IPM Technology, Inc. on the Boston Stock Exchange in April 1976 and Pulte Home Corporation on the American Stock Exchange in July and September 1976.

Hamilton has consented to the entry of a Final Judgment of Permanent Injunction without admitting or denying the allegations of the complaint. (SEC v. Hamilton, USDC SDNY 78 Civ. 4043). (LR-8517)

### JAMES H. RANDALL AND SAUL P. STEINBERG ENJOINED

The Commission announced the filing of a complaint in the U.S. District Court for the Southern District of New York on August 29 against James H. Randall of Los Angeles, California and Saul P. Steinberg of New York, New York. The complaint alleges that Randall and Steinberg violated the antifraud provisions of the securities laws in connection with the purchase and sale of common stock of Pulte Home Corporation on the American Stock Exchange in July, August and September 1976.

Randall and Steinberg have consented to the entry of a Final Judgment of Permanent Injunction without admitting or denying the allegations of the complaint. (SEC v. Randall, et al., USDC SDNY 78 Civ. 4044). (LR-8518)

---

## INVESTMENT COMPANY ACT RELEASES

---

### BULLOCK TAX FREE SHARES, INC.

An order has been issued, pursuant to Section 10(f) of the Act, exempting from the provisions of Section 10(f) of the Act proposed purchases of Municipal Bonds by Bullock Tax Free Shares, Inc. (Fund) a registered, open-end diversified management investment company, in public offerings in which W. H. Morton & Co., which may be deemed to be a person of which a director of the Fund is an affiliated person, participates as a principal underwriter, subject to certain specified conditions. (Rel. IC-10381 - Aug. 29)

## SECURITIES ACT REGISTRATIONS

The following registration statements have been filed with the SEC pursuant to the Securities Act of 1933. The information noted below has been taken from the cover page and the facing sheet of the prospectus and registration statement and will appear as follows: Form; Name, address and phone number (if available) of the issuer of the security; Title and the number or face amount of the securities being offered; Name of the managing underwriter (if applicable); Whether the offering is a rights offering; and File number and date filed.

- (S-7) THE DAYTON POWER AND LIGHT COMPANY, Courthouse Plaza Southwest, Dayton, Ohio 45401 (513-224-6000) - 2,500,000 shares of common stock. Underwriter: Morgan Stanley & Co. Inc. The company is an electric and gas utility. (File 2-62460 - Aug. 29)
- (S-2) BIO-GAS OF COLORADO, INC., 818 Seventeenth St., Suite 638, Denver, Colo. 80202 (303-572-1061) - 4,000,000 shares of common stock. Underwriter: First Financial Securities, Inc., One Park Central, 1515 Arapahoe St., Suite 1585, Denver, Colo. 80202. The company is engaged in the research, development, design, manufacturing and marketing of an anaerobic digestion system. (File 2-62461 - Aug. 29)
- (S-1) ENTERPRISE ENERGY PARTNERS 1978, Cambridge, Ohio 43725 - 1,200 limited partnership interests. Agent: Prescott, Ball & Turben, 900 National City Bank Bldg., Cleveland, Ohio 44114. The partnership will engage in the business of drilling and, if warranted, completing oil and gas wells to the Clinton geological formation in the State of Ohio. (File 2-62462 - Aug. 29)
- (S-1) CHALLENGE OIL & GAS CO., 10633 Shadow Wood Dr., Houston, Tex. 77043 - \$1,500,000 convertible subordinated debentures, due 1988, 250,000 warrants to purchase capital stock (with underlying capital stock). Underwriter: First Colorado Investments & Securities, Inc., 621 17th St., Suite 1801, Denver, Colo. 80202. The company primarily provides geophysical services to the oil and gas industry. (File 2-62463 - Aug. 29)
- (S-16) INTEL CORPORATION, 3065 Bowers Ave., Santa Clara, Cal. 95051 (408-987-8080) - 4,000 shares of capital stock. (File 2-62464 - Aug. 29)
- (S-14) COMMERCE BANCSHARES, INC., 720 Main St., Kansas City, Mo. 64105 (816-234-2300) - 523,977 shares of common stock. (File 2-62470 - Aug. 29)
- (S-7) COASTAL STATES GAS PRODUCING COMPANY, Nine Greenway Plaza, Houston, Tex. 77046 (713-877-1400) - 20,323,000 shares of common stock. (File 2-62471 - Aug. 29)
- (S-14) ARCATA NATIONAL CORPORATION, 2750 Sand Hill Rd., Menlo Park, Cal. 94025 (415-854-5222) - 2,113,000 shares of cumulative convertible Series A preferred shares. (File 2-62472 - Aug. 29)
- (S-1) WORLD OF ARTS & CRAFTS, INC., 5660 South Syracuse Circle, 4th Floor - Plaza North, Englewood, Colo. 80110 - 1,000,000 shares of common stock, 100,000 common stock purchase warrants with underlying common stock. Underwriter: Blinder, Robinson & Co., Inc., 1860 Lincoln St., Denver, Colo. 80202. The company is engaged in the business of selling art, craft, and needlework items. (File 2-62473 - Aug. 29)
- (S-12's) IRVING TRUST COMPANY, One Wall St., New York, N.Y. - seeks registration of 100,000 American Depositary Receipts for each of the following issuers organized in South Africa: Elandsrand Gold Mining Company Limited (File 2-62465 - Aug. 29); Unisel Gold Mines Limited (File 2-62466 - Aug. 29); Barlow Rand Limited (File 2-62467 - Aug. 29); U.C. Investments Limited (File 2-62468 - Aug. 29); and Transvaal Consolidated Land and Exploration Company Limited (File 2-62469 - Aug. 29)

### REGISTRATIONS EFFECTIVE

Aug. 24: Castle & Cooke, Inc., 2-62270; Pauley Petroleum Inc., 2-62401.

Aug. 25: Allegheny Airlines, Inc., 2-62442; Denelcor, Inc., 2-60977; Filmways, Inc., 2-62418; Wisconsin Electric Power Co., 2-62222.

Aug. 28: Argonaut Energy Corp., 2-62179; Bobbie Brooks, Inc., 2-62283; Energy Search 1978 Development Drilling Program, 2-61054; Foremost-McKesson, Inc., 2-62146; Harper & Row Publishers, Inc., 2-61123; Kansas State Network, 2-62357; Kenai Corp., 2-62124; Minnesota Tax-Exempt Income Trust, Series 8, 2-62160; Mobil Corp., 2-62380 and 2-62381; National Rural Utilities Cooperative Finance Corp., 2-62184.

**NOTE TO DEALERS.** When applicable the 90-day period of time dealers are required to use the prospectus is noted above in parentheses after the name of the issuer. As to the other issuers, there may be no such requirement to use a prospectus, or the requirement may be for a period of only 40 days; see Section 4(3) of the Securities Act of 1933 and Rule 174 (17 CFR 230.174) thereunder.



U. S. SECURITIES AND EXCHANGE COMMISSION  
POSTAGE AND FEES PAID

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D. C. 20549  
FIRST CLASS MAIL

**NOTICE**

*Many requests for copies of documents referred to in the SEC News Digest have erroneously been directed to the Government Printing Office. Copies of such documents and of registration statements may be ordered from the Public Reference Section, Securities and Exchange Commission, Washington, D.C. 20549. The reproduction cost is 10c per page plus postage (7 days) (\$3.50 minimum); 20c per page plus postage for expedited service (4 days) (\$5.00 minimum) and 30c per page plus postage for priority service overnight (\$5.00 minimum). Cost estimates are given or request. All other reference material is available in the SEC Docket.*

*SEC NEWS DIGEST is published daily. Subscription rates: \$64.45/yr in*

*U.S. first class mail; \$80.60 elsewhere.*

*SEC DOCKET is published weekly. Subscription rates: \$43.70/yr in*

*U.S. first class mail; \$54.65 elsewhere.*

*SEC STATISTICAL BULLETIN is published monthly. Subscription rates: \$15.00/yr in*

*U.S. first class mail; \$18.75 elsewhere.*

*The News Digest, the Docket, and the Statistical Bulletin are for sale by the superintendent of Documents, Government Printing Office, Washington, D.C. 20402.*