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MATTHEW J. NEUBERT  
DIRECTOR

SECURITIES DIVISION  
1300 West Washington, Third Floor  
Phoenix, AZ 85007  
TELEPHONE: (602) 542-4242  
FAX: (602) 594-7470  
E-MAIL: accsec@ccsd.cc.state.az.us

ARIZONA CORPORATION COMMISSION

March 16, 2005

Joseph G. Krassy, Esq.  
Fulbright & Jaworski L.L.P.  
666 Fifth Avenue, 31<sup>st</sup> Floor  
New York, New York 10103-3198

RE: TEL Offshore Trust – Magnum Hunter Resources, Inc. =  
S258-NOAC=  
A.R.S. § 44-1844(A)(5)

Dear Mr. Krassy:

On the basis of the facts set forth in your letters of February 16 and 23, 2005, and in reliance upon your opinion as counsel, the Securities Division will not recommend enforcement action for violation of the Securities Act of Arizona should the transaction take place as set forth in your letters.

As this position is premised upon the facts set forth in your letters, it should not be relied on for any other set of facts or by any other person. Please also note that this position applies only to the registration requirements of the Act; the antifraud provisions of the Act continue to be applicable.

We have attached photocopies of your letters containing the facts upon which this position is based.

Very truly yours,

A handwritten signature in cursive script that reads "Matthew J. Neubert".

MATTHEW J. NEUBERT  
Director of Securities

Attachment

# FULBRIGHT & JAWORSKI L.L.P.

A REGISTERED LIMITED LIABILITY PARTNERSHIP  
666 FIFTH AVENUE, 31ST FLOOR  
NEW YORK, NEW YORK 10103-3198  
WWW.FULBRIGHT.COM

JKRASSY@FULBRIGHT.COM  
DIRECT DIAL: (212) 318-3104

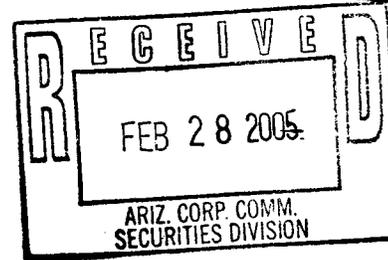
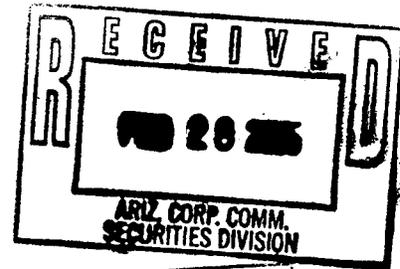
TELEPHONE: (212) 318-3000  
FACSIMILE: (212) 318-3400

February 23, 2005

Sheryl Farson, Esq.  
General Counsel  
Arizona Corporation Commission  
Securities Division  
1300 West Washington Street, Third Floor  
Phoenix, Arizona 85007

Re: TEL Offshore Trust

Dear Mr. Farson:



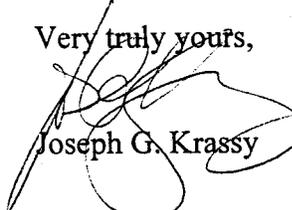
In furtherance of the ruling request under the Arizona Securities Act submitted on behalf of Magnum Hunter Resources, Inc. (the "Company"), the following is respectfully submitted under Section 44-1826 of the Act to supplement and complete such request:

1. On behalf of the Company, we hereby confirm that the proposed distribution is out of "retained earnings".
2. The no-action letter is appropriate because it is consistent with similar rulings previously issued and would serve to clarify the Commission's position.
3. There is no identifiable adverse effect on the public interest resulting from the granting of the request. The value of the interests to be distributed is included in the value of the outstanding shares evidencing ownership in the company and the distribution does not alter that economic interest.
4. On behalf of the Company, we hereby certify that, within the knowledge of the Company, the transaction described is not directly or indirectly the subject of any pending or final judicial, SRO or administrative proceeding.
5. On behalf of the Company, we hereby certify that the transaction described has not been commenced.
6. On behalf of the Company, we hereby acknowledge that the request, together with any documents or information submitted and any response from the division, is public information that may be released for publication, except as otherwise provided by law.

Sheryl Farson, Esq.  
Arizona Securities Division  
February 23, 2005  
Page 2

As requested, please find enclosed our check in the amount of \$100 to cover the balance of the requisite fee. Your attention to this matter is appreciated.

Very truly yours,



Joseph G. Krassy

Cc: Morgan F. Johnston  
Senior Vice President, General Counsel and Secretary  
Magnum Hunter Resources, Inc.  
600 East Las Colinas Blvd., Suite 1100  
Irving, Texas 75039

Andrew B. Derman  
Thompson & Knight LLP  
1700 Pacific, Suite 3300  
Dallas, TX 75201

David E. Morrison, Firm

# FULBRIGHT & JAWORSKI L.L.P.

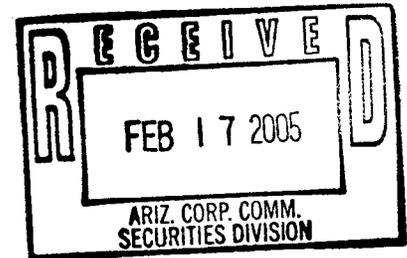
A REGISTERED LIMITED LIABILITY PARTNERSHIP  
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NEW YORK, NEW YORK 10103-3198  
WWW.FULBRIGHT.COM

JKRASSY@FULBRIGHT.COM  
DIRECT DIAL: (212) 318-3104

TELEPHONE: (212) 318-3000  
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February 16, 2005

Matthew J. Neubert, Director of Securities  
Arizona Corporation Commission  
Securities Division  
1300 West Washington Street, Third Floor  
Phoenix, Arizona 85007



Re: TEL Offshore Trust

Dear Mr. Neubert:

We are writing on behalf of Magnum Hunter Resources, Inc. (the "Company") to request confirmation of exemption under the Arizona Securities Act (the "Act") for the proposed in-kind dividend (the "TEL Dividend") to holders of its common stock of approximately 1,391,221 units of beneficial interest in TEL Offshore Trust, an oil and gas trust organized under the laws of the State of Texas (the "TEL Trust"). Stockholders are not required to pay for the TEL units or to take any other action to participate in the distribution.

The TEL Trust is subject to the reporting requirements under Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), units of beneficial interest in the TEL Trust are registered with the Securities and Exchange Commission ("SEC") under Section 12(g) of the Exchange Act, and we are informed that all filings with the SEC required thereunder are current as of the date hereof. The TEL Trust is a going concern, actually engaged in business and is not in the development stage, in bankruptcy or receivership. TEL units have been traded on the Nasdaq SmallCap Market since August 31, 2001. The TEL units to be distributed by the Company to holders of its common stock represent approximately 30% of the total number of TEL units that are currently outstanding. No commissions will be paid by the Company to its officers or employees by reason of their activities in effecting the Dividend. No supplemental filing is contemplated with the SEC to register the TEL units to be distributed on the theory that the Dividend does not constitute a "sale" under the Securities Act of 1933, as amended.<sup>1</sup>

Exemption is respectfully claimed from the securities and dealer/agent registration provisions of the Act by reason of Section 44-1844.A.5 of the Act, on the ground

<sup>1</sup> See Nationwide Cellular Service, Inc., SEC No-Action Letter, WSB File No. 082195008 (Aug. 18, 1995)(staff would not recommend enforcement action when a company distributed its 33% stake in another company to its stockholders without registration).

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Matthew J. Neubert, Director of Securities  
Arizona Securities Division  
February 16, 2005  
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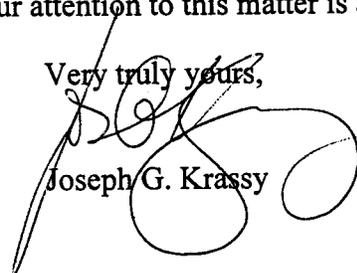
that the Distribution qualifies as a stock dividend by the Company to its stockholders, and is excluded from the definition of "sale" under Section 44-1801.21 of the Act. We understand that the Division has issued no-action letters in the past confirming the availability of the exemption provided by Section 44-1844.A.5 for transactions of this nature.<sup>2</sup>

In the alternative, it is requested that the Director issue a letter or ruling confirming that the Division will take no-action against the Company if registration is not undertaken in reliance on the exemption provided by Section 44-1844.A.18 of the Act on the ground that the distribution constitutes a nonissuer transaction in an outstanding security, where the class of security has been outstanding in the hands of the public for not less than ninety days preceding the date of the transaction and the securities are listed on an automated quotation system of a national securities association registered under the Exchange Act. We understand that the Division has issued no-action letters in the past confirming the availability of the exemption provided by Section 44-1844.A.18 for analogous transactions.<sup>3</sup>

In furtherance thereof, please find enclosed our check in the amount of \$100 to cover the requisite fee. Please acknowledge your receipt of this filing by signing or stamping the enclosed copy of this letter and returning it in the stamped, addressed envelope provided for that purpose. Please address your response to the undersigned at the above address at your earliest convenience.

Should you have any questions regarding the foregoing or require additional information, please call me at the above number. In my absence, you may contact Mr. Jeff McFall in our Dallas office at 214-855-8015. Your attention to this matter is appreciated.

Very truly yours,

  
Joseph G. Krassy

Encl:

<sup>2</sup> See, e.g., Exemption Request—distribution of common stock of wholly-owned subsidiary to shareholders in parent company, BLUE SKY LAW REP. (CCH), Arizona ¶9644 (staff permitted under A.R.S. § 44-1844(A)(5) a distribution of the stock of a subsidiary to a parent's stockholders); Exemption Request—a company dividend distribution to its shareholders constituted a "sale" under the Arizona Securities Act but the Securities Division did not recommend enforcement action for the Company's failure to register the distribution, BLUE SKY LAW REP. (CCH), Arizona ¶9696Z (based on A.R.S. § 44-1844(A)(5)); Exemption Request—dividend distribution of stock of wholly-owned subsidiary to shareholders of parent corporation, BLUE SKY LAW REP. (CCH), Arizona ¶9653.

<sup>3</sup> See, e.g., Exemption Request—distribution of common stock and warrants, BLUE SKY LAW REP. (CCH), Arizona ¶9670 (staff agreed that a non-issuer distribution of common stock would be exempt under A.R.S. § 44-1844(A)(18)).

Matthew J. Neubert, Director of Securities  
Arizona Securities Division  
February 16, 2005  
Page 3

Cc: Morgan F. Johnston  
Senior Vice President, General Counsel and Secretary  
Magnum Hunter Resources, Inc.  
600 East Las Colinas Blvd., Suite 1100  
Irving, Texas 75039

Andrew B. Derman  
Thompson & Knight LLP  
1700 Pacific, Suite 3300  
Dallas, TX 75201

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