

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

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Person To Contact:  
, ID No.

Telephone Number:

Refer Reply To:  
CC:PSI:B01  
PLR-147523-10

Date:  
April 07, 2011

LEGEND

X =

State =

Dear :

This letter responds to your letter dated November 18, 2010, submitted on behalf of X, requesting a ruling that income derived from the transportation from refineries and the transportation to refineries constitutes qualifying income within the meaning of section 7704(d)(1)(E) of the Internal Revenue Code (the Code).

**FACTS**

According to the information submitted and the representations made, X is a limited partnership organized under the laws of State. X is a publicly traded partnership within the meaning of section 7704(b). X and its affiliates are engaged in the business of storage, transportation, processing, and distribution of petroleum products, natural gas and natural gas liquids. X intends to acquire facilities that used by refineries in the process of

Additionally, personnel of X will provide onsite refinery services to its customers, consulting on the use of the \_\_\_\_\_ in the \_\_\_\_\_ process and

### **LAW AND ANALYSIS**

Section 7704(a) provides that, except as provided in § 7704(c), a publicly traded partnership (PTP) will be treated as a corporation.

Section 7704(b) provides that, for purposes of section 7704, the term "publicly traded partnership" means any partnership if (1) interests in the partnership are traded on an established securities market, or (2) interests in the partnership are readily tradable on a secondary market (or the substantial equivalent thereof).

Section 7704(c)(1) provides that section 7704(a) does not apply to any publicly traded partnership for any taxable year if such partnership met the gross income requirements of section 7704(c)(2) for the taxable year and each preceding taxable year beginning after December 31, 1987, during which the partnership (or any predecessor) was in existence.

Section 7704(c)(2) provides that a partnership meets the gross income requirements of section 7704(c)(2) for any taxable year if 90 percent or more of the gross income of the partnership for the taxable year consists of qualifying income.

Section 7704(d)(1)(E) provides that the term qualifying income means income or gains derived from the exploration, development, mining or production, processing, refining, transportation (including pipelines transporting gas, oil, or products thereof), or the marketing of any mineral or natural resource (including fertilizer, geothermal energy or timber).

### **CONCLUSION**

Based solely on the facts submitted and the representations made, we conclude that the income derived by X from the transportation \_\_\_\_\_ from refineries and the transportation \_\_\_\_\_ to refineries is qualifying income within the meaning of section 7704(d)(1)(E).

Except as expressly provided herein, we express or imply no opinion concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter. In particular, we express no opinion as to whether X meets the 90 percent gross income requirement of section 7704(c) in any taxable year.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

Pursuant to the power of attorney on file with this office, copies of this letter will be sent to X's authorized representative.

Sincerely,

David R. Haglund  
David R. Haglund  
Chief, Branch 1  
Office of the Associate Chief Counsel  
(Passthroughs & Special Industries)

Enclosures (2)  
Copy of this letter  
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