

Memorandum

515.1200

To: Fresno – Dist. Admin.

August 4, 1964

From: Tax Counsel (GAT)

We have reviewed the information which you submitted regarding the question of whether “B” is engaged in the business of selling nitrogen gas.

It appears to us that “B” is engaged in the business of testing and processing oil wells. It uses the nitrogen gas as a medium for building up pressure in the well. The gas is dispelled as it is used. Although its charges for its services are made on the basis of the number of cubic feet of nitrogen gas used, in our opinion, “B” is the consumer of the liquid nitrogen and nitrogen gas which it uses. We, therefore, concur in your conclusion that “B” is a service enterprise with respect to its use of liquid nitrogen and nitrogen gas and that it is not in the business of selling the nitrogen gas which it so uses.

GAT:o'b [1b]