

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
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LOUISIANA LAND & EXPLORATION CO

CIK: **60512** | IRS No.: **720244700** | State of Incorporation: **MD** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-00959** | Film No.: **94528122**
SIC: **1311** Crude petroleum & natural gas

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

(Mark One)

X QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended MARCH 31, 1994

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period fromto.....

Commission file number 1-959

THE LOUISIANA LAND AND EXPLORATION COMPANY
Exact name of registrant as specified in its charter

MARYLAND	72-0244700
State or other jurisdiction of incorporation or organization	I.R.S. Employer Identification No.
909 POYDRAS STREET, NEW ORLEANS, LA.	70112
Address of principal executive offices	Zip Code

Registrant's telephone number, including area code 504-566-6500

NO CHANGE

Former name, former address and former fiscal year, if
changed since last report

Indicate by check mark whether the registrant (1) has filed
all reports required to be filed by Section 13 or 15(d) of the
Securities Exchange Act of 1934 during the preceding 12 months (or
for such shorter period that the registrant was required to file
such reports), and (2) has been subject to such filing requirements
for the past 90 days. Yes X . No .

Indicate the number of shares outstanding of each of the
issuer's classes of common stock, as of the latest practicable
date.

Class	Outstanding at
CAPITAL STOCK, \$.15 PAR VALUE	May 2, 1994
	00,000,000 SHARES

(Total pages herein - 15)

THE LOUISIANA LAND AND EXPLORATION COMPANY

INDEX

PART I. FINANCIAL INFORMATION:

Item 1. Financial Statements:

(The March 31, 1994 and 1993 consolidated financial statements included in this filing on Form 10-Q have been reviewed by KPMG Peat Marwick, independent auditors, in accordance with established professional standards and procedures for such a review. The report of KPMG Peat Marwick commenting upon their review is included herein.)

Consolidated Balance Sheets - March 31, 1994 and December 31, 1993.....	3
Consolidated Statements of Earnings - three months ended March 31, 1994 and 1993.....	4
Consolidated Statements of Cash Flows - three months ended March 31, 1994 and 1993.....	5
Notes to Consolidated Financial Statements.....	6-8
Independent Auditors' Report.....	9
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.....	10-11
Petroleum Segment Information.....	12
Operating Data.....	13-14

Part II. OTHER INFORMATION:

Item 6. Exhibits and Reports on Form 8-K.....	15
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<TABLE>

Part I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

THE LOUISIANA LAND AND EXPLORATION COMPANY

CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

<CAPTION>

(Millions of dollars)

ASSETS	March 31, 1994	December 31, 1993
<S>	<C>	<C>
CURRENT ASSETS:		
Cash, including cash equivalents (March 31, 1994-\$16.7; December 31, 1993-\$15.5)	\$ 00.0	33.3
Accounts and notes receivable, principally trade		109.7

Income taxes receivable		5.2
Inventories		26.8
Prepaid expenses		12.7
Deferred income taxes		2.6
TOTAL CURRENT ASSETS		190.3
Investments in affiliates		23.5
Property, plant and equipment		2,946.5
Less accumulated depletion, depreciation and amortization		(1,385.5)
NET PROPERTY, PLANT AND EQUIPMENT		1,561.0
Deferred income taxes		-
Other assets		63.9
	\$ 0,000.0	1,838.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	000.0	170.9
Income taxes payable		3.8
Deferred income taxes		-
TOTAL CURRENT LIABILITIES		174.7
Deferred income taxes		151.2
Long-term debt		734.5
Other liabilities		178.5
STOCKHOLDERS' EQUITY:		
Capital stock		5.7
Additional paid-in capital		82.9
Retained earnings		684.4
		773.0
Loans to ESOP		(8.8)
Cost of capital stock in treasury		(164.4)
TOTAL STOCKHOLDERS' EQUITY		599.8
	\$ 0,000.0	1,838.7

See accompanying notes to consolidated financial statements.

</TABLE>

<TABLE>

THE LOUISIANA LAND AND EXPLORATION COMPANY

CONSOLIDATED STATEMENTS OF EARNINGS
(UNAUDITED)

(Millions, except per share data)

<CAPTION>

	Three months ended March 31,	
	1994	1993
<S>	<C>	<C>
REVENUES:		
Oil and gas	\$103.8	82.6

Refined products	96.7	101.2
Gain on sale of oil and gas properties	4.7	-
Other	1.5	3.1
	206.7	186.9
COSTS AND EXPENSES:		
Lease operating and facility expenses	31.8	27.0
Refinery cost of sales and operating expenses	94.5	99.9
Dry holes and exploratory charges	9.3	8.4
Depletion, depreciation and amortization	49.3	25.5
Taxes, other than on earnings	6.7	6.6
General, administrative and other expenses	10.1	9.7
Interest and debt expenses	6.1	4.8
Reversal of litigation accrual	(10.0)	-
	197.8	181.9
Earnings before income taxes	8.9	5.0
Income tax expense	2.7	2.3
Earnings before cumulative effect of changes in accounting principles	6.2	2.7
Cumulative effect on years prior to 1993 of changes in accounting principles	-	.2
NET EARNINGS	\$ 6.2	2.9
Earnings per share before cumulative effect of changes in accounting principles	0.19	0.09
Cumulative effect on years prior to 1993 of changes in accounting principles	-	0.01
EARNINGS PER SHARE	\$ 0.19	0.10
AVERAGE SHARES	33.3	28.5
CASH DIVIDENDS PER SHARE	\$ 0.25	0.25

See accompanying notes to consolidated financial statements.
</TABLE>

<TABLE>

THE LOUISIANA LAND AND EXPLORATION COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(Millions of dollars)

<CAPTION>

	Three months ended March 31,	
	1994	1993
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$ 6.2	2.9
Adjustments to reconcile to cash flows from operations:		

Gain on sale of oil and gas properties	(4.7)	-
Changes in accounting principles	-	(.2)
Depletion, depreciation and amortization	49.3	25.5
Deferred income taxes	(3.5)	.2
Dry holes and impairment charges	4.8	5.0
Other	(2.3)	3.5
	49.8	36.9
Changes in operating assets and liabilities:		
Net (increase) decrease in receivables	17.2	(2.2)
Net decrease in inventories	1.1	3.0
Net (increase) decrease in prepaid items	(4.3)	2.2
Net decrease in payables	(21.5)	(15.8)
Other	(2.4)	.3
NET CASH FLOWS FROM OPERATING ACTIVITIES	39.9	24.4
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(51.4)	(44.7)
Proceeds from asset sale	10.0	1.1
Other	(14.5)	(37.4)
Net cash flows from investing activities	(55.9)	(81.0)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Additions to long-term debt	126.0	36.5
Repayments of long-term debt	(134.3)	(.7)
Advances against cash surrender value	34.4	-
Dividends	(8.3)	(7.1)
Repayment of loans to ESOP	.7	.7
Purchase of treasury stock	-	(1.5)
Other	(4.9)	(.1)
NET CASH FLOWS FROM FINANCING ACTIVITIES	13.6	27.8
DECREASE IN CASH AND CASH EQUIVALENTS	\$ (2.4)	(28.8)

See accompanying notes to consolidated financial statements.

</TABLE>

THE LOUISIANA LAND AND EXPLORATION COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. In the opinion of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the financial position as of March 31, 1994, and the results of operations and cash flows for the three-month periods ended March 31, 1994 and 1993. Certain amounts have been reclassified to conform with the current period's presentation.
2. On September 28, 1993, the Company completed the acquisition of all of the issued and outstanding common stock of NERCO Oil & Gas, Inc. ("NERCO") for a cash purchase price of approximately \$354 million. The cost of the acquisition was allocated under the purchase method of accounting based on the fair value of the assets acquired and liabilities assumed.

The results of NERCO's operations were consolidated with the Company's effective October 1, 1993. Pro forma combined results of operations of the Company and NERCO, including appropriate purchase accounting adjustments for the period ending March 31, 1993 as though the acquisition had taken place on January 1, 1993, follows:

<TABLE>
<CAPTION>

(Millions, except
per share data)
Three months ended
March 31, 1993

<S>	<C>
Revenues	\$222.0
Earnings before cumulative effect of changes in accounting principle	1.6
Cumulative effect on years prior to 1993 of changes in accounting principles	0.2
Net earnings	\$ 1.8
Earnings per share	\$ 0.05

</TABLE>

3. The Company adopted SFAS No. 106 - "Employers' Accounting for Postretirement Benefits Other Than Pensions", effective January 1, 1993. Upon adoption, the Company recorded a transition liability of \$20.5 million as a one-time non-cash charge against earnings (\$13.5 million after income taxes; \$0.47 per share) in the first quarter of 1993.
4. The Company adopted SFAS No. 109 - "Accounting for Income Taxes", effective January 1, 1993. Upon adoption, the Company recorded a non-cash credit to earnings of \$13.7 million (\$0.48 per share) in the first quarter of 1993, which represented the recognition of deferred tax assets existing at December 31, 1992.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. For the three months ended March 31, 1994 and 1993, interest costs incurred were \$11.9 million and \$8.8 million, respectively, of which \$5.8 million and \$4.0 million, respectively, were capitalized as part of the cost of property, plant and equipment.
6. Earnings (loss) per share are calculated on the weighted average number of share outstanding during each period for capital stock and, when dilutive, capital stock equivalents, which assumes exercise of stock options.
7. In accordance with Regulation S-X, Rule 3-09, the audited consolidated financial statements of the Company's 50%-owned affiliate, MaraLou Netherlands Partnership (MaraLou) and its wholly-owned consolidated subsidiary, CLAM Petroleum Company (CLAM), were filed with the Company's Annual Report on Form 10-K for the year ended December 31, 1993.

Accordingly, the following unaudited summarized consolidated income statement information for MaraLou and its consolidated subsidiary, CLAM, for the three-month periods ended March 31, 1994 and 1993 are presented in accordance with Regulation S-X, Rule 10-01(b).

<TABLE>
<CAPTION>

(Unaudited)
 Three months ended
 March 31,
 1994 1993

<S>	<C>	<C>
Gross revenues	\$ 00.0	19.6
Operating profit		12.1
Earnings before cumulative effect of change in accounting principle		3.1
Cumulative effect on years prior to 1993 of change in accounting principle for income taxes		(6.0)
Net earnings (loss)		(2.9)

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. As explained in Note 15 of "Notes to Consolidated Financial Statements" in the Company's 1993 Annual Report to Shareholders, the State of Louisiana had asserted claims against the Company in its capacity as sublessor to Texaco of certain State leases, based upon Texaco's alleged royalty miscalculations. In February 1994, a settlement was agreed to by all parties under which the Company made a \$5 million cash payment and agreed to a reduction of an immaterial amount of future payments to the Company by Texaco related to the Company's 8-1/3% net profits interest (for which the Company has on cost basis) on a limited number of the Company's Louisiana properties. The amounts provided in the financial statements for this litigation exceeded the cash payment required by \$10 million, which was reversed during the first quarter of 1994.

As also explained in Note 15, the Company has been notified by the U.S. Environmental Protection Agency that it is one of many Potentially Responsible Parties at three National Priorities List sites. In the opinion of Management, the ultimate liability with respect to these matters will not have a material adverse effect on the results of operations, cash flow or financial position of the Company.

The Company is subject to other legal proceedings, claims and liabilities which arise in the ordinary course of its business. In the opinion of Management, the amount of ultimate liability with respect to these actions will not have a material adverse effect on results of operations, cash flow or financial position of the Company.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
 The Louisiana Land and Exploration Company:

We have reviewed the consolidated balance sheet of The Louisiana Land and Exploration Company and subsidiaries as of March 31, 1994, and the related consolidated statements of earnings and cash flows for the three-month periods ended March 31, 1994 and 1993. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of The Louisiana Land and Exploration Company and subsidiaries as of December 31, 1993, and the related consolidated statements of earnings (loss), stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 9, 1994, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 1993, is fairly presented, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

KPMG PEAT MARWICK

New Orleans, Louisiana
May 6, 1994

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

REVIEW OF OPERATIONS

Pretax earnings of almost \$9 million in the first quarter of 1994 benefitted from higher gross revenues and a \$10 million pretax gain related to the reversal of a previously established provision for the settlement of the Texaco litigation. Pretax earnings for the comparable 1993 quarter were \$5 million. Gross revenues were up nearly \$20 million due to higher oil and gas revenues, a \$5 million pretax gain on the sale of oil and gas properties and a \$3 million increase in equity in earnings of the Company's 50%-owned affiliate, CLAM Petroleum Company. CLAM's improvement in earnings was primarily attributable to the \$6 million nonrecurring charge (\$3 million net to the Company) in the prior year quarter for the cumulative effect of the change in accounting for income taxes. This increase in revenues was partially offset by higher costs and expenses and lower refining and marketing revenues.

OIL AND GAS OPERATIONS

Revenues from the Company's oil and gas operations were up \$21 million from the first quarter of 1993. Natural gas revenues were up \$28 million as a result of higher domestic deliveries (\$20 million) and prices (\$8 million). Liquids revenues, however, were down \$10 million. The effect of lower worldwide crude oil prices (\$16 million) more than offset increased crude oil volumes (\$9 million) in the first quarter of 1994.

Natural gas deliveries were up almost 106 million cubic feet per day from the first quarter of 1993 primarily due to higher domestic deliveries (111 MMCFD). The improvement in domestic natural gas deliveries was due to the late - 1993 acquisition of NERCO and new domestic wells coming onstream. These increases were partially offset by the effects of natural declines at mature producing properties, and the sale of domestic and Canadian oil and gas properties since the 1993 quarter.

Crude oil volumes were 5200 barrels per day (BPD) higher than first quarter 1993 volumes. While domestic and North Sea operations were up 4100 BPD and 4000 BPD, respectively, other foreign operations were down 2900 BPD. The increase in domestic volumes was primarily due to the acquisition of NERCO, the purchase of additional working interests in producing properties and new wells coming onstream. North Sea volumes were up due to the T-Block acquisition and new wells onstream at Brae Field. These production increases at domestic and North Sea properties were partially offset by natural declines at mature producing properties. Volumes from other foreign operations were down primarily due to the sale of certain Canadian oil and gas properties in late 1993.

Costs and expenses increased during the first quarter of 1994. Lease operating and facility expenses (LOE) were higher due to additional operating costs for properties acquired since the first quarter of 1993, new wells coming onstream, and higher operating costs on older properties. Lower workover costs partially offset the higher LOE. Depletion, depreciation and amortization (DD&A) was up due to DD&A on properties and

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS. (CONTINUED)

working interests acquired in 1993. Dry holes and exploratory charges increased due to the write-off of unsuccessful exploratory wells and higher seismic costs incurred. Interest and debt expenses increased due to the increased debt level. An increase in interest capitalized on qualifying projects partially offset the higher interest expense.

REFINING AND MARKETING OPERATIONS

Refining operations resulted in a \$1 million pretax operating profit for the first quarter of 1994, which was up from the \$.5 million operating loss reported in the comparable 1993 quarter. The favorable impact of higher sales volumes (\$15 million) and lower crude oil feedstock costs (\$4 million) more than offset lower revenues due to declining product prices (\$17 million).

LIQUIDITY AND CAPITAL RESOURCES

In the first quarter of 1994, the Company generated approximately \$40 million in cash from operations. However, cash and equivalents were reduced \$2 million primarily as the result of expenditures for capital projects (\$51 million), net reductions of long-term debt (\$8 million) and dividends paid (\$8 million). The Company's cash position was supplemented with advances against cash surrender values of life insurance policies (\$34 million), the proceeds from assets sales (\$10 million) and commercial paper borrowings (\$16 million).

As explained in Note 8 of "Notes to Consolidated Financial Statements" in the Company's 1993 Annual Report to Shareholders, the Company completed the early retirement of the \$133.5 million, 8.92% Term Loan (discounted to yield 10.7%) due July 1994 utilizing the Revolving Credit Facility in

January 1994.

NOTE: The accompanying consolidated financial statements and notes thereto included in Item 1. of this Form 10-Q and the petroleum segment information and operating data following this Item 2. are an integral part of this discussion and analysis and should be read in conjunction herewith.

<TABLE>

THE LOUISIANA LAND AND EXPLORATION COMPANY

PETROLEUM SEGMENT INFORMATION

(Millions of dollars)

<CAPTION>

	Three months ended March 31,	
	1994	1993
<S>	<C>	<C>
Sales to unaffiliated customers:		
Domestic	\$187.3	162.2
North Sea	12.9	10.4
Other foreign	5.0	11.2
	205.2	183.8
Interest and other income	1.5	3.1
Total revenues	\$206.7	186.9
Earnings (loss) before income taxes:		
Operating profit (loss):		
Domestic	19.9	18.0
North Sea	(1.2)	.3
Other foreign	(3.2)	.1
	15.5	18.4
Other income (expense), net	(6.6)	(13.4)
Earnings (loss) before income taxes	\$ 8.9	5.0
Capital expenditures:		
Exploration:		
Domestic	10.6	6.3
North Sea	.4	.8
Other foreign	4.5	5.1
	15.5	12.2
Development:		
Domestic	17.6	6.9
North Sea	3.5	17.2
Other foreign	2.0	.3
	23.1	24.4
Refining and marketing	2.8	36.6
		3.4

Capitalized interest	41.4	40.0
Other	5.8	4.0
	1.2	.7
	\$ 48.4	44.7

</TABLE>

<TABLE>

THE LOUISIANA LAND AND EXPLORATION COMPANY

OPERATING DATA

<CAPTION>

	Three months ended March 31,	
	1994	1993
<S>	<C>	<C>
OIL AND GAS OPERATIONS ¹		
CRUDE AND CONDENSATE ²		
Production (thousands of barrels per day):		
Domestic	24.2	20.1
North Sea	10.4	6.4
Other foreign	4.4	7.3
	39.0	33.8
Average price received (per barrel):		
Domestic	\$13.90	18.95
North Sea	13.49	17.38
Other foreign	10.97	15.71
Consolidated	13.46	17.95
PLANT PRODUCTS		
Production (thousands of barrels per day):		
Domestic	2.3	2.2
North Sea	.3	.4
	2.6	2.6
Average price received (per barrel):		
Domestic	\$ 8.87	11.81
North Sea	11.02	13.17
Consolidated	9.10	12.00
NATURAL GAS		
Production (millions of cubic feet per day):		
Domestic	243.4	132.5
North Sea	.2	.2
Other foreign	3.3	7.2
CLAM Petroleum Company	43.2	44.5
	290.1	184.4
Average price received (per MCF):		
Domestic	\$ 2.38	2.01
North Sea	1.69	1.43
Other foreign	2.02	1.23
CLAM Petroleum Company	2.11	2.40
Consolidated	2.33	2.07

1 Includes the Company's 50% equity interest in its unconsolidated affiliate, CLAM

Petroleum Company.
 2 Before the elimination of intercompany transfers.
 </TABLE>

<TABLE>

THE LOUISIANA LAND AND EXPLORATION COMPANY

OPERATING DATA (CONTINUED)

<CAPTION>

(Million of dollars)	Three months ended March 31,	
	1994	1993
<S>	<C>	<C>
REFINING OPERATIONS		
Refining Operating Profit (Loss):		
Revenues:		
Refined products*	\$102.5	104.9
Other	.5	.5
	103.0	105.4
Cost and expenses:		
Cost of sales*	91.1	95.5
Operating expenses	9.2	8.1
Depreciation	.8	1.3
Taxes, other than income	.8	1.0
	101.9	105.9
	\$ 1.1	(.5)
*Before the elimination of intercompany transfers to the Company's refinery	\$ 5.8	3.7
Sales (thousands of barrels per day)	59.8	52.3
Average price received (per barrel)	\$19.04	22.27
GROSS WELLS DRILLED		
Working Interest		
Exploratory:		
Oil	1	6
Gas	5	2
Dry	4	6
	10	14
Development:		
Oil	1	1
Gas	1	1
Dry	-	-
	2	2
Total working interest	12	16
Royalty Interest	6	8
Total wells	18	24

NET WELLS DRILLED

Exploratory:

Oil	.5	2.6
Gas	3.0	1.2
Dry	2.1	3.7
	<hr/>	
	5.6	7.5

Development:

Oil	.3	.3
Gas	.2	.2
Dry	-	-
	<hr/>	
	.5	.5

Total net wells	<hr/>	
	6.1	8.0

</TABLE>

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits:

NONE

(b) Reports on Form 8-K:

NONE

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE LOUISIANA LAND AND EXPLORATION COMPANY
(REGISTRANT)

By:

JERRY D. CARLISLE
VICE PRESIDENT AND CONTROLLER
(PRINCIPAL ACCOUNTING OFFICER)

Dated: May 13, 1994

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits:

NONE

(b) Reports on Form 8-K:

NONE

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE LOUISIANA LAND AND EXPLORATION COMPANY
(REGISTRANT)

By: /s/ Jerry D. Carlisle

JERRY D. CARLISLE
VICE PRESIDENT AND CONTROLLER
(PRINCIPAL ACCOUNTING OFFICER)

Dated: May 13, 1994