March 16, 1998

Charles C. Price

Wright, Lindsey & Jennings LLP

200 West Capitol Avenue

Suite 2200

Little Rock, AR 72201

Re: Cooper Cameron Corporation

No. 98-004

Dear Mr. Price;

The Arkansas Securities Department ("Department") acknowledges receipt of your letter dated March 12, 1998, with respect to the proposed issuance of two notes ("Notes") by Cooper Cameron Corporation ("Cooper") to a commercial bank which will act as agent on behalf of the shareholders of Orbit Valve International, Inc. ("Orbit"). In your letter, you request that the Department concur in your interpretation of the Arkansas Securities Act ("Act") that the issuance of the notes by Cooper is not the sale of a security and that the staff of the Department recommend to the Commissioner that no enforcement action be taken in regard to the issuance of the notes. A brief summary of the facts surrounding this transaction, as more fully described in your letter, is set forth below.

Cooper is acquiring all of the issued and outstanding shares of Orbit from approximately sixty current shareholders of Orbit. The transaction will be an all cash purchase from the existing shareholders, but will involve the issuance of two Notes pursuant to the Stock Purchase Agreement ("Agreement"). The Notes are payable to a bank and each bears interest at the rate of six percent per annum. The terms of the Notes are fixed, and the Notes are not convertible into any equitable securities nor do they carry any voting rights or management rights under any circumstances. The purpose of the Notes is to serve as a means of resolving disputes over funds paid pursuant to the representations and warranties provisions of a contract without resorting to litigation.

The Act defines "security" to include any note [see Ark. Code Ann. § 23-42-102(15)(A)(i)]. State and federal courts applying the Act have narrowed this definition from all notes to certain types of notes. In Grand Prairie Savings & Loan Assn. v. Worthen Bank & Trust Company, N.A., 298 Ark. 542 (1989), the Arkansas Supreme Court determined that the definition of what constitutes a security depends upon the analysis of all factors in any given transaction and, where the parties are banks engaged in isolated commercial transactions, they should not need the protection afforded by the Act. The court held that this type of commercial transaction was never intended to be covered by the Act. In First Financial Federal Savings & Loan Assn. v. E.F. Hutton Mortgage Corp., 834 F.2d 685, (8th Cir. 1987), the court found that the transaction was an ordinary commercial transaction and not an investment. Based upon these cases, it appears that the notes, when issued in a commercial transaction with a financial institution and pursuant to the terms of a negotiated contract, are not securities as that term is defined in the Act.

Based upon the representations and opinions expressed in your letter, the staff will recommend that the Commissioner take no enforcement action against Cooper if the transaction described takes place without prior registration of the notes with the Department. Please note that the position of this

Department is based solely upon the representations made in your letter and applies only to this transaction. Different facts or circumstances might, and often would, require a different response. The position expressed deals only with anticipated enforcement action by the Department and does not purport to be a legal opinion.

Sincerely,

Ann McDougal
Assistant Commissioner