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ARIZONA CORPORATION COMMISSION

JAMES MATTHEWS
EXECUTIVE SECRETARY

SECURITIES DIVISION
Office: (602) 542-4242
FAX: (602) 542-3583

August 25, 1993

Mr. James V. Grevelle
15303 Dallas Parkway
Suite 700, LB 17
Dallas, TX 75248

RE: Aztec Energy Corporation
A.R.S. §44-1844(A)(5)
~~A.R.S. §44-1844(A)(18)~~
A.A.C. R14-4-101

Dear Mr. Grevelle:

On the basis of the facts set forth your letters of August 2, 1993 and August 24, 1993, 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 letter and as qualified immediately below.

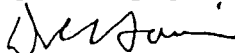
In your letters you argue in the alternative regarding the three above-listed exemptions. The Division does not concur with your analysis regarding A.R.S. §44-1844(A)(5). However, the Division does believe that the Aztec Common Stock, but not the Aztec Warrants, qualifies for exemption under A.R.S. §44-1844(A)(18). It is our view, that upon the distribution of the Aztec Common Stock, the Aztec Warrants may then be distributed to the existing shareholders pursuant to a notice filing under A.A.C. R14-4-101.

As this position is premised upon the facts set forth in your letter, 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 anti-fraud and other provisions of the Act continue to be applicable.

Mr. James V. Grevelle
August 25, 1993
Page 2

We have attached a photocopy of your letter. By doing this we are able to avoid having to recite or summarize the facts set forth therein.

Very truly yours,



DEE RIDDELL HARRIS
Director of Securities

DRH:pgg

Attachment

JAMES V. GREVELLE, P.C.

15303 Dallas Parkway

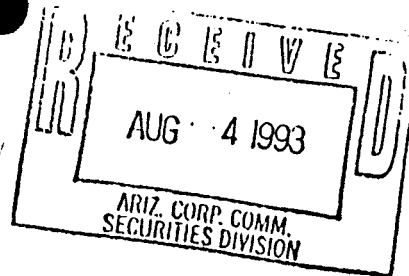
Suite 700, LB 17

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August 2, 1993

Certified Mail - Return Receipt

Requested No. P 168 847 197

Arizona Corporation Commission

Securities Division

1300 West Washington Street

Third Floor

Phoenix, AZ 85007

RE: Request for No-Action Letter for Dividend by American International Petroleum Corporation of Securities of Aztec Energy Corporation

Gentlemen:

On behalf of my client, Aztec Energy Corporation, a Utah corporation ("Aztec"), this letter is a request for a no-action letter to the effect that certain transactions described herein are exempt from both securities and dealer registration under §§44-1841 and 44-1842 of the Arizona Revised Statutes.

A check in the amount of \$200.00 in payment of the filing fee for processing this request is enclosed.

The relevant facts are as follows:

On July 15, 1993, American International Petroleum Corporation, a Nevada corporation ("AIPC"), distributed in permissible states (not including Arizona) certain securities of Aztec to AIPC's shareholders as a dividend. These securities were received free of charge by the AIPC shareholders. Nothing was given by the AIPC shareholders for these securities.

The securities distributed to the AIPC shareholders were Common Stock and Warrants of Aztec. Both of these securities have been registered under the Securities Act of 1933, by Aztec on Form SB-2, SEC File No. 33-48251, declared effective April 2, 1993. I refer to the Common Stock and Warrants of Aztec to be distributed to the AIPC shareholders collectively as the "Aztec Securities."

The Prospectus covering the Aztec Securities is dated April 2, 1993, as supplemented by a Supplement dated June 2, 1993 (the "Prospectus"). A copy of same is attached to this letter.

AIPC acquired Series E Preferred Stock of Aztec from Aztec on October 22, 1992, but effective as of September 30, 1992, in exchange for stock of certain subsidiaries of AIPC (the "AIPC Subsidiaries"). This transaction is described in the Prospectus on pages 14-17 under "Acquisition of the AIPC Subsidiaries."

As indicated in the Supplement, the Series E Preferred Stock was converted on July 1, 1993. The underlying Aztec Securities were issued and AIPC distributed them in permissible states (not including Arizona) on July 15, 1993. As a result, the Aztec Securities are now held by the shareholders of AIPC to the extent permissible under state securities laws. The dividend of the Aztec Securities to the AIPC shareholders is described on such pages 14-17 of the Prospectus and also on pages 19 and 20 of the Prospectus under "Plan of Distribution of Series E Preferred Stock."

The Aztec Securities consist of an aggregate of 1,250,822 shares of Aztec Common Stock and 625,411 Warrants to purchase Aztec Common Stock at \$2.00 per share until September 30, 1993. A holder of one share of AIPC Common Stock is entitled to receive 0.01740137 shares of Aztec Common Stock and 0.008700685 Warrants. These securities have been distributed only in permitted states and have not been distributed in Arizona. A copy of the Warrant is attached to this letter.

AIPC advises that it has 15 shareholders of record in Arizona, and they hold an aggregate of 238,270 shares of AIPC Common Stock. Therefore, the Arizona shareholders of AIPC are eligible to receive 4,147 shares of Aztec Common Stock and 2,074 Warrants.

Aztec's Common Stock closed recently on the NASDAQ Small Cap Market at approximately \$2.50 per share. On this basis, the Arizona shareholders of AIPC will receive securities having a value of approximately \$11,404.50 (consisting of \$10,367.50 in Common Stock and \$1,037.00 in Warrants [valuing them at \$0.50 each, the amount by which they are "in the money"]).

AIPC has been a NASDAQ-NMS company for several years. Aztec has been a NASDAQ Small Cap Market company since April 1993. A Form 8-K filed by AIPC for an event occurring on October 22, 1992, containing unaudited consolidated financial statements of AIPC is attached to this letter.

Aztec was published in Moody's OTC Industrial News Report on May 18, and a copy of same is attached to this letter. In addition, Aztec has been published in Moody's OTC Industrial

Manual, which was published last Friday, July 30, 1993. Aztec has told me that Aztec was previously placed in Moody's on-line electronic data base for subscribers to this manual in May.

Based on the above facts, we respectfully request that the Commission take a "no action" or interpretive position with regard to Aztec and AIPC in connection with the dividend of the Aztec Securities to the AIPC shareholders and any subsequent exercise of the warrants by such persons. This request is based on the following reasons:

1. The dividend of the Aztec Securities is exempt from the provisions of §§44-1841 and 44-1842, by virtue of the provisions of §44-1844(A)(5). This exemption covers "the distribution by a corporation of capital stock or other securities to its stockholders or other security holders as a stock dividend or other distribution out of retained earnings." In this case, AIPC is distributing capital stock (the Aztec Common Stock) or other securities (the Warrants to purchase Aztec Common Stock) to its shareholders (the AIPC shareholders) as a stock dividend

As indicated from the enclosed consolidated financial statements of AIPC (in the attached Form 8-K), AIPC has no retained earnings. The dividend of the Aztec Securities has been and will be made from AIPC's "additional paid-in capital" account, and, in our view, §44-1844(A)(5) exempts a dividend paid out of such account. The language of subsection (A)(5) is written in the alternative. It exempts "...a stock dividend or other distribution out of retained earnings." Therefore, a stock dividend need not be made out of retained earnings because the "out of retained earnings" requirement applies to a distribution other than a stock dividend.

Many state corporation statutes permit dividends to be paid from capital surplus, additional paid-in surplus or any kind of surplus, and many dividends, including stock dividends, are paid from such accounts. In our view, §44-1844(A)(5) exempts a stock dividend paid out of such an account.

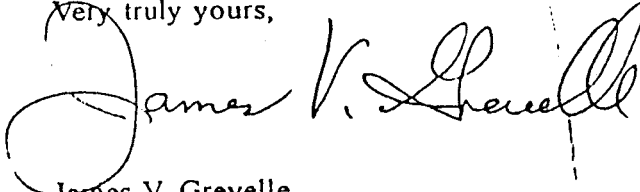
2. In the alternative, the dividend of the Aztec Securities is exempt from the provisions of §§44-1841 and 44-1842, by virtue of the provisions of §44-1844(A)(18). The dividend is a non-issuer transaction since it is a transfer of Aztec Securities by AIPC to the AIPC shareholders. The Aztec Common Stock included in the Aztec Securities has been outstanding in the hands of the public for more than 90 days preceding the date of the dividend, and the Warrants are a derivative of such Common Stock and, for this purpose, are the functional equivalent of such Common Stock. Both of the Aztec Securities are listed on the NASDAQ Small Cap Market and are therefore listed on an automated quotation system of a national securities association registered under the Securities Exchange Act of 1934.

3. The exemption under §R14-4-101 is available for the issuance of Aztec Common Stock upon the exercise of the Aztec Warrants, assuming Aztec makes the filing or filings required by §14-4-101 in a timely and sufficient manner. This is based on the following:

- (a) Each Warrant holder will be an existing security holder of Aztec by virtue of holding the Warrant. In addition, each AIPC shareholder who continues to hold Aztec Common Stock at the time of the exercise of the Warrant will also be an existing security holder of Aztec by virtue of such stock ownership.
- (b) The aggregate amount of the offering of the Aztec Common Stock to be made within or from Arizona upon exercise of the Warrants will not exceed \$500,000.
- (c) No commission or other remuneration of any kind shall be paid directly or indirectly by Aztec or AIPC to any person in connection with the exercise of the Aztec Warrants.
- (d) Aztec will file the verified statement required by the rule at least 10 days before the dividend of the Warrants to the AIPC shareholders of record who are Arizona residents.
- (e) Aztec will file Forms U-2 and U-2A.

Based on the foregoing, the exemption under §R14-4-101 should be available for the issuance of Aztec Common Stock upon the exercise of Aztec Warrants, if the filing or filings required by the rule are made in a timely and sufficient manner.

If you would like any additional information or clarification please feel free to call me or write me at the above address.

Very truly yours,

James V. Grevelle

Enclosures

cc: Mr. Eugene A. Soltero

JAMES V. GREVELLE, P.C.

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August 24, 1993

VIA FAX: (602) 542-3583

Arizona Corporation Commission

Securities Division

1300 West Washington Street, Third Floor

Phoenix, Arizona 85007

Attention: Ms. Pamela Georgeors

Re: Request for No-Action Letter for Dividend by
American International Petroleum Corporation ("AIPC") of
Securities of Aztec Energy Corporation ("Aztec")

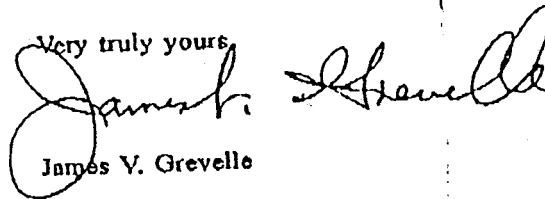
Gentlemen:

This is the supplemental information you requested concerning the August 2 request by Aztec Energy Corporation for a no-action or interpretative letter.

1. Aztec has confirmed to me that the Warrants have been trading on the NASDAQ Small Cap Market under the symbol AZCEW since July 21.
2. The spin-off is being made pursuant to a Registration Statement on Form SB-2 under the Securities Act of 1933, SEC File No. 33-48251, declared effective on April 2, 1993.
3. An aggregate of 1,471,555 shares of Series B Preferred Stock was issued to AIPC in connection with the acquisition of the AIPC Subsidiaries. These shares were converted into the 1,250,822 shares of Aztec Common Stock and 625,411 Aztec Warrants being distributed by AIPC to its shareholders as a dividend.

Thank you for your attention to this matter.

Very truly yours,



James V. Grevelle