authorized I&M and Blackhawk to enter into transactions to implement a settlement agreement, executed on January 9, 1985 by AEP, its associate companies and the staff of the Federal Energy Regulatory Commission ("FERC") ("Settlement Agreement"), concerning certain coal mining properties located in Carbon County, Utah, including coal reserves located west of the Price River, together with existing surface facilities located east of the Price River for processing, handling and shipping coal ("Western Reserves"). The Settlement Agreement was intended to dispose of all issues remaining to be resolved in an investigation by FERC of the coal procurement and pricing policies of AEP and its associate companies.

By subsequent order dated May 1. 1986 (HCAR No. 24080), the Commission authorized Blackhawk to transfer its coal mining operations with respect to the Western Reserves to Castle Gate Coal Company ("Castle Gate") and Meadowlark, Utah, Inc. ("Meadowlark"), subsidiaries of AMAX, Inc. ("AMAX"). This transfer was accomplished by means of a set of transactions involving leases, subleases, conveyances and assignments with respect to the various surface interests, fee coal, coal preparation facilities, federal and state leases, structures, equipment, permits and water rights associated with the Western Reserves.

Subsequent to May 30, 1986, Castle Gate merged into its affiliate, Amax Coal Company ("Amax Coal"); Meadowlark changed its name to Amax Land Company ("Amax Land"); and AMAX merged into Cyprus Amax Minerals Company ("CyprusAmax").

Blackhawk, Amax Land and Amax Coal now propose to amend the Lease Transaction Agreement to provide for the exercise by Amax Land and Amax Coal of the purchase options for four of the leases entered into pursuant to this authority prior to the end of the initial terms of the leases. The four leases will be terminated, Amax Land and/or Amax Coal will take title to all of the properties and/or equipment being leased under the four leases. In lieu of the obligation to make the remaining quarterly lease payments, as partial consideration for the purchase, Amax Land and Amax Coal will execute promissory notes in the same amounts and at the same dates as the remaining lease payments under the four leases. The notes will be guaranteed by Cyprus-Amax. Payment of the consideration for the purchase of the properties will be in the form of \$5,700,000 in cash at closing and four promissory notes, totalling approximately \$31.4 million. The

promissory notes will be secured initially by a mortgage and security interest in the properties transferred.

For the Commission, by the Division of Investment Management, pursuant to delegated authority. Margaret H. McFarland, *Deputy Secretary.* [FR Doc. 95–29918 Filed 12–7–95; 8:45 am] BILLING CODE 8010–01–M

[Rel. No. IC-21563; 811-6432]

## Smith Breeden Institutional Short Duration U.S. Government Fund; Notice of Application

December 1, 1995. AGENCY: Securities and Exchange

Commission ("SEC").

**ACTION:** Notice of application for deregistration under the Investment Company Act of 1940 (the "Act").

**APPLICANT:** Smith Breeden Institutional Short Duration U.S. Government Fund. **RELEVANT ACT SECTION:** Order requested under section 8(f).

**FILING DATES:** The application was filed on August 22, 1995 and amended on November 2, 1995.

**SUMMARY OF APPLICATION:** Applicant requests an order declaring that it has ceased to be an investment company.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on December 26, 1995, and should be accompanied by proof of service on applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street NW., Washington, D.C. 20549. Applicant, 100 Europa Drive, Suite 200, Chapel Hill, North Carolina, 27514.

FOR FURTHER INFORMATION CONTACT: David W. Grim, Law Clerk, at (202) 942– 0571, or Robert A. Robertson, Branch Chief, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

**SUPPLEMENTARY INFORMATION:** The following is a summary of the application. The complete application

may be obtained for a fee at the SEC's Public Reference Branch.

## Applicant's Representations

1. Applicant is a registered open-end management investment company organized as a business trust under the laws of the Commonwealth of Massachusetts. On October 8, 1991, applicant filed a Notification of Registration on Form N–8A pursuant to section 8(a) of the Act and a registration statement on Form N–1A under section 8(b) of the Act and under the Securities Act of 1933. The registration statement became effective on February 24, 1992, and the initial public offering commenced on February 25, 1992.

2. On March 1, 1995, applicant's Board of Trustees (the "Board") unanimously determined through a consent action that the continuation of applicant was no longer in the best interest of applicant or its shareholders. The Board determined that applicant's shareholders would be better served by a liquidation of applicant's assets. Applicant is the master fund in a master-feeder arrangement. The masterfeeder arrangement was chosen initially to allow flexibility in distribution. The structure allowed applicant to be sold to institutional investors while the Smith Breeden Short Duration U.S. Government Series (the "Short Series"), the feeder fund, was sold to retail investors. This two-tier structure created redundancies in expenses. As a result, the Board concluded that the masterfeeder structure was no longer the most economically viable alternative over the long term. The Board consented to a plan of liquidation whereby the assets of applicant would be distributed in cash or in-kind to applicant's shareholders in complete liquidation of applicant. Shareholder approval of the liquidation was not required under the terms of applicant's declaration of trust, and thus no shareholder authorization was obtained in connection with the liquidation. Applicant did notify shareholders of the plan of liquidation in the form of a letter signed by a majority of the Board and sent to the shareholders March 15, 1995.

3. On March 31, 1995, immediately prior to the liquidation, applicant had a total of 22,190,030 shares of beneficial interest outstanding. At such time, applicant's net asset value was \$221,304,914.56 in the aggregate and \$9.97 per share.

4. On March 31, 1995, applicant liquidated all of its assets. Applicant transferred cash in the amount of \$2,905,338.41 to its minority shareholders, who held 291,315.48 shares immediately prior to the