

1 Arnold L. Kupetz, a member of
2 **SULMEYER, KUPETZ, BAUMANN & ROTHMAN**
3 A Professional Corporation
4 300 South Grand Avenue, 14th Floor
5 Los Angeles, California 90071
6 (213) 626-2311

FILED
JAN - 8 1990
CLERK U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
BY Deputy Clerk

7 Attorneys for Cordova Corporation
8 (Formerly Armour Oil Company)

ENTERED
JAN 10 1990
CLERK U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
BY Deputy Clerk

LODGED
JAN 3 - 1990
CLERK U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
BY Deputy Clerk

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

9 In re

) Case No. LA 84-20720-JD
) Chapter 11

12
13 ARMOUR OIL COMPANY, a
14 California corporation

) **ORDER APPROVING TRANSFER**
) **AGREEMENT AND CLOSING CASE;**
) **FINAL DECREE**

) DATE: January 2, 1990
) TIME: 1:30 p.m.
) PLACE: Courtroom "C"
) United States Courthouse
) 8th Floor
) 312 N. Spring Street
) Los Angeles, CA 90012

15
16
17
18 Debtor.)

19
20
21 The court, having reviewed the motion for an Order
22 Approving Transfer Agreement and an Order Closing Case and the
23 declaration in support thereof, good cause appearing therefore, it
24 is hereby

25
26 ORDERED that the Transfer Agreement is approved and the
27 case is closed pursuant to the following Final Decree.
28

FINAL DECREE

1
2 The estate of the above-named debtor has been fully
3 administered. All deposits required by the Plan have been
4 distributed.

5
6 IT IS ORDERED THAT:

7
8 The chapter 11 case of the above named debtor is
9 closed.

10 DATED: JAN - 8 1990

Arthur M. Greenwald
11 ARTHUR M. GREENWALD
12 UNITED STATES BANKRUPTCY JUDGE
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

AGREEMENT

This AGREEMENT ("Agreement") is made and effective this 15 day of October, 1989, by and among Union Bank, formerly known as California First Bank, a California banking corporation, as agent (as more particularly described below) (the "Bank"), Cordova Corporation, a California corporation ("Cordova"), (formerly known as Armour Oil Company, San Diego Armour Oil Company, Hampton-Armour Oil Inc., and Norfolk Armour Oil Inc.), 3500 Corporation, a Washington corporation ("3500"), and Balboa Associates, a Washington limited partnership ("Balboa"), with reference to the following facts:

R E C I T A L S

- A. On or about October 19, 1984, Armour Oil Company, a California corporation ("Armour Oil"), commenced a voluntary Chapter 11 proceeding under Title 11 of the United States Code in the U.S. Bankruptcy Court for the Central District of California (the "Bankruptcy Court"), Case No. LA-84-20720-JD.
- B. On or about January 14, 1986, the Second Amended Joint Plan of Reorganization dated December 3, 1985 (the "Plan"), prepared in connection with the consolidated bankruptcy proceedings, was confirmed, as modified, by an order of the Bankruptcy Court.
- C. On or about January 14, 1986 and in accordance with the provisions of the Debtors' Second Amended Joint Disclosure Statement, Armour Oil, as the reorganized debtor, changed its name to Cordova Corporation. The Plan provided, among other

things, that Cordova was to make certain installment payments in order to distribute cash to its creditors, pursuant to the Plan.

D. Pursuant to the terms of the Plan, the Bank was appointed and agreed to serve as the agent for the benefit of holders of Class 1 Administration Expenses, Class 3 Priority Tax Claims, Class 7 Guaranty Claims, Class 8 Dischargeability Claims, and Class 9 Non-Priority Unsecured Claims under the Plan. The Bank as such agent is hereinafter sometimes referred to as "Secured Party."

E. In connection with and pursuant to the terms of the Plan, and in order to secure Cordova's obligations thereunder, Cordova and Secured Party entered into that certain Security Agreement dated as of January 31, 1986, (the "Security Agreement"). Under the terms of the Security Agreement, Cordova granted Secured Party a security interest in all personal property of Cordova as described therein. In addition, on or about January 31, 1986, Cordova executed a number of deeds of trust pursuant to which Cordova granted to Secured Party a security interest in all real property owned by Cordova.

F. In April, 1988, nearing the end of the Plan and after \$12.5 million had been generated from asset sales and distributed to creditors pursuant to the Plan, Cordova informed Secured Party that it would not be able to make the cash installment payment due June 10, 1988, of \$2,000,000 in full, on the basis that the liquidation effort was being hindered by

difficulties attracting all-cash purchasers of Cordova's remaining real property and by underground pollution liability concerns associated with such property sales. Secured Party, by letter dated July 13, 1988 (the "Notice of Default"), notified Cordova that Cordova was in default under the Security Agreement and that, pursuant to the terms of the Security Agreement, all Obligations (as such term is defined in the Security Agreement) were declared immediately due and payable.

G. The defaults, as described in the Notice of Default, have not been cured by Cordova nor have such defaults been waived by Secured Party. Under the terms of the Security Agreement, upon the occurrence of an event of default, Secured Party may, at its election, immediately take a number of specified actions to exercise all rights and remedies provided in the Plan, the Security Agreement, and other documents and instruments executed in connection with the Plan.

H. Cordova has requested that Secured Party refrain from enforcement of its rights and remedies based on such event of default and notified Secured Party that, in consideration therefor, Cordova would enter into certain transactions as described in Paragraph I herein and enter into this Agreement in order to resolve all of its remaining obligations pursuant to the Plan.

I. Cordova has entered into the following transactions (the "Cordova Transactions") as of December 30, 1988, with the

express understanding that Secured Party's consent to the Cordova Transactions would be contingent upon the execution of this Agreement.

1. Sale of Estudillo Street Property. Pursuant to that certain Grant Deed dated December 30, 1988, (the "Grant Deed"), Cordova has transferred all of its title to and interest in that certain real property situated at 3500-3540 Estudillo Street, in the County of San Diego, State of California, as more particularly described in the Grant Deed, and all improvements thereon (the "Property") to 3500, a Washington corporation, in which O.B. Armour, who ~~along with his spouse are~~^{is} the sole shareholder~~s~~ of Cordova, is the sole shareholder. As consideration therefor, 3500 has executed a Secured Promissory Note in favor of Cordova in the amount of One Hundred Forty-Seven Thousand Four Hundred Dollars (\$147,400) (the "Secured Note"), a copy of which is attached hereto as Exhibit "A". The obligations of 3500 under the Secured Note are secured by the Property pursuant to that certain Deed of Trust dated December 30, 1988, executed by 3500, in which Cordova is named as beneficiary (the "Deed of Trust"), a copy of which is attached hereto as Exhibit "B".

2. Transfer of Leasehold Interests and Option to Acquire Partnership Interests. Pursuant to that certain Assignment of Leases dated as of December 30, 1988 (the "Assignment"), entered into by and between Cordova and Balboa, a

Washington limited partnership in which 3500 is the sole limited partner and West Pacific Marketing Corporation, a Washington corporation ("West Pacific"), is the sole general partner (Henry O. Armour, the son of O. B. Armour, is the sole shareholder of West Pacific), Cordova has transferred to Balboa Cordova's interest as lessee under those Leases described more particularly in the Assignment of Leases and in Schedule "A" attached hereto (the "Leasehold Interests"). Pursuant to that certain Option to Acquire Partnership Interests dated December 30, 1988 (the "Option"), entered into by and between Cordova and Balboa, Cordova has granted to Balboa the right to acquire at any time in the future Cordova's fifty percent (50%) interest as sole general partner of that certain California limited partnership known as Gas-N-Save of Davis ("Gas-N-Save"), which partnership has a leasehold interest in that certain real property located at 504 First Street, in Davis, California (the "Partnership Interest"). As consideration for transfer of the Leasehold Interests and the granting of the Option to acquire the Partnership Interest (collectively, the "Interests"), Balboa has executed that certain Promissory Note in favor of Cordova in the amount of Two Hundred Sixty Thousand One Hundred Dollars (\$260,100) (the "Note"), a copy of which is attached hereto as Exhibit "C". The obligations of Balboa under the Note are guaranteed pursuant to that Guaranty dated as of December 31, 1988 executed by 3500 as guarantor (the "Guaranty"), a copy of

which is attached hereto as Exhibit "D". The obligations of 3500 under the Guaranty are secured by the Property pursuant to the Deed of Trust.

J. Cordova wishes to assign its rights to the Secured Party under the Secured Note and the Note (collectively, the "Notes"), the Deed of Trust and the Guaranty, any other rights of Cordova in connection with the Cordova Transactions, and certain other interests, rights and assets of Cordova as set forth more particularly herein, all of which are presently subject to the security interest of the Secured Party.

K. Secured Party wishes to accept such assignment, in lieu of foreclosure, approve of and consent to the consummation of the Cordova Transactions and release its prior security interest in the Property and the Interests granted by Cordova pursuant to the Security Agreement.

L. The parties desire, subject to the approval of the Bankruptcy Court, to provide for a comprehensive settlement of all remaining obligations of the Debtors pursuant to the Plan and all remaining issues between them.

NOW, THEREFORE, in consideration of the mutual terms, covenants and conditions herein and for valuable consideration, receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions and Interpretations. For the purposes of this Agreement:

1.1 The definitions set forth in the Recitals to this Agreement are hereby incorporated herein.

1.2 All schedules and exhibits to this Agreement, either as originally existing or as the same may from time to time be supplemented, modified or amended in writing, are hereby incorporated herein by this reference.

1.3 Any reference to this Agreement or any other document shall include such document both as originally executed and as it may from time to time be supplemented, modified, or amended in writing. Any reference in this Agreement to a Section of this Agreement or exhibit attached hereto shall be construed as a reference to the specified Section or exhibit in this document unless a different document is named.

1.4 The term "document" is used in its broadest sense and encompasses agreements, certificates, opinions, consents, instruments, and other written material of every kind. The terms "including" and "include" shall mean "including, without limitation" and "include, without limitation," respectively.

1.5 The term "Closing Costs" shall mean and be limited to only (a) a real estate brokerage commission not to exceed an amount which is customary for similar transactions in San Diego, California, (b) the costs of a C.L.T.A. title insurance policy, (c) the Documentary Transfer Tax, and (d)

escrow fees in an amount not greater than is customary for similar transactions in San Diego, California.

1.6 The provisions of this Section 1 shall not apply in any instance where a different meaning, construction, or reference is clearly intended.

2. Consent to the Cordova Transactions.

2.1 Consent to Sale of the Property. Secured Party hereby consents to the sale of the Property by Cordova to 3500, and approves of the terms of such sale as described in the Secured Note. In connection therewith, Secured Party also hereby consents to the granting of a security interest in the Property to Cordova pursuant to the Deed of Trust, which security interest is acknowledged and agreed to be junior in priority to Secured Party's security interest in the Property under the Security Agreement.

2.2 Consent to Assignment of Interests and Option. Secured Party hereby consents to the assignment of the Leasehold Interests and the granting of the Option by Cordova to Balboa and approves of the terms of such assignments as set forth in the Note. In connection therewith, Secured Party also consents to the granting of a security interest in the Property to Cordova pursuant to the Guaranty, which Guaranty is secured by the Deed of Trust, which security interest is acknowledged and agreed to be junior in priority to Secured Party's security interest in the Property under the Security Agreement.

2.3 Effectiveness of Consent. Notwithstanding any other provision of this Agreement, the parties hereto agree that all consents and approvals in this Section 2 are expressly conditioned upon, and shall become effective only as of, among other things, the consummation of the transactions described in Sections 4 and 5 of this Agreement, the execution, delivery and satisfaction of all conditions to the effectiveness of this Agreement, and the execution and delivery of all of such documents as are described herein.

3. Release of Security Interests. Secured Party hereby agrees to release its security interests in (i) the Property, (ii) the Leasehold Interests (as described more particularly in Schedule "A") and (iii) the Partnership Interest, which security interests were granted by Cordova pursuant to the Security Agreement, and to execute and deliver all instruments reasonably requested to evidence such release. Notwithstanding any other provision of this Agreement to the contrary, the parties agree that the release of such security interests in this Section 3 is expressly conditioned upon, and shall become effective only as of, the consummation of the transactions described in Sections 4 and 5 of this Agreement, the execution, delivery and satisfaction of all conditions to the effectiveness of this Agreement and the execution and delivery of all of such documents as are described herein.

4. Assignment of Notes by Cordova. Concurrent with the execution of this Agreement, Cordova shall execute and deliver to Secured Party an Assignment of Notes, Deed of Trust and Guaranty in the form of Exhibit "E" attached hereto (the "Assignment of Notes"), pursuant to which Cordova assigns to Secured Party all of its rights in connection with the Cordova Transactions, including, without limitation, all rights of Cordova under the Secured Note, the Note, the Deed of Trust and the Guaranty. Cordova acknowledges and agrees that its execution of the Assignment of Notes is a material inducement to the execution of this Agreement by Secured Party.

5. Assignment of Receivables of Cordova.

5.1 Assignment. The parties acknowledge and agree that Cordova has assigned to Secured Party all of its right, title and interest in and to all of the accounts receivable, notes receivable and insurance claims of Cordova, including, without limitation, its insurance claims with respect to the costs of resolving underground soil contamination at the real property formerly owned by Cordova in Pleasanton, California, as set forth on Schedule "B" attached hereto (collectively, the "Receivables.") Cordova acknowledges and agrees that assignment of the Receivables is a material inducement to the execution of this Agreement by Secured Party.

5.2 Representations and Warranties of Cordova. In connection with the assignment of receivables pursuant to this Section 5, Cordova hereby represents and warrants that:

(1) Cordova holds full right, title and interest in and to the accounts receivable and the notes receivable set forth in Schedule "B," and to the best of its knowledge such accounts receivable and notes receivable are valid, collectible, and due at the amounts set forth on Schedule "B" and are not subject to any waivers, settlements, compromises, releases, offsets or defenses, and no other person has, or may acquire, any right, title, claim or lien on, in or to the accounts receivable or the notes receivable except as otherwise expressly permitted in this Section 5 or in the Assignment of Receivables described herein.

(2) Cordova holds full right, title and interest in and to the insurance claims set forth in Schedule "B," and to all proceeds that may be received therefrom, the insurance claim and any proceeds obtained therefrom are not subject to any offsets or defenses, and no other person has, or may acquire, any right, title, claim or lien on, in or to the insurance claim or proceeds obtained therefrom except as otherwise expressly permitted in this Section 5 or the Assignment of Receivables described herein.

5.3 Cooperation in Collection and Enforcement.

Cordova agrees to fully cooperate with Secured Party in all respects as may be requested by Secured Party from time to time in the collection and enforcement by Secured Party of the Receivables.

5.4 Right to Endorse Checks. Secured Party shall have the right and authority to endorse, without recourse, the

name of Cordova on any check or evidence of indebtedness received by Secured Party on account of any accounts receivable or other items assigned to Secured Party hereunder, or, at Secured Party's option, Cordova shall provide such endorsement upon Secured Party's request.

5.5 Books and Records. From time to time after the date hereof, Cordova shall retain and make available to Secured Party upon Secured Party's request, books and records and other data relating to the Receivables.

6. Certain Matters Regarding the Property.

6.1 Assignment of Sale Proceeds. In the event that at any time during the period from the date of this Agreement to and including December 30, 1996, the Property is sold, conveyed, assigned, gifted or otherwise transferred, whether voluntarily or involuntarily, and the greater of the consideration for the transfer (net of Closing Costs, as defined in Section 1.5 hereof) or the fair market value of the Property (net of Closing Costs) at the time of the transfer exceeds the sum of (i) Five Hundred Fifty Thousand Dollars (\$550,000) and (ii) any, actual bona fide, capital improvement expenditures which are required to be capitalized as a cost of the Property under generally accepted accounting principles and which are made to the Property on or after December 30, 1988 and prior to said transfer of the Property, as established to the reasonable satisfaction of Secured Party (it being the express intent of the parties that such expenditures shall not include any supervisory, management or overhead expenditures); then, in that

event, 3500 covenants and agrees that Secured Party shall be paid fifty percent (50%) of the amount by which the greater of the consideration for the transfer (net of Closing Costs) or the fair market value of the Property (net of Closing Costs) at the time of the transfer exceeds said sum, prior to and as an express condition precedent to the transfer of the Property. Contemporaneously with such transfer, regardless of the consideration received for such transfer, so long as the transfer has fully complied with this Section 6.1 with respect to the assignment of the sale proceeds, Secured Party shall immediately release any and all right, title and interest in the Property. The payment to Secured Parties specified in this Section 6.1 shall not apply to a transfer to a related person or entity, so long as such transfer is motivated solely by estate planning purposes, nor to any transfer by operation of law, death or bequeathal, so long as it is an expressed condition of such transfer that the related entity takes title to the Property subject to this Section 6.1. In addition, any subsequent transfer by such a related entity to a non-related entity shall be subject to the foregoing provisions regarding payment to the Secured Party contained in this Section 6.1 until December 30, 1996.

6.2 Additional Deed of Trust. As an express condition to the effectiveness of this Agreement, 3500 covenants and agrees to grant a Secured Party an additional security interest in the Property to secure the obligations of 3500 pursuant to Section 6.1 hereunder, in the form of the Deed of

Trust attached as Exhibit "F" hereto (the "Additional Deed of Trust"), and to execute and deliver the Additional Deed of Trust contemporaneously with the execution of this Agreement.

6.3 Inspection of Books and Records. Secured Party shall have the right, following reasonable notice to 3500, to inspect such books and records of 3500 as reasonably necessary or appropriate in determining the amount of funds to be paid to Secured Party pursuant to Section 6.1 hereof.

6.4 Pending Transfer. 3500 hereby covenants and agrees that it shall not transfer the Property without full compliance with all of the requirements of this Section 6 of the Agreement. 3500 hereby further covenants and agrees that 3500 shall provide to Secured Party prompt notice of any pending transfer of the Property.

6.5 Determination of Fair Market Value of the Property. Upon receipt of the notice provided for in Section 6.5 hereof, which notice shall indicate the terms and conditions of the pending transfer, including without limitation the consideration for said transfer, Secured Party shall appoint a qualified M.A.I. appraiser to determine the fair market value of the Property; provided, however, that Secured Party may, in its own sole discretion, waive the requirement for a determination of the fair market value of the Property, in which event, the amount to be paid to Secured Party pursuant to Section 6.1 hereof shall be determined in accordance with the formula set forth in Section 6.1 hereof based entirely upon the consideration to be paid for the transfer of the Property (net

of Closing Costs). The total costs of such appraisal shall be paid by Secured Party. If Secured Party elects to obtain an appraisal, Secured Party must notify 3500 of its intention to obtain such an appraisal within ten (10) days of its receipt of the notice provided for in Section 6.4 hereof. In the event that Secured Party fails to provide 3500 with such notice within the specified period, the fair market value of the Property at the time of transfer shall be the consideration for the transfer (net of Closing Costs). In the event that 3500 disagrees with the results of such appraisal conducted on behalf of Secured Party, 3500 shall have the right to appoint its own qualified M.A.I. appraiser within ten (10) days of receiving the appraisal conducted on behalf of Secured Party (which appraisal Secured Party shall promptly provide to 3500), and 3500 shall pay the costs of such a second appraisal. If the lower of the two resulting determinations of fair market value of the Property is less than 90% of the higher determination, each appraiser shall appoint a third appraiser, whose determination of the fair market value of the Property shall be final; otherwise, the fair market value of the Property for purposes of Section 6.1 hereof shall be the mean between the two fair market values originally determined. Secured Party and 3500 shall each pay one-half of the fees and expenses of the third appraiser jointly named in the event such third appraiser is required. Each party shall bear its own expenses in presenting evidence to the two appraisers. In determining the fair market value of the Property, each appraiser appointed pursuant to this Section 6.5

shall consider all opinions and relevant evidence submitted to him or her by the parties, or otherwise obtained by him or her, and shall set forth his or her respective determinations in writing together with his or her opinions and the considerations on which the opinions are based, with a signed counterpart to be delivered to each party, within 30 days of commencing appraisal.

7. Indemnification. Cordova agrees to indemnify, defend and hold Secured Party harmless from and against any claims, losses, liabilities, damages or expenses of whatever nature, including without limitation, attorneys' fees, suffered or incurred by Secured Party as a result of any claims against Cordova whenever arising, including without limitation, any claims by the International Brotherhood of Teamsters or any other labor organization, or any costs and expenses (including reasonable attorneys' fees) incurred by Secured Party in connection with any demand, action, suit, proceeding, assessment or judgment incident to any of the foregoing. Although Secured Party is under no obligation to first pay any such amounts, Cordova agrees to reimburse Secured Party for any amounts actually paid by Secured Party on account of such obligations, losses, liabilities, damages and expenses within thirty (30) calendar days of Secured Party's written request (which request shall include reasonable supporting documentation) for such reimbursement.

8. General Conditions and Miscellaneous. The parties further agree as follows:

8.1 Purpose of Agreement. This Agreement is made for the purpose of defining and setting forth certain obligations, rights, and duties of the parties hereto in connection with the matters addressed herein. This Agreement is made for the sole protection of the parties hereto and their successors and assigns and to clarify certain relationships among the same.

8.2 Time of the Essence. Time is of the essence in this Agreement and in each and every provision hereof.

8.3 Waiver. The waiver by Secured Party of any default or breach hereunder shall not be deemed, nor shall the same constitute, a waiver of any subsequent default or breach. No waiver of any party's obligations under this Agreement, or consent to any departure therefrom, shall be effective unless in writing, signed by the parties hereto, and then only in the specific instance and for the specific purpose given.

8.4 Successors and Assigns. Prior to December 31, 1986, neither this Agreement nor any rights or interests therein may be assigned by Cordova, 3500 or Balboa, as the case may be, without the prior written consent of Secured Party, which consent shall not be unreasonably withheld. Subject to the immediately preceding sentence, this Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, heirs, executors and personal representatives.

8.5 Attorneys' Fees. In the event any action is brought by any party to this Agreement for enforcement of this Agreement or any document executed at any time in connection herewith, or any matter related thereto, the prevailing party shall be entitled to reasonable costs and expenses, including the reasonable fees and out-of-pocket expenses of any legal counsel, independent public accountant, or other outside expert retained by such prevailing party.

8.6 Counterparts. This Agreement may be executed in any number of counterparts, and any party hereto or thereto may execute any counterpart, each of which, when executed and delivered, shall be deemed to be an original, but all of which counterparts taken together shall constitute one and the same instrument. The execution of this Agreement by any party hereto will not become effective until one or more counterparts shall have been executed by all other parties hereto.

8.7 Entire Agreement. This Agreement constitutes the entire agreement of the parties touching upon the subject matter hereof, and supersedes any prior negotiations, understandings or agreements among the parties on the subject matter hereof.

8.8 Amendment and Modification. No amendment, modification, or supplement of any provision of this Agreement shall be effective unless in writing, signed by all of the parties hereto.

8.9 Investigation and Survival. All representations and warranties contained herein shall survive execution of this Agreement and are material and have been or will be relied upon

by the parties hereto notwithstanding any investigation made by or on behalf of any party.

8.10 Notices. All notices, requests, demands, directions, and other communications provided for hereunder (a "Notice") must be in writing and must be mailed, delivered, or telecopied to the appropriate party at its or his respective address set forth below or, as to any party, at any other address as may be designated by it in a written notice sent to the other parties in accordance with this paragraph.

Any Notice given by telecopier must be confirmed within forty-eight (48) hours by letter mailed or delivered to the appropriate party at its respective address. If any Notice is given by mail it will be effective three (3) calendar days after being deposited in the mails with first-class or airmail postage prepaid; if given by telecopier, when sent; or if given by personal delivery, when delivered.

Such Notices will be given to the following:

If to Secured Party:

William Stringham
Senior Vice President
Special Assets Department
Union Bank
445 South Figueroa Street
Los Angeles, California 90071

With a copy to:

Michael A. Yaffa, Esq.
Brobeck, Phleger & Harrison
225 Broadway, Suite 2100
San Diego, California 92101

If to Cordova:

Cordova Corporation
P.O. Box 85302
San Diego, California 92138-5302

If to 3500 Corporation:

3500 Corporation
3540 Estudillo Street
San Diego, California 92110

If to Balboa Associates:

Balboa Associates
3540 Estudillo Street
San Diego, California 92110

8.11 Further Acts. Each party hereto, at its or his sole expense, shall deliver to one another at such location as shall be mutually agreed upon in writing by the parties, such other instruments and documents as may be reasonably requested by any party to effectuate the intent of this Agreement.

8.12 Governing Law. This Agreement shall be deemed to have been made in California and shall be governed by and construed and enforced in accordance with the laws of the State of California, without regard to principles of conflicts of law.

8.13 Number and Gender. Whenever the context of this Agreement requires, the singular shall include the plural and the masculine gender shall include the feminine and/or neuter.

8.14 Independent Representation. This Agreement is the product of negotiations between the parties, each of which had the opportunity to be represented by counsel, and shall not be interpreted more strongly in favor of one party or the other

in the interpretation or enforcement hereof by virtue of the drafting of this Agreement.

8.15 Headings. Section headings in this Agreement are included for convenience of reference only, are not part of this Agreement and shall not affect in any way the meaning or interpretation of this Agreement.

8.16 Court Approval. The effectiveness of this Agreement, the transactions contemplated hereby, and all other instruments incorporated by reference herein, is contingent upon the entry of a final order or orders by the Bankruptcy Court (which order has been sustained upon appeal, or the period of time in which an appeal may be filed has expired), after notice and a hearing, which order shall authorize Cordova and Armour to execute and deliver this Agreement, shall close the Chapter 11 case of Armour Oil Company, and shall determine that its plan of reorganization has been fully completed, and which order further shall be in form and substance satisfactory to counsel for the Bank, and shall be appropriately certified by an officer of the Bankruptcy Court.

8.17 Payment of Fees. Upon the execution of this Agreement, and as an express condition of the effectiveness of this Agreement, Cordova and/or Armour, upon receipt of a bill therefor, shall promptly reimburse the fees and out-of-pocket expenses of Brobeck, Phleger & Harrison, counsel for the Bank, incurred with connection with the drafting of this Agreement and the related documents through March 31, 1989, in an amount not

to exceed \$12,955.00.

7,200.00

8.18 Balboa Equipment Lease. Balboa hereby assumes, agrees to perform and discharge when due, and releases Cordova from, any and all liability with respect to, Cordova's obligations pursuant to that certain equipment lease between Cordova and Safeline Leasing Company relating to certain motor fuel dispensing equipment presently located at 8110 Balboa Avenue, San Diego, California.

8.19 Disclosure and Access to Books. Cordova has fully disclosed and revealed the relationships, if any, between any and all purchasers and lessees, and Cordova. The Secured Party acknowledges that it has been given full access to all books and records necessary to approve this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]