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August 2, 1995

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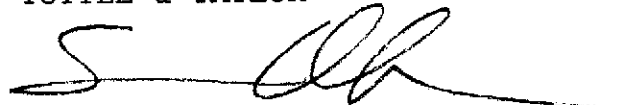
Re: Unocal Station 3771, 4191 First Street, Pleasanton

Dear Mr. Seery:

The enclosed was recently returned to us by the post office because the forwarding time for your new address had expired.

Very truly yours,

TUTTLE & TAYLOR



By
Sam S. Oh

SSO:jea
Enclosure
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June 27, 1995

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Scott O. Seery, CHMM
Senior Hazardous Materials Specialist
Department of Environmental Health
Hazardous Materials Division
80 Swan Way, Rm. 200
Oakland, California 94621

Re: Unocal Station 3771, 4191 First Street, Pleasanton

Dear Mr. Seery:

At Beth Dorris' request, I am enclosing a copy of Armour Oil's Second Amended Joint Disclosure Statement. Note that Armour claims it has insurance to pay for environmental clean-up costs for gas line leaks at its station in Davis, California. See p. 15.

Very truly yours,

TUTTLE & TAYLOR



By
Sam S. Oh

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OAKLAND, CALIFORNIA

David R. Haber, an associate of

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ORIGINAL

Debtors

Attorneys for _____

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

In re)
ARMOUR OIL COMPANY,)
Debtor.)

Chapter 11
Case Nos. LA 84-20720-JD
LA 84-22896-JD

DEBTORS' SECOND AMENDED JOINT
DISCLOSURE STATEMENT

In re)
O. ARMOUR,)
Debtor.)

DATE: December 8, 1984
TIME: 11:00 a.m.
PLACE: Courtroom "E"

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TABLE OF CONTENTS

	<u>Page</u>
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	
26	
27	
28	

I. INTRODUCTION	2
A. General Information.....	3
B. Manner of Voting and Confirmation of the Plan.....	3
1. Classes entitled to vote.....	3
2. Procedure for voting.....	3
C. Confirmation of the Plan.....	4
1. Solicitation of acceptance.....	4
2. Determining acceptance of the plan.....	4
3. Hearing on confirmation of the plan.....	5
4. Acceptance necessary to confirm the plan	5
5. Confirmation of the plan without necessary acceptance.....	5
II. HISTORY OF THE DEBTORS.....	6
A. Armour Oil Company.....	6
B. Events Leading to Armour's Chapter 11 Filing..	8
C. O. Armour	10
III. FINANCIAL STATEMENTS AND INFORMATION.....	11
A. Introduction.....	11
B. The Debtors' Assets.....	11
1. Armour.....	11
2. Armour's subsidiaries.....	12
3. O. Armour.....	15
C. Liabilities.....	16
D. Funding the Plan.....	17
1. Disposition of assets.....	17
2. Marketing strategy.....	20
a. Real property.....	20
b. Truck liquidation.....	23
c. Accounts receivable and notes receivable.....	24
d. Contingent claims/assets.....	24
E. Liquidation Analysis.....	25
F. The Reorganized Debtor.....	27
IV. RISKS	28
V. SUMMARY OF THE PLAN.....	29
CLASSIFICATION OF CLAIMS AND EQUITY SECURITY INTERESTS	31
A. Class 1	31
B. Class 2	31
C. Class 3	31
D. Class 4	31
E. Class 5	32
F. Class 6	32
G. Class 7	32
H. Class 8	32

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

	<u>Page</u>
I. Class 9	33
J. Class 10	33
TREATMENT OF UNIMPAIRED (NONVOTING) CLASSES.....	33
A. Class 1 Administrative Expenses.....	33
B. Class 2 Priority Claims.....	34
C. Class 4 Secured Claim of California First Bank	34
D. Class 5 Secured Claim of American	
Savings & Loan Association.....	35
E. Class 6 Secured Claim of Beauford H. Hall.....	35
TREATMENT OF IMPAIRED (NONVOTING) CLASS.....	36
A. Class 3 Priority Tax Claims.....	36
TREATMENT OF IMPAIRED (VOTING) CLASSES.....	36
A. Class 7 Guaranty Claims.....	37
B. Class 8 Dischargeability Claims.....	38
C. Class 9 Non-Priority Unsecured Claims.....	39
IMMEDIATE CASH PAYMENT.....	39
DEFERRED PAYMENT OPTION.....	40
D. Class 10 Allowed Interests.....	41
SOURCE OF FUNDS	42
MEANS FOR EXECUTION AND IMPLEMENTATION OF THE PLAN.....	45
A. Deposit of Funds in the Distribution Account..	45
B. Continued Operation and Sale of Property	
Interests by Reorganized Debtor.....	45
C. Retention of Share Certificates of	
Sole Authorized Class of	
Common Stock of the Company.....	48
D. Amendment of Articles of	
Incorporation of Armour.....	48
E. Transfer of the Property Interests	
of the Reorganized Debtor.....	48
F. Retention of Property of the O.	
Armour Estate by O. Armour.....	48
G. Merger of Subsidiaries.....	49
H. Execution and Delivery of Subordinations	
of Subrogation Rights.....	49
I. Disallowance of Certain Duplicative Claims....	49
J. Post-Confirmation Functions of the Creditors'	
Committee.....	50
K. Management and Ownership of the	
Reorganized Debtor.....	50
L. Executory Contracts and Leases.....	52
M. Execution and Delivery of Security Documents..	52
N. Disbursing Agent.....	55
O. Discharge	56

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

VI. RETENTION OF JURISDICTION..... 57

VII. EFFECT OF CONFIRMATION..... 59

EXHIBITS

EXHIBIT A	ARMOUR OIL COMPANY REAL PROPERTY
EXHIBIT B	ARMOUR OIL COMPANY ARMOUR OIL COMPANY PASSENGER & SERVICE VEHICLES FURNITURE, FIXTURES & EQUIPMENT ACCOUNTS RECEIVABLE COLLECTIBLE ACCOUNTS ACCOUNTS RECEIVABLE UNCOLLECTIBLE ACCOUNTS NOTES RECEIVABLE
EXHIBIT C	SAN DIEGO ARMOUR OIL COMPANY REAL PROPERTY
EXHIBIT D	LEASEHOLDS OF ARMOUR OIL COMPANY & SUBSIDIARIES SCHEDULE D-1 O. ARMOUR'S ASSETS
EXHIBIT E	ASSET VALUATION OF PROPERTIES
EXHIBIT F	PROJECTED NET CASH FLOW
EXHIBIT G	PAYMENT FUND FOR RETIREMENT OF LIABILITIES
EXHIBIT H	SUMMARY, CHAPTER 7 LIQUIDATION PROCEEDS CHAPTER 7 LIQUIDATION ALTERNATIVE
EXHIBIT I	PAYMENTS UNDER THE PLAN FROM LIQUIDATION FUND
EXHIBIT J	PRESENT VALUE OF ALTERNATIVE CASH FLOWS

I.
INTRODUCTION

A. General Information

Pursuant to § 1125 of the Bankruptcy Code, Armour Oil Company ("Armour") and O. Armour (collectively, "debtors") submit this disclosure statement to provide their creditors, interest holders and all other interested parties with adequate information to allow them to make an informed judgment about acceptability of the debtors' Second Amended Plan of Reorganization (the "plan"). A copy of the plan accompanies this disclosure statement. Please refer to the plan for treatment of claims; the provisions of the Plan are binding on all creditors and interest holders, therefore, please read the plan carefully.

NO REPRESENTATIONS AS ABOUT THE DEBTORS, PARTICULARLY ABOUT THEIR FUTURE BUSINESS OPERATIONS OR THE VALUE OF THEIR PROPERTY, ARE AUTHORIZED BY THE DEBTORS OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE ACCEPTANCE OF THE PLAN OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY ANY CREDITOR OR INTEREST HOLDER. ANY ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTORS OR TO THE UNITED STATES TRUSTEE WHO, IN TURN, SHALL DELIVER THE INFORMATION TO THE BANKRUPTCY COURT OR TAKE OTHER APPROPRIATE ACTION.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. THE RECORDS KEPT BY THE DEBTORS RELY FOR THEIR ACCURACY ON INTERNAL BOOKKEEPING. EVERY REASONABLE EFFORT HAS BEEN MADE TO PRESENT ACCURATE

///

1 FIGURES. THE RECORDS KEPT BY THE DEBTORS ARE NOT WARRANTED OR
2 REPRESENTED TO BE FREE OF ANY INACCURACY.

3 B. Manner of Voting and Confirmation of the Plan

4 1. Classes entitled to vote. The plan divides
5 the claims of creditors and interest holders into ten classes.
6 Only classes of creditors and interest holders impaired under the
7 plan are entitled to vote. Generally, and subject to the speci-
8 fic provisions of the Bankruptcy Code, this includes creditors
9 whose claims, under the plan, will be modified in terms of prin-
10 cipal, interest, length of time for payment, or a combination of
11 the above.

12 Classes of creditors who will receive payment in full on
13 or before the effective date of the plan or whose rights are un-
14 affected by the plan or who have agreed to consent to the plan
15 are Class 1, Class 2, Class 4, Class 5 and Class 6. All other
16 classes are impaired and their members are entitled to vote to
17 accept or reject the plan.

18 2. Procedure for voting. All creditors and
19 equity interest holders entitled to vote may cast their vote by
20 completing, dating and signing the ballot included with the plan
21 and mailing it to Arnold L. Kupetz, Sulmeyer, Kupetz, Baumann &
22 Rothmann, 615 South Flower Street, Suite 600, Los Angeles,
23 California 90017. In order to be counted, the completed ballot
24 must be received no later than December 30, 1985. A ballot does
25 not constitute a valid proof of claim in these bankruptcy
26 proceedings.

27 ///

28 ///

7 C. Confirmation of the Plan

2 1. Solicitation of acceptance. This disclosure
3 statement has been approved by the bankruptcy court in accordance
4 with § 1125 of the Bankruptcy Code and has been provided to each
5 creditor and interest holder whose claim has been scheduled by
6 the debtors or who has timely filed a proof of claim or proof of
7 interest with the bankruptcy court, and whose claim or interest
8 is impaired by the plan. This disclosure statement is intended
9 to assist creditors and interest holders with their evaluation of
10 the plan and their decision to accept or reject the plan. Your
11 acceptance of the plan may not be solicited unless you receive a
12 copy of this disclosure statement prior to or concurrently with
13 solicitation of acceptance of the plan.

14 2. Determining acceptance of the plan. When
15 acceptance of the plan is determined by the bankruptcy court,
16 votes of claimants and interest holders will only be counted if
17 submitted by Class 7, Class 8, Class 9 or Class 10 claimants or
18 interest holders whose claims or interests are duly scheduled by
19 the debtors as undisputed, noncontingent and liquidated, or who
20 have timely filed a proof of claim or interest with the bank-
21 ruptcy court which has been allowed as provided by 11 U.S.C § 502
22 before confirmation of the plan. If you are in any way uncertain
23 if your claim or interest has been correctly scheduled, you
24 should review the debtors' schedules and any amendments to sche-
25 dules which are on file at the clerk's office of the United
26 States Bankruptcy Court, Central District of California, Room
27 906, 312 North Spring Street, Los Angeles, California 90012.

28 ///

1 3. Hearing on confirmation of the plan. The
2 bankruptcy court has set a hearing for January 2, 1986 at 4:30
3 p.m. to determine if the plan has been accepted by the required
4 number of holders of claims or interests and if the other re-
5 quirements for confirmation of the plan outlined by the
6 Bankruptcy Code have been satisfied. Each creditor and interest
7 holder will receive, either with this disclosure statement or
8 separately, a notice of the date of the bankruptcy court's hear-
9 ing on confirmation of the plan.

10 4. Acceptance necessary to confirm the plan. At
11 the scheduled hearing on confirmation of the plan, the bankruptcy
12 court must determine, among other things, if the plan has been
13 accepted by each impaired class. Under § 1126 of the Bankruptcy
14 Code, an impaired class is deemed to have accepted the plan if at
15 least two-thirds in amount and more than one-half in number of
16 all allowed claims of class members actually voting have voted in
17 favor of the plan. Further, the bankruptcy court must also find
18 that each class member will receive at least as much under the
19 plan as he, she or it would receive if the debtors were liqui-
20 dated, as of the Effective Date of the Plan, under the provisions
21 of Chapter 7 of the Bankruptcy Code.

22 5. Confirmation of the plan without necessary
23 acceptance. The plan may be confirmed even if it is not accepted
24 by all impaired classes if the bankruptcy court finds that all
25 other requirements of confirmation under 1129(a) are met and cer-
26 tain additional conditions are met. These conditions are set
27 forth in § 1129(b) of the Bankruptcy Code and require, generally,
28 a showing that the Plan does not discriminate unfairly and that

1 claimants in a non-consenting class will receive either the full
2 value of their claims, or, if they receive less than full value,
3 no class with a junior priority will receive anything. These are
4 complex statutory provisions and this summary is not intended to
5 be a complete statement of the law. The debtors, however, may
6 choose to rely upon the provisions of § 1129(b) and seek confir-
7 mation of the plan if the plan is not accepted by an impaired
8 class or classes.

9 II.

10 HISTORY OF THE DEBTORS

11 A. Armour Oil Company

12 Armour Oil Company was formed in May, 1940 as a San
13 Diego County wholesale distributor and retailer of petroleum
14 products. Its principal activity in the 1940's and first half of
15 the 1950's was wholesale distribution of lubricants, solvents and
16 motor fuels to commercial, industrial and retail accounts.

17 Armour was incorporated in California in September,
18 1953. From the mid-1950's through the 1960's, Armour and its
19 subsidiaries experienced rapid growth, primarily in retail activ-
20 ities east of the Rocky Mountains. Approximately seventy retail
21 facilities in twenty-eight states were constructed during this
22 period. The typical facility consisted of a high-volume gasoline
23 service station located in front of a large discount department
24 store. Armour also operated the tire, battery and accessories
25 department inside the store. These retail establishments were
26 built and operated primarily by wholly-owned subsidiaries of
27 Armour. This corporate structure provided distinct operating
28 entities and, at the same time, considerable tax advantages.

1 Toward the end of the 1960's and throughout the 1970's,
2 Armour experienced rapid growth in its wholesale marketing and
3 transportation activities throughout the western United States.
4 In addition to its existing distribution center in San Diego, new
5 centers were opened to service the independent retail gasoline
6 market in eastern Washington, western Idaho, western Washington,
7 Oregon, Nevada, southern Utah, Arizona, northern and central
8 California, and the Los Angeles basin. In the early part of this
9 period, Armour was also very active under contracts to federal,
10 state and municipal government entities, supplying a wide variety
11 of petroleum products.

12 As retail market conditions became increasingly competi-
13 tive in the mid-1970's, Armour withdrew from the bulk of its re-
14 tail operations east of the Rockies. Today, two retail subsidi-
15 aries operating in Virginia are all that remain of these activi-
16 ties.

17 In the late 1970's, Armour again expanded in the retail
18 gasoline market through participation in a joint venture in which
19 San Diego Armour Oil Company, Armour's wholly-owned subsidiary,
20 was a limited partner, its partner being the operator and general
21 partner. By 1980, Armour and its subsidiaries were involved
22 either directly or through the joint venture in approximately
23 thirty retail units located in California and Nevada. Throughout
24 this entire period, Armour and its subsidiaries financed all
25 their growth through internally-generated funds and abstained
26 from any external financing.

27 Beginning in late 1983, as Armour's traditional whole-
28 sale market shrank, Armour extended its activities in the common

1 carrier transportation business in an attempt to more fully uti-
2 lize its truck fleet.

3 B. Events Leading to Armour's Chapter 11 Filing

4 In the early 1980's, the petroleum market served by in-
5 dependent refiners, distributors and retailers began a contrac-
6 tion which has since proved dramatic and severe. The long-term
7 response to the oil embargoes and shortages of the 1970's was
8 finally felt in an absolute reduction in demand for petroleum
9 products. Companies in the market attempted to maintain their
10 volumes in a shrinking industry. Competition became increasingly
11 intense. Financial difficulties were further exacerbated by de-
12 regulation of the trucking industry and the subsequent entry and
13 expansion of nonunion companies, a dramatic change in marketing
14 strategies on the part of major oil companies (principally in
15 their desire to significantly expand their branded market
16 shares), and the severe economic recession which the entire coun-
17 try experienced during this period. In 1983 and 1984, the inde-
18 pendent wholesale market, Armour's major market, experienced
19 dramatic contraction. Suppliers to the wholesale market signifi-
20 cantly shortened credit terms to the industry.

21 The principal reason why Armour filed its voluntary
22 Chapter 11 petition was its incurrence of abnormally high bad
23 debts. Most of Armour's customers were buffeted by the the dra-
24 matic changes in the market and many experienced financial fail-
25 ure and collapse. In the 1980's, and principally 1983 and 1984,
26 Armour incurred over \$6,000,000.00 in bad debt losses. Armour
27 was to some extent fortunate because it was able to acquire real
28 property through foreclosure in some of these bad debt

1 situations. Additional retail units were taken in settlement of
2 debts, including foreclosure on the general partner in the retail
3 joint venture referred to above. Nevertheless, Armour experi-
4 enced an extreme loss of working capital through outright bad
5 debts or in conversion of some receivables to fixed assets. In
6 the summer and fall of 1984, this loss in working capital, pre-
7 cipitated by Paramount Petroleum's Chapter 11 filing with a net
8 working capital loss to Armour of \$800,000.00, rendered Armour
9 illiquid. Armour voluntarily sought protection under Chapter 11
10 of the Bankruptcy Code on October 19, 1984 in order to reorganize
11 its operations.

12 Armour has completely withdrawn from the wholesale mar-
13 ket of independent petroleum products. Armour has determined
14 that the market will not be economically viable in the foresee-
15 able future. The extraordinarily intense competitive conditions
16 and extreme credit risks in the independent wholesale market were
17 principally responsible for Armour's Chapter 11 filing, so Armour
18 believes its withdrawal from the market is an extreme though
19 appropriate corrective measure.

20 Armour is still engaged in contract carrier activity out
21 of San Diego, California, Bakersfield, California and Las Vegas,
22 Nevada. Four trucks are presently domiciled in San Diego, per-
23 forming waste water hauling under contract with the City of
24 Escondido. Approximately thirteen trucks are being used to
25 transport fuel oil from Bakersfield to the Los Angeles basin,
26 principally the harbor in San Pedro. Three trucks are engaged in
27 transportation of petroleum products out of Las Vegas to points
28 in southern Nevada and northern Arizona.

1 C. O. Armour

2 O. Armour and his wife, Lalita Mills Armour, are
3 Armour's shareholders. O. Armour is also president of Armour,
4 and has been so since Armour's inception. In the course of
5 Armour's prepetition business transactions, O. Armour gave
6 personal guarantees of Armour debts to various entities,
7 including California First Bank ("California First") and Tosco
8 Corporation ("Tosco"). When Armour began to experience cash flow
9 problems, California First and Tosco sought to collect on O.
10 Armour's personal guarantees. California First claims a
11 possessory security interest in O. Armour's bond portfolio, which
12 was then in California First's possession. Tosco filed suit
13 against O. Armour in the San Diego Superior Court and sought a
14 writ of attachment against all of O. Armour's assets. Fearing
15 interference with his ownership of Armour and its affiliates, O.
16 Armour filed his voluntary Chapter 11 bankruptcy petition on
17 November 21, 1984.

18 Shortly prior to the filing of his chapter 11 petition
19 O. Armour and his wife transferred title to their home, located
20 in San Diego, from a joint tenancy as husband and wife to each
21 holding a one-half interest as their separate property. The
22 transfer was made to more accurately reflect their true intent
23 concerning ownership. Creditors have contended that the transfer
24 may constitute an avoidable transfer pursuant to 11 U.S.C. §
25 548. The debtors dispute this contention.

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III.

FINANCIAL STATEMENTS AND INFORMATION

A. Introduction

The financial information contained in this disclosure statement has not been certified by outside independent accountants. The liquidation values referred to in the debtors' statements are based upon the debtors' estimates, but creditors may wish to make their own estimates.

THE DEBTORS ARE UNABLE TO WARRANT OR REPRESENT THAT THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS WITHOUT ANY INACCURACIES, ALTHOUGH REASONABLE EFFORTS HAVE BEEN MADE BY THE DEBTORS TO PRESENT THE INFORMATION AND FINANCIAL STATEMENTS FAIRLY.

B. The Debtors' Assets

1. Armour. When it filed its petition, Armour was a fee owner of seventeen parcels of real property: seven are improved with gasoline stations. All parcels, except the office building in Salt Lake City, Utah and the gasoline station in Pleasanton, California are owned free and clear. Armour believes it has marginal equity if any in the Salt Lake City building. The Pleasanton station has a value of approximately \$400,000.00; the secured debt on the property was \$31,231.00 when Armour filed its bankruptcy petition. A list of Armour's real property fee holdings is attached as Exhibit "A" and a list of Armour's leasehold interests is attached as Exhibit "D". The present aggregate market value of all parcels of property, including Armour's leasehold interests, is approximately \$8,500,000.00.

///

1 In the process of liquidating its assets in order to
2 fund its plan, Armour has sold or has opened escrows to sell its
3 interest in the Martinez, Paramount and Bakersfield terminals,
4 the Crawford Street, Portland, Oregon and Missouri Street, San
5 Diego buildings as well as the Everett, Long Beach and 908 N.
6 Tippecanoe, San Bernardino gasoline stations. These sales have
7 generated or will generate more than \$4,000,000.00 for the bank-
8 ruptcy estates.

9 Because Armour's business involves hauling petroleum
10 products, it owns a number of trucks, tractors and trailers;
11 their aggregate value is about \$2,565,000.00. Postpetition sales
12 of this equipment had generated \$1,809,150.00 for Armour's bank-
13 ruptcy estate as of September 28, 1985. Although Armour hopes to
14 ret some of its rolling stock as a reorganized debtor, most of
15 its personal property is being liquidated for the purpose of pay-
16 ing the debtors' creditors. Like all other operating companies,
17 Armour also has outstanding accounts receivable and litigation
18 which constitute assets of its estate. An inventory of Armour's
19 personal property as of July 1, 1985 or the date Armour filed its
20 petition is indicated on the attached Exhibit "B."

21 2. Armour's subsidiaries. Three wholly-owned
22 retail subsidiaries (San Diego Armour Oil Company, Hampton Armour
23 Oil and Norfolk Armour Oil) currently own or operate approxi-
24 mately thirty-two retail outlets. These subsidiaries are not in
25 Chapter 11 proceedings. Their retail operations have histori-
26 cally been profitable and continue to be so. The operations are
27 comprised primarily of combination convenience stores and self-
28 service gasoline stations and high volume self-service gasoline

1 units. Approximately one-third of the retail units are operating
2 under major oil company brands. The subsidiaries are currently
3 negotiating with additional major oil companies in order to fur-
4 ther solidify their supply and customer bases.

5 San Diego Armour Oil Company was the fee owner of
6 sixteen gasoline stations, which, assuming an orderly liquida-
7 tion, have a present aggregate market value of about
8 \$3,735,000.00. A list of these assets is attached as Exhibit
9 "C." The Lodi station has already been sold for \$140,000.00.
10 Not only does San Diego Armour operate sixteen of its own
11 stations, it also runs Armour's retail units. Hampton Armour has
12 a value of approximately \$185,000.00; its major asset consists of
13 a leasehold interest in a service station located in Hampton,
14 Virginia. Similarly, Norfolk Armour operates a single gasoline
15 station in Portsmouth, Virginia; the value of the company is
16 approximately \$25,000.00.

17 Armour is also a member of three limited partnerships
18 involved in ownership and operation of gasoline service sta-
19 tions. The first is Gas-n-Save of Pleasanton. Armour is a
20 limited partner with a 50% interest; the general partner and
21 other owner is San Diego Armour Oil Co. The debtors estimate the
22 liquidation value of this facility to be \$400,000.00. The second
23 limited partnership is Gas-n-Save of Las Vegas. Once again,
24 Armour is the limited partner and 50% owner while San Diego
25 Armour is the general partner and owns the other one-half of the
26 station. This facility is worth about \$60,000.00. A schedule of
27 Armour's and its subsidiaries' leasehold interests is attached as
28 Exhibit "D."

1 Finally, Armour is the general partner and 50% owner of
2 a California limited partnership known as Gas-n-Save of Davis.
3 O. Armour is a limited partner and the other 50% owner. Gas-n-
4 Save's sole asset is a gasoline retail outlet located in Davis,
5 California. The station is operated by San Diego Armour Oil
6 Company.

7 The Davis station presents a number of problems for the
8 debtors. First, litigation is currently pending between Armour
9 and the lessor of the station, Amfork Investments, Inc. Sometime
10 ago, O. Armour was a member of a joint venture which operated the
11 gasoline station on the premises. The joint venture then trans-
12 ferred its interest in the leasehold to Gas-n-Save of Davis.
13 Amfork contends it never consented to assignment of the lease to
14 Gas-n-Save, and there Amfork claims the assignment was in-
15 valid and it is entitled to possession of the property.
16 Litigation of this dispute is pending in the United States
17 District Court in the Southern District of California.
18 Additionally, Amfork filed four substantial claims against Armour
19 and O. Armour in these bankruptcy proceedings. Two claims of
20 \$10,000,000.00 have been filed in each proceeding. It is
21 believed that such claims are duplicative of one another.
22 Further, the debtors dispute the validity of all the claims, but
23 realize that the claims may be allowed in the proceedings. In
24 the event that any one of these Amfork claims are allowed, the
25 Plan cannot be confirmed without a waiver by the debtors,
26 creditors committee, California First Bank, Phillips Petroleum
27 Company, and Tosco Corporation of the condition of a claims limit

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1 of \$22,000,000.00. The debtors believe these claims are resolved
2 and will present no obstacle to confirmation of the Plan.

3 The second problem arises out of a possible gas line
4 leak at the station in Davis. There may or may not have been
5 soil contamination and contamination of Davis's water supply as a
6 result of the leak. Of course, Armour and O. Armour have moved
7 to take all responsible steps in connection with any leakage
8 which might have occurred. They have been working with the City
9 of Davis as well as Yolo County and the State of California in
10 compliance with all requirements for rectifying damages. The
11 debtors claim they have insurance to pay for the costs of clean-
12 ing up this type of environmental damage and have made a demand
13 upon their insurance carrier. In the meantime, Davis, Yolo
14 County and a citizens action group known as Californians for
15 Responsible Toxics Management have been pursuing litigation
16 against Armour in the Yolo County Superior Court. Because of all
17 the legal problems, the debtors believe the Davis property has no
18 liquidation value. The foregoing litigation is in the process of
19 settlement whereby the insurance companies with Armour will
20 perform certain remedial corrective work and the pending actions
21 will be dismissed. Gas-n-Save of Davis will pay approximately
22 \$55,000 in costs and other assessments in connection with said
23 settlement.

24 3. O. Armour. O. Armour and his wife, Lalita Mills
25 Armour, own all of Armour's issued and outstanding stock. He
26 also owns all of the outstanding stock of Armour Oil Northwest;
27 however, that company's value is nominal. O. Armour owns all the
28 shares of Long Beach ABC Service Stations, Inc.; that entity owns

1 one service station located in Montclair, California.

2 O. Armour's personal assets also include a one-half interest in
3 his home located in San Diego, California, some publicly-traded
4 stocks and bonds with a value of approximately \$125,000.00 and a
5 minority interest in Grihalva Chevrolet, which operates a car
6 dealership. Because O. Armour is a minority shareholder in the
7 closely-held Grihalva Chevrolet corporation, it is extremely
8 difficult to value his interest. O. Armour has attempted for
9 some time to liquidate his interest in Grihalva Chevrolet, but so
10 far, he has not been successful. Moreover, he has never received
11 any dividends or salary from his interest in Grihalva Chevrolet,
12 although he is provided with the use of a 1984 Chevrolet. As
13 stated above, O. Armour is a limited partner and 50% owner of
14 Gas-n-Save of Davis. Finally, O. Armour - the owner of
15 approximately \$695,000.00 in municipal bonds; these were in the
16 possession of California First Bank, which claimed a security
17 interest in the bonds as collateral for O. Armour's guarantee of
18 a portion of Armour's debt to California First. Said bonds were
19 sold by California First Bank during these proceedings for
20 approximately \$756,000.00. A schedule of O. Armour's assets
21 exclusive of the above referenced bonds as of the date of his
22 original petition is attached hereto as Exhibit D-1.

23 C. Liabilities

24 Armour's schedules reveal outstanding liquidated lia-
25 bilities of \$19,535,920.00. Of this, approximately \$824,088.00
26 is secured by a first deed of trust on the Salt Lake City build-
27 ing, and \$31,231.00 is secured by a first trust deed on the gas
28 station in Pleasanton, California. O. Armour's (and therefore

1 Armour's) debt to California First was secured by approximately
2 \$756,000.00 of securities. To the best of the debtors'
3 knowledge, all of their remaining debts are unsecured. O.
4 Armour's liabilities, other than his personal income taxes, all
5 arise out of his personal guarantees of Armour's liabilities.
6 Certain creditors have filed actions to determine their claims to
7 be non-dischargeable against O. Armour.

8 D. Funding the Plan

9 1. Disposition of assets. The debtors intend to
10 satisfy their liabilities through their plan by liquidating many
11 of their assets, plus assets of their subsidiaries, to provide a
12 plan payment fund. In fact, as mentioned above, the debtors have
13 already started this process. The plan will also be funded
14 through cash flow generated from continuing operations of the
15 reorganized debtor which emerges from Armour's Chapter 11
16 proceeding (the "reorganized debtor"). Because the plan provides
17 for consolidation of these two bankruptcy estates, proceeds from
18 liquidation of assets will be used to pay creditors of both
19 debtors.

20 Armour has agreed to deposit, as of December 31,
21 1985, into the Assets Sales Account cash in a minimum amount of
22 \$5,698,750.00 to be generated by Armour's liquidation of Property
23 Interests prior to December 31, 1985. As of the Effective Date,
24 Armour shall have deposited into the Distribution Account all
25 funds from the Assets Sales Account, plus interest. It is
26 anticipated that such deposit will enable the Disbursing Agent to
27 make all payments required to be made as soon as practicable
28 after the Effective Date, pursuant to the provisions of Articles

1 III, IV and V of the Plan, plus interest. O. Armour, as his
2 additional contribution under the Plan, shall deposit, on or
3 before June 15, 1986, into the Distribution Account cash in the
4 total amount of \$650,000.00. The Reorganized Debtor shall
5 deposit all Net Sales Proceeds (as defined in the Plan) into the
6 Distribution Account as Property Interests are liquidated post-
7 Confirmation. The post-Effective Date net recoveries, if any,
8 from actions seeking to avoid any transfer of an interest of
9 Armour or O. Armour in property that is avoidable pursuant to the
10 Bankruptcy Code and from other actions brought by the Company to
11 recover money or property also shall be deposited in the
12 Distribution Account.

13 Such net recoveries, if any, from such actions, O.
14 Armour's \$650,000.00 payment, the post-Confirmation Net Sales
15 Proceeds, and the net revenues generated from the post-Confirma-
16 tion continued operations of the Reorganized Debtor, shall be
17 utilized to make all payments that may be made after the
18 Effective Date, pursuant to the provisions of Articles III, IV
19 and V of the Plan.

20 As the reorganized debtor liquidates the debtors'
21 assets, the proceeds will be deposited with the disbursing agent,
22 less a reserve for taxes generated from sales of the assets.
23 Because essentially all of Armour's property is owned free and
24 clear of liens and have low tax bases, some reserve must be made
25 for payment of capital gains taxes. The debtors, with the assis-
26 tance of Coopers & Lybrand, accountants for the creditors' com-
27 mittee, have made an analysis of Armour's potential capital gains

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1 tax liability. Armour's estimated federal tax liability is neg-
2 ligible; state tax liability should be approximately \$200,000.00.

3 O. Armour will pay \$650,000.00 in cash as soon as
4 practicable, but no later than June 15, 1986. These funds will
5 be deposited in a separate asset sales account until the plan is
6 confirmed. In addition, the holder of the Class 4 claim has
7 liquidated its collateral, and has received approximately
8 \$756,000 therefrom. As further consideration to the debtors'
9 creditors, O. Armour and Lalita Armour will subordinate all
10 claims they hold against Armour's bankruptcy estate, including
11 those arising out of personal guarantees of Armour's debts, to
12 payment of all claims as provided in the plan.

13 As of the effective date of the Plan, the debtors will
14 have consolidated both Armour, its Subsidiaries, and their
15 partnership interests other than the partnership interest in Gas-
16 n-Save of Davis, into one corporation. As of the effective date
17 of the plan, the reorganized debtor shall be vested with all
18 property of Armour and its subsidiaries. O. Armour shall be
19 vested with his interest in all of his property.

20 The reorganized debtor subject to existing liens and the
21 security interests and liens of Commercial Center Bank created
22 during the pendency of the Chapter 11 proceedings will
23 collateralize the payments to be made pursuant to the Plan by a
24 security interest and lien upon all its real and personal
25 property.

26 Additionally, O. Armour will pledge or encumber his
27 interests in Long Beach ABC, Inc., his listed stocks, his
28 interest in Grihalva Chevrolet, and his limited partnership

1 interest in Gas and Save of Davis to collateralize his obligation
2 to contribute \$650,000.00 prior to June 15, 1986.

3 2. Marketing strategy.

4 a. Real property. Most of Armour's proper-
5 ties are retail gasoline and convenience stores or wholesale
6 petroleum distribution facilities. The debtors believe that be-
7 cause of their long involvement with the petroleum industry and
8 their existing relationships with a large number of industry
9 participants, they are well qualified to market Armour's proper-
10 ties. A schedule showing the debtor's present fair market
11 valuation of real properties is attached as Exhibit "E". The
12 debtors' ability to successfully liquidate their property has
13 been demonstrated by their performance since Armour filed its
14 Chapter 11 petition. Armour has already sold or opened escrows
15 for sale of nine properties for an aggregate amount of
16 \$5,386,00.00. Each offer was either at or greater than the prop-
17 erty's estimated value. Only three sales have involved brokerage
18 commissions; said sales were of non-operating properties.

19 Negotiations for sale of other sites are presently
20 underway. Transactions have been concluded or are currently in
21 progress with five major oil companies (Texaco, Union, Arco,
22 Mobil and Chevron). Discussions have been held with twenty-one
23 companies regarding potential sales. The debtors have actively
24 pursued asset liquidation and will increase their efforts once
25 they no longer have to spend their time developing and confirming
26 their plan. In short, the debtors believe they can liquidate
27 their assets at full market value in a reasonable time, while
28 incurring minimal broker's fees.

1 The debtors have spent considerable time and effort pre-
2 paring a comprehensive plan for asset liquidation. In addition
3 to direct contacts with potential operators or users, the debtors
4 have developed other approaches as part of an overall marketing
5 strategy to obtain full market value for their properties. For
6 instance, when the debtors evaluated their properties, they real-
7 ized that the best use for several locations was not as gasoline
8 stations. They learned that underlying land values exceed the
9 economic value of the properties as they are presently used.
10 This is especially true for the Arroyo Grande location, as well
11 as for the two Las Vegas stations. The Portland, Fairfield,
12 Hampton, Merced, Bakersfield and Santa Maria retail sites may
13 also be more valuable if used for other purposes.

14 Armour has and will continue to focus its marketing
15 efforts for its higher volume gasoline locations on major oil
16 companies. The debtors are also pursuing a strategy of packaging
17 groups of their San Joaquin Valley stations and selling the pack-
18 ages to substantial independent retailers; several potential pur-
19 chasers have been interested in this approach. Several of
20 Armour's more valuable nonoperating properties, such as Hawaii
21 and Estudillo Street in San Diego are unique, and may require a
22 longer marketing period to reap their full value.

23 Similarly, for a number of reasons, marketing Armour's
24 high-value retail locations, such as Pleasanton and West
25 Sacramento, will require more time. First, the debtors antici-
26 pate that full realization of the stations' high market value
27 demands greater time spent in selective marketing. Second,
28 should liquidation of less desirable sites located nearby prove

1 difficult, a strategy of packaging less desirable sites with
2 higher priced stations will be pursued.

3 Finally, Armour is projecting a net operating loss carry
4 forward ("NOL"), after offsets for capital gains generated during
5 the liquidation period, on the order of \$4,000,000.00 to
6 \$6,000,000.00. Armour's outside accountants have analyzed the
7 feasibility of selling the NOL. According to the accountants,
8 the NOL has a potential market value approaching \$1,000,000.00
9 but selling it requires, under appropriate tax laws, the reorga-
10 nized debtor's concurrent corporate reorganization and sale of
11 significant operating assets to the purchaser of the NOL.
12 Because the NOL's market value is less than the reorganized
13 debtor's tax savings from capital gain offsets and because tax
14 laws require the entire NOL to be sold at one time, the high-
15 value locations must be retained until the bulk of Armour's
16 assets have been liquidated and the reorganized debtor has used
17 its capital gain offsets. Sale of the higher-priced stations
18 toward the end of the liquidation period will enable the
19 reorganized debtor to use the cash generated by the units to fund
20 the plan, as well as to support overhead expenses.

21 IN SPITE OF THEIR EFFORTS, THE DEBTORS PROJECT THAT
22 LIQUIDATION TO FUND THE PLAN WILL TAKE UP TO THREE YEARS. THE
23 DEBTORS MAKE THIS JUDGMENT BASED UPON THEIR RECENT EXPERIENCE AND
24 THE COUNTLESS DELAYS AND OBSTACLES THEY HAVE ENCOUNTERED, INCLUD-
25 ING MUNICIPAL REZONING, LOT SPLITS, LEASEHOLD ASSIGNMENT
26 COMPLICATIONS, EASEMENT RELEASES OR IMPOSITIONS, MINERAL RIGHTS
27 ACCESS ISSUES, FINANCING DELAYS, BUREAUCRATIC DELAYS IN LARGE

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1 CORPORATE PURCHASERS, WEAK LOCAL REAL ESTATE MARKETS, AND SOIL
2 CONTAMINATION CONCERNS AND LITIGATION.

3 SOIL CONTAMINATION PROBLEMS ARE RELEVANT TO ARMOUR'S
4 PROPERTY LIQUIDATION PROGRAM BECAUSE FEDERAL, STATE AND MUNICIPAL
5 ENTITIES ARE CURRENTLY PROMULGATING REGULATIONS RELATING TO
6 UNDERGROUND STORAGE TANK OPERATIONS. THE PROPOSED REGULATIONS
7 WILL PLACE STRINGENT DEMANDS ON CURRENT AND FUTURE OWNERS OF
8 UNDERGROUND TANKS, BOTH BEFORE AND AFTER UNDERLYING REAL PROPERTY
9 TRANSFERS TAKE PLACE. BECAUSE MOST OF ARMOUR'S PROPERTIES ARE
10 IMPROVED WITH UNDERGROUND STORAGE TANKS, ARMOUR'S LIQUIDATION
11 PROGRAM IS PARTICULARLY SENSITIVE TO THESE IMPENDING REGULATIONS.

12 As listed below, Armour has three properties which have
13 not yet been sold, although Armour has received bona fide offers
or has listed the properties with qualified real estate
15 brokers. None of these sales have been concluded.

<u>LOCATION</u>	<u>PURCHASER/BROKER</u>	<u>DATE OF ACCEPTABLE</u> <u>OFFER</u>	<u>-</u>	<u>LISTING</u>
MARTINEZ	STEPHEN T. BENTO, Jr.	11/85		3/84
SEATTLE	UNION OIL	9/84		
SALT LAKE CITY	GRUBB & ELLIS	NONE		9/84

21
22 These examples indicate that the liquidation process will take
23 some time. A successful program is inherently replete with de-
24 lays and a fast program should not be expected.

25 b. Truck liquidation. Armour has liquidated
26 vehicles and related equipment since it filed its petition for a
27 total of \$1,809,150.00 as of September 28, 1985; the equipment
28 sold was valued on Armour's schedules at \$1,695,000.00. Armour's

1 initial efforts were met with a "fire sale" mentality; however,
2 Armour refused to sell the equipment below estimated market
3 value. Purchasers' attitudes have changed in the past several
4 months.

5 Armour has pursued direct contact with potential
6 purchasers as part of its strategy for sale of the trucks, peri-
7 odically supplemented by advertisements in trade papers such as
8 the Truck Gazette. Armour is currently in the process of compil-
9 ing a list of petroleum distributors in the western United
10 States, to be used in conjunction with a transporter list already
11 developed, for direct mailings and follow-up telephone calls.

12 c. Accounts receivable and notes receive-
13 able. Armour has analyzed collectability of its receivables on
14 the basis of current payments or Armour's knowledge that its
15 account debtor has unsecured assets indicating a high probability
16 of collection; that classification is evidenced in Exhibit "B."
17 The bulk of Armour's present collectible petroleum accounts re-
18 ceivable are either secured obligations, delayed by litigation or
19 bankruptcy filings, or unsecured debts for which periodic pay-
20 ments are being received.

21 d. Contingent claims/assets. Armour's con-
22 tingent claims and assets are comprised of (1) claims against
23 petroleum suppliers for overcharge refunds arising from activity
24 while price control regulations were effective and (2) potential
25 sale of Armour's NOL, as discussed above.

26 Attached are schedules showing Armour's projected
27 net cash flow (Exhibit "F") during the term of the Plan and

28 ///

1 corporate overhead. These schedules are attached to assist
2 creditors in evaluating the Plan.

3 E. Liquidation Analysis

4 When evaluating the terms of the plan, each creditor or
5 interest holder should weigh various alternatives for payment of
6 the debtors' creditors. Armour's management and O. Armour have
7 considered these alternatives. Armour has no sale of its busi-
8 ness or substantially all of its assets pending at this time.
9 Another alternative to the debtors' plan is liquidation of all of
10 the debtors' assets, either by auction sale or in the context of
11 conversion of these proceedings to cases under Chapter 7 of the
12 Bankruptcy Code. Of course, conversion to Chapter 7 would
13 involve additional administrative expenses for these bankruptcy
14 estates in form of trustee's fees and fees and expenses of
15 attorneys and other professionals hired by the trustee. More
16 seriously, a trustee would not have the debtors' knowledge of the
17 history of the debtors' assets and the petroleum market, making
18 it unlikely that he or she will be able to generate the same
19 proceeds as the debtors will through their plan.

20 The debtors have also considered transferring substan-
21 tially all of their assets to a Chapter 11 liquidating trustee,
22 who would sell the transferred properties and make a pro rata
23 distribution to the debtors' creditors. Once again, the debtors
24 believe this arrangement would involve additional administrative
25 expenses for the estate, and loss of efficiency and value for the
26 sake of expediency. In both a Chapter 7 and a liquidating
27 trustee case, the debtors believe their assets would be sold for
28 substantially less than they will be under the plan.

1 The debtors have prepared financial statements project-
2 ing funds to be generated for payment to creditors and interest
3 holders under the terms of the plan (Exhibit "G") and, for com-
4 parison, a financial statement indicating Armour's current liqui-
5 dation value (Exhibit "H"). The debtors' financial statements
6 are based on assumptions which may or may not be correct, so the
7 actual figures may differ substantially. Further, counsel for
8 the debtors has not completed examination of proofs of claim
9 filed in these bankruptcy estates, so the amount of claims
10 against the estates cannot be determined with certainty at this
11 time.

12 The debtors believe their plan offers significant and
13 distinct advantages to creditors in comparison to a Chapter 7
14 liquidation alternative. The debtors' financial statements indi-
15 cate their proposed plan will generate \$16,550,000.00*/ for cred-
16 itors over the life of the plan, while immediate liquidation of
17 assets will only produce \$12,984,240.00. Viewed in this light,
18 the debtors' plan will generate an additional \$3,565,760.00 -- or
19 27.46% of the liquidation value of their assets -- for the bene-
20 fit of the debtors' creditors. Even after allowing for the time
21 value of money, the plan offers 24.57% higher payments than a

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24 */

25 .This figure is based on the debtors' assumption that 80% of
26 unsecured creditors other than California First Bank and Class 7
27 and 8 claimants will not elect to receive extended payments as
28 Class 9 claimants, and this amount will be sufficient to satisfy
the debtors' obligations under the plan. Should additional funds
be required, the debtors may not have sufficient assets to meet
these requirements. The debtors' analysis of aggregate payments
required under the plan is attached as Exhibit "I."

1 Chapter 7 liquidation. An analysis of the discounted values of
2 cashflows appears in Exhibit "J."

3 Holders of Class 9 claims electing the deferred payment
4 option will receive 80% of the allowed principal amount of their
5 claims, plus interest. The initial installment payment should be
6 made before the end of 1986. The debtors contemplate that Class
7 9 creditors electing a 35% discount will be able to receive pay-
8 ment on or before January 31, 1986, which is faster than payments
9 made of a Chapter 7 liquidation. In a Chapter 7 proceeding no
10 creditor will receive any payment for at least one year, and
11 perhaps more than two and one-half years after conversion,
12 because a Chapter 7 trustee is unlikely to disburse funds until
13 all assets have been sold, tax liability determined, and a final
14 report approved by the bankruptcy court. As stated above, cred-
15 itors are likely to receive more through the plan than from a
16 Chapter 7 liquidation.

17
18 F. The Reorganized Debtor

19 Although Armour has been and is attempting to sell all
20 of its assets to fund the plan, it may not have to completely
21 liquidate to satisfy the debtors' obligations under the plan.
22 Armour is currently the owner of four short-term leaseholds which
23 may be extremely difficult to sell; they involve the stations
24 located on Balboa Avenue and Linda Vista Road in San Diego, as
25 well as the Portland, Oregon and Bellevue, Washington stations.
26 Because of the problems surrounding the Davis facility, the debt-
27 ors doubt that leasehold can be sold. Therefore, although Armour
28 will accept any reasonable price for any of these properties, the

1 debtors anticipate the reorganized debtor will emerge from these
2 Chapter 11 proceedings as the owner of these five leaseholds, as
3 well as any other properties which need not be sold to meet the
4 reorganized debtor's obligations under the plan. Armour also
5 hopes the reorganized debtor will retain six trucks and trailers,
6 to be used for waste-water hauling in the San Diego area.

7 The debtors anticipate that the reorganized debtor will
8 be a viable, competitive and stable enterprise.

9
10 IV.

11 RISKS

12
13 THOSE HOLDERS OF CLASS 9 CLAIMS WHO ELECT THE DEFERRED
14 PAYMENT OPTION RISK THAT THE DEBTORS, FOR UNFORESEEN REASONS,
15 WILL BE UNABLE TO FULLY CONSUMMATE THE PLAN SO THAT THEIR
16 RECOVERY WILL BE DELAYED BEYOND THREE YEARS AFTER THE EFFECTIVE
17 DATE, WHILE NONELECTING HOLDERS OF CLASS 9 CLAIMS WILL BE PAID
18 FIRST. ALTHOUGH HOLDERS OF CLASS 9 CLAIMS WHO ELECT TO RECEIVE
19 THE DEFERRED PAYMENT OPTION WILL RECEIVE INTEREST ON THEIR
20 CLAIMS, THERE IS NO GUARANTEE THAT INTEREST WILL BE ADEQUATE
21 COMPENSATION SHOULD THE DEBTORS DEFAULT UNDER THE PLAN. HOLDERS
22 OF CLASS 9 CLAIMS WHO ELECT THE DEFERRED PAYMENT OPTION ALSO
23 ASSUME THE RISK THAT ARMOUR MAY BE UNABLE TO CONTINUE TO SELL ITS
24 PROPERTIES AT OR ABOVE THE PROJECTED SALE PRICES LISTED IN
25 EXHIBIT "E", ESPECIALLY SINCE THE DEBTORS HAVE NOT CALCULATED THE
26 POSSIBILITY OF A DECLINING REAL ESTATE MARKET INTO THEIR
27 FIGURES. SIMILARLY, POLLUTION AND OTHER SEVERE ENVIRONMENTAL
28 PROBLEMS WHICH MAY AFFECT THE VALUE OF THE DEBTORS' REAL

1 PROPERTIES HAVE NOT BEEN CONSIDERED. CONSUMMATION OF THE PLAN
2 OVER THE THREE-YEAR PERIOD ALSO ASSUMES THAT THE REORGANIZED
3 DEBTOR WILL OPERATE PROFITABLY.

4 - Because of these concerns, the debtors believe nonelect-
5 ing holders of Class 9 claims will be paid more quickly, and
6 assume much less risk than those holders of Class 9 claims who
7 elect the deferred payment option, and will receive a greater
8 recovery through this plan than through any alternative
9 proposal. Therefore, the debtors believe their plan is in the
10 best interests of all creditors.

11
12 V.

13 SUMMARY OF THE PLAN

14 This disclosure statement contains a brief summary of
15 the debtors' plan, and is qualified in its entirety by the full
16 text of the plan itself. All terms defined in the plan have the
17 same meaning in this disclosure statement unless otherwise
18 stated. The plan, if confirmed, will be binding upon the
19 debtors, their creditors and interest holders. All creditors and
20 interest holders are urged to carefully read the plan.

21 The plan provides for a priority of payment as follows:

22
23 First: Payment to Class 1 claimants - (Adminis-
24 trative creditors)

25
26 Second: Payment to Class 2 claimants - (Priority
27 creditors)

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Third: Payment to Class 3 claimants - (Priority taxes) this class, however, is to be paid \$50,000, pro rata, on the Effective Date with the balance in equal annual installments over a period not to exceed 4 years after the Effective Date at a interest rate of 7%.

Fourth: Payment to Class 7 claimants - of 90% of their claims - (Guaranty claims)

Fifth: Payment to Class 8 claimants of 70% of their claims - (Dischargeability claims)

Sixth: Payment to Class 9 claimants elect immediate payment of 65% (Non-priority unsecured claims), plus interest from Effective Date

Seventh: Payment to Class 9 claimants electing deferred payment of 80% (Non-priority unsecured claims) and Class 8 claimants for an additional 10% of their claims, plus interest

Eighth: Payment to Class 7 claimants of the remaining 10% of their claims, plus interest

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1 E. Class 5: Class 5 consists of the Secured Claim
2 against Armour of American Savings & Loan Association of Salt
3 Lake City, Utah.

4 F. Class 6: Class 6 consists of the Secured Claim
5 against Armour of Beauford H. Hall.

6 G. Class 7: Class 7 consists of each Unsecured Claim
7 against Armour with respect to which the holder thereof also has
8 an Unsecured Claim against O. Armour arising out of a personal
9 guaranty by O. Armour of such Unsecured Claim against Armour and
10 with respect to which such holder has agreed, by marking the
11 appropriate space on the Ballot, to be treated as the holder of a
12 Class 7 Claim rather than a Class 9 Claim. The Debtors believe
13 that the only entities holding Unsecured Claims that may so agree
14 to be so treated are Tosco Corporation, California First Bank (as
15 to part of its claim against the Company), and Insurance Company
16 of North America.

17 H. Class 8: Class 8 consists of each Unsecured Claim
18 against Armour with respect to which the holder thereof also has
19 an alleged Unsecured Claim against O. Armour and has filed and
20 served timely in the O. Armour Chapter 11 Case a complaint to
21 determine the dischargeability of such Unsecured Claim against O.
22 Armour that has not been dismissed and with respect to which such
23 holder has agreed, by marking the appropriate space on the
24 Ballot, to be treated as the holder of a Class 8 Claim rather
25 than a Class 9 Claim. The Debtors believe that the only entities
26 holding Unsecured Claims that may so agree to be so treated are
27 Edgington Oil Company and Wickland Oil Company.

28 ///

1 I. Class 9: Class 9 consists of Unsecured Claims not
2 entitled to priority. Class 9 Claims include, but are not
3 limited to, that portion of Class 2 Claims not otherwise entitled
4 to priority pursuant to the dollar limitations established in
5 section 507(a)(3) and (4) of the Bankruptcy Code, the Allowed
6 Claims of those entities or individuals claiming damages under
7 executory contracts or unexpired leases rejected by the Debtors
8 in Possession during the pendency of the Chapter 11 Cases or by
9 the Debtors pursuant to the Plan, and the Unsecured Claims of
10 vendors of the Debtors.

11 J. Class 10: Class 10 consists of all Allowed
12 Interests. The Debtors believe that the only holders of such
13 Allowed Interests are O. Armour and Lalita Mills Armour.

14 TREATMENT OF UNIMPAIRED (NONVOTING) CLASSES

15 The following Classes of Administrative Expenses and
16 Claims are not impaired, as that term is defined in section 1124
17 of the Bankruptcy Code, under the Plan. Pursuant to section
18 1126(f) of the Bankruptcy Code, each such Class, and each holder
19 of an Administrative Expense or a Claim in each such Class, is
20 presumed conclusively to have accepted the Plan, and the solici-
21 tation of acceptances from such holders is not required.

22 A. Class 1 Administrative Expenses. Class 1
23 Administrative Expenses are not impaired under the Plan. All
24 Class 1 Administrative Expenses, in such amounts as may be
25 allowed by the Bankruptcy Court on or before the Effective Date,
26 shall be paid in full in cash by the Disbursing Agent as soon as
27 practicable after the Effective Date, except to the extent that
28 the holder of such a Class 1 Administrative Expense has agreed to

1 a different treatment of such Administrative Expense. Class 1
2 Administrative Expenses, in such amounts as may be allowed by the
3 Bankruptcy Court from time to time after the Effective Date,
4 shall be paid in full in cash by the Disbursing Agent as soon as
5 practicable after the date upon which an order of the Bankruptcy
6 Court allowing such Administrative Expenses becomes a Final
7 Order, except to the extent that the holder of such a Class 1
8 Administrative Expense has agreed to a different treatment of
9 such Administrative Expense.

10 B. Class 2 Priority Claims. Class 2 Claims are not
11 impaired under the Plan. All Class 2 Claims, in such amounts as
12 may be allowed by the Bankruptcy Court on or before the Effective
13 Date, shall be paid in full in cash by the Disbursing Agent out
14 of the Distribution Account as soon as practicable after the
15 Effective Date, except to the extent that the holder of such a
16 Class 2 Claim has agreed to a different treatment of such Claim.

17 C. Class 4 Secured Claim of California First Bank. The
18 Class 4 Claim is not impaired under the Plan. The automatic stay
19 of section 362(a) of the Bankruptcy Code already has been
20 terminated with respect to the enforcement of the rights of
21 California First Bank, the holder of the sole Class 4 Claim, in
22 the collateral in its possession, if any, securing its Class 4
23 Claim and California First Bank has been authorized to liquidate
24 all such collateral, if any, in full satisfaction of its Class 4
25 Claim. This treatment shall, pursuant to section 1124 of the
26 Bankruptcy Code, leave the Class 4 Claim not impaired under the
27 Plan.

28 ///

1 D. Class 5 Secured Claim of American Savings & Loan
2 Association. The Class 5 Claim is not impaired under the Plan.
3 The Debtors believe that the value of the collateral securing the
4 Class 5 Claim is at least equal to all indebtedness owed by
5 Armour to American Savings & Loan Association, the holder of the
6 sole Class 5 Claim. As of the Effective Date, such collateral
7 shall be turned over to American Savings & Loan Association in
8 full satisfaction of all such indebtedness, including the Class 5
9 Claim, and the automatic stay of section 362(a) of the Bankruptcy
10 Code shall be deemed terminated with respect to the enforcement
11 of American Savings & Loan Association's rights in such
12 collateral. This treatment shall, pursuant to section 1124 of
13 the Bankruptcy Code, leave the Class 5 Claim not impaired under
14 the Plan.

15 E. Class 6 Secured Claim of Beauford H. Hall. The
16 Class 6 Claim is not impaired under the Plan. The Debtors
17 believe that the indebtedness upon which the Class 6 Claim is
18 based is current and not in default and propose that this Plan
19 leave unaltered the legal, equitable, and contractual rights to
20 which such Class 6 Claim entitles its holder, Beauford H. Hall.
21 Nevertheless, if any such default exists, as of the Effective
22 Date, the Debtors shall cure any such default, reinstate the
23 maturity of such indebtedness as such maturity existed before
24 such default, and not otherwise alter the legal, equitable, or
25 contractual rights to which such indebtedness entitles Beauford
26 H. Hall. This treatment shall, pursuant to section 1124(2) of
27 the Bankruptcy Code, leave the Class 6 Claim not impaired under
28 the Plan.

1 accordance with the priorities set forth below. The Debtors will
2 solicit acceptances of the Plan from the holders of Claims and
3 Equity Security Interests in such Classes.

4 A. Class 7 Guaranty Claims. Class 7 Claims are
5 impaired under the Plan. Each holder of a Class 7 Claim shall
6 receive from the Disbursing Agent out of the Distribution Account
7 in full satisfaction of such holder's Class 7 Claim: (i) a cash
8 payment as soon as practicable after the Effective Date, to be
9 paid prior to any payments to the holders of Class 8 and Class 9
10 Claims pursuant to Articles V-B and C of the Plan, in a total
11 amount equal to: (a) ninety percent (90%) of such holder's Class
12 7 Claim; and (b) an amount equal to the pro rata portion which
13 such holder's Class 7 Claim represents of all principal amounts
14 otherwise required to be paid to the holders of Class 7 Claims,
15 Class 8 Claims, and Class 9 Claims pursuant to the provisions of
16 Articles V-A(i), V-B(i), and V-C (Immediate Cash Payment) of the
17 Plan in a fund consisting of all interest that shall have accrued
18 on all cash in the Asset Sale Account during the period from
19 December 31, 1985, through the Effective Date; and (ii) a cash
20 payment in an amount equal to ten percent (10%) of such holder's
21 Class 7 claim, plus interest on the unpaid principal balance of
22 such amount at the rate of ten percent (10%) per annum commencing
23 January 31, 1986, such payment to be paid after the holders of
24 Class 9 Claims electing treatment under the Deferred Payment
25 Option and Class 8 Claims have received all payments required to
26 be made to such holders pursuant to the provisions of Articles V-
27 C (Deferred Payment Option) and V-B of the Plan, so long as no
28 default exists under security documents which shall be executed

1 by the Reorganized Debtor and O. Armour pursuant to Article VII-
2 K of the Plan but by not later than January 31, 1989.

3 B. Class 8 Dischargeability Claims. Class 8 Claims are
4 impaired under the Plan. Each holder of a Class 8 Claim shall
5 receive from the Disbursing Agent out of the Distribution Account
6 in full satisfaction of such holder's Class 8 Claim: (i) a cash
7 payment as soon as practicable after the Effective Date, to be
8 paid prior to any payments to the holders of Class 9 Claims
9 pursuant to Article V-C of the Plan, in a total amount equal
10 to: (a) seventy percent (70%) of such holder's Class 8 Claim;
11 and (b) an amount equal to the pro rata portion which such
12 holder's Class 8 Claim represents of all principal amounts
13 otherwise required to be paid to the holders of Class 7
14 Claims, Class 8 Claim, and Class 9 Claims pursuant to the
15 provisions of Articles V-A(i), V-B(i), and V-C (Immediate Cash
16 Payment) of the Plan in a fund consisting of all interest that
17 shall have accrued on all cash in the Asset Sale Account during
18 the period from December 31, 1985, through the Effective Date;
19 and (ii) cash payments from time to time after the Effective Date
20 in a total amount equal to ten percent (10%) of such holder's
21 Class 8 Claim, plus interest on the unpaid principal balance of
22 such total amount at the rate of ten percent (10%) per annum
23 commencing January 31, 1986, such payments to be paid in full
24 prior to any payments to the holders of Class 7 claims pursuant
25 to Article V-A(ii) of the Plan, but so long as no default exists
26 under the security documents which shall be executed by the
27 Reorganized Debtor and O. Armour pursuant to Article VII-K of
28 the Plan by not later than December 31, 1988, and each such cash

1 payment to be: (a) in an amount equal to the pro rata portion
2 which such holder's Class 8 Claim represents of all Class 9
3 Claims electing treatment under the Deferred Payment Option and
4 Class 8 Claims in the funds in the Distribution Account as of the
5 date of such payment; and (b) applied first to interest accrued
6 and unpaid on such total amount and thereafter to the unpaid
7 principal of such total amount as of the date of such payment.

8 C. Class 9 Non-Priority Unsecured Claims. Class 9
9 Claims are impaired under the Plan. Each holder of a Class 9
10 Claim shall receive a cash payment under the Immediate Cash Pay-
11 ment provision set forth below unless such holder has elected, by
12 marking the appropriate space on the Ballot, to be treated under
13 the Deferred Payment Option provision set forth below.

14
15 IMMEDIATE CASH PAYMENT

16 Each holder of a Class 9 Claim not electing treatment
17 under the Deferred Payment Option shall receive from the Disburs-
18 ing Agent out of the Distribution Account in full satisfaction of
19 such holder's Class 9 Claim a cash payment as soon as practicable
20 after the Effective Date, in an amount equal to: (a) sixty-five
21 percent (65%) of such holder's Class 9 Claim and (b) an amount
22 equal to the pro rata portion which such holder's Class 9 Claim
23 represents of all principal amounts otherwise required to be paid
24 to the holders of Class 7 Claims, Class 8 Claims, and Class 9
25 Claims pursuant to the provisions of Articles V-A(i), V-B(i), and
26 V-C (Immediate Cash Payment) of the Plan in a fund consisting of
27 all interest that shall have accrued on all cash in the Asset
28 Sale Account during the period from December 31, 1985, though the

1 Effective Date. In the event that there are insufficient funds
2 in the Distribution Account to make timely the full amount of the
3 payment required to be made pursuant to the previous sentence,
4 then such holder of a Class 9 Claim shall receive a cash payment
5 out of the funds available equal to the pro rata portion which
6 such holder's Class 9 Claim represents of all Class 9 Claims not
7 electing treatment under the Deferred Payment Option; any
8 deficiency shall be paid by the Disbursing Agent out of the
9 Distribution Account as soon as practicable thereafter, the
10 unpaid principal balance thereof to bear interest at the rate of
11 ten percent (10%) per annum commencing January 31, 1986, until
12 paid in full, and each such payment to be applied first to
13 interest accrued and unpaid as such deficiency and thereafter to
14 the unpaid principal amount of such deficiency as of the date of
15 each such payment.

16
17 DEFERRED PAYMENT OPTION

18 Each holder of a Class 9 Claim electing treatment under
19 the Deferred Payment Option shall receive from the Disbursing
20 Agent out of the Distribution Account in full satisfaction of
21 such holder's Class 9 Claim cash payments from time to time over
22 a period from the Effective Date to December 31, 1988 in a total
23 amount equal to eighty percent (80%) of such holder's Class 9
24 Claim, plus interest at the rate of ten percent (10%) per annum
25 commencing January 31, 1986, each such total amount plus
26 interest to be paid in full prior to any payments to the holders
27 of Class 7 Claims pursuant to the provisions of Article V-A(ii)
28 of the Plan but, so long as no default exists under the security

1 documents which shall be executed by the Reorganized Debtor and
2 O. Armour pursuant to Article VII-K of the Plan, by not later
3 than December 31, 1988 and each such payment to be: (i) in an
4 amount equal to the pro rata portion which such holder's Class 9
5 Claim represents of all Class 8 Claims and Class 9 Claims
6 electing treatment under the Deferred Payment Option in the funds
7 in the Distribution Account as of the date of such payment; and
8 (ii) applied first to interest accrued and unpaid on the unpaid
9 principal balance of such total amount and thereafter to the
10 unpaid principal balance of such total amount as of the date of
11 such payment. PLEASE REFER TO THE CONCLUDING PARAGRAPHS UNDER
12 THE HEADING "MARKETING STRATEGY" AND ARTICLE IV, ENTITLED "RISKS"
13 OF THIS DISCLOSURE STATEMENT FOR A DISCUSSION OF "THE RISKS TAKEN
14 BY THE HOLDERS OF CLASS 9 CLAIMS ELECTING TREAT. UNDER THE
15 DEFERRED PAYMENT OPTION.

16 D. Class 10 Allowed Interests. Class 10 Equity
17 Security Interests are impaired under the Plan. The holder of a
18 Class 10 Equity Security Interest shall receive no cash
19 distribution pursuant to the Plan. However, each holder of a
20 Class 10 Equity Security Interest shall retain, as of the
21 Effective Date, his or her share certificate or certificates
22 evidencing ownership of one or more shares of the outstanding
23 common stock of Armour in consideration for such holder's waiver
24 of his or her subrogation rights against Armour and other
25 contributions to the funding of the Plan as set forth in Article
26 VI of the Plan.

27 ///

28 ///

SOURCE OF FUNDS

1
2 Armour presently is engaged, and shall continued to be
3 engaged, in an aggressive effort to liquidate its Property Inter-
4 ests. A detailed description of the Property Interests that have
5 been liquidated during the pendency of the Chapter 11 Cases, the
6 remaining Property Interests as of the date of the Plan, and the
7 anticipated liquidation process following Confirmation is set
8 forth in this Disclosure Statement.

9 Armour has agreed to deposit, as of the December 31,
10 1985 Date, into the Assets Sales Account cash in a minimum amount
11 of \$5,698,750.00 to be generated by Armour's pre-December 31,
12 1985 liquidation of Property Interests. Armour thereafter shall
13 deposit, as of the Effective Date, into the Distribution Account
14 all cash then in the Asset Sale Account. As of December , 1985
15 the Asset Sale Account has a balance of approximately
16 \$5,550,000.00. Such deposit into the Distribution Account shall
17 not be deemed a payment to the holders of Claims, but it is
18 anticipated that such deposit will enable the Disbursing Agent to
19 make all payments required to be made as soon as practicable
20 after the Effective Date pursuant to the provisions of Articles
21 III, IV and V-A(i) and B(i) of the Plan, and at least seventy-
22 five percent (75%) of the payments required to be made as soon as
23 practicable after the Effective Date pursuant to the provisions
24 of Article V-C (Immediate Cash Payment) of the Plan; provided,
25 however, that the Reorganized Debtor shall have no liability for
26 the mishandling by the Disbursing Agent of funds so deposited.

27 O. Armour, as his portion of the funding of the Plan,
28 shall deposit, on or before June 15, 1986, into the Distribution

1 Account cash in the total amount of \$650,000.00; (and in
2 furtherance of the obligation, O. Armour shall deposit, as of the
3 Effective Date, into the Distribution Account, all proceeds of
4 the Pre-Effective date liquidation of collateral otherwise given
5 by O. Armour as security for performance of his obligations under
6 the Plan pursuant to Article VII of the Plan); if O. Armour
7 defaults in his obligation hereunder to so deposit \$650,000 by
8 June 15, 1986, then, in addition to such other rights and
9 remedies the Creditors' Committee or its agent shall have, the
10 \$650,000.00 or such lesser amount as has not been so deposited by
11 such date shall bear post-default interest at the rate of ten
12 percent (10%) per annum commencing June 15, 1986, until paid in
13 full. The Reorganized Debtor shall deposit, from time to time
14 after the Effective Date, into the Distribution Account: (i) all
15 Net Sales Proceeds as Property Interests are liquidated post-
16 Effective Date; and (ii) the Net Operating Revenues, as defined
17 in the security documents which shall be executed by the
18 Reorganized Debtor and O. Armour pursuant to Article VII-K of the
19 Plan, generated from the post-Effective Date continued operations
20 of the Reorganized Debtor. Notwithstanding the above, deposits
21 made on or after the Effective Date by the Debtors or Reorganized
22 Debtor in excess of \$5,698,750.00 shall meet the following
23 minimum deposit requirements: by not later than December 31,
24 1986, cash in the total amount of \$2,400,000.00; by not later
25 than June 30, 1987, cash in the amount of \$800,000.00; by not
26 later than December 31, 1987, cash in the amount of
27 \$2,400,000.00; by not later than June 30, 1988, cash in the total
28 amount of \$2,000,000.00; and by not later than December 31, 1988,

1 cash in a total amount sufficient to satisfy all then unpaid
2 principal and accrued and unpaid interest to be paid pursuant to
3 the provisions of Articles IV and V of the Plan. Any amounts
4 deposited, as of the Effective Date, by Armour into the
5 Distribution Account pursuant to the previous paragraph in excess
6 of \$5,698,750, less all interest accrued from December 31, 1985,
7 through the Effective Date on funds in the Asset Sales Account,
8 shall be credited toward the minimum deposit requirements
9 established in the preceding sentence. Armour, O. Armour or the
10 Reorganized Debtor, as the case may be, also shall deposit into
11 the Distribution Account the Post-Effective Date net recoveries,
12 if any, from a: (i) claims or actions, whether commenced pre-
13 Effective Date or Post-Effective Date, seeking to avoid any
14 transfer of an interest of O. Armour or Armour in property that
15 is avoidable pursuant to the Bankruptcy Code; (ii) other claims
16 or actions not in the ordinary course of business, whether
17 commenced Pre-Effective Date or Post-Effective Date, brought by
18 Armour or the Reorganized Debtor to recover money or property;
19 and (iii) actions commenced Pre-Effective Date by Armour to
20 collect accounts receivable or notes receivable or other actions
21 in the ordinary course of business. Such net recoveries, if any,
22 from such actions, O. Armour's \$650,000.00 payment, such Post-
23 Effective Date Net Sales Proceeds, and such Post-Effective Date
24 Net Operating Revenues shall be utilized by the Disbursing Agent
25 to make all deferred payments pursuant to the provisions of
26 Articles IV and V of the Plan; provided, however, that the
27 Reorganized Debtor and O. Armour shall have no liability

28 ///

1 for the mishandling by the Disbursing Agent of funds so
2 deposited.

3
4 MEANS FOR EXECUTION AND IMPLEMENTATION OF THE PLAN

5 The Debtors and Debtors in Possession, the Reorganized
6 Debtor, the Creditors' Committee, and the Disbursing Agent each
7 shall perform the acts required of them below to execute and
8 implement the Plan.

9 A. Deposit of Funds in the Distribution Account. All
10 amounts required to be deposited in the Distribution Account
11 pursuant to Article VI of the Plan shall be so deposited.

12 B. Continued Operations and Sale of Property Interests
13 by the Reorganized Debtor.

14 The Reorganized Debtor may continue Armour's pre-
15 Effective Date operations and activities, subject to the require-
16 ments of the Plan and, specifically, liquidation with all deli-
17 berate dispatch of specific Property Interests. The Reorganized
18 Debtor shall not acquire, directly or indirectly, any Property
19 Interests, other than as set forth in the Plan without prior
20 approval of the Secured Party. The Reorganized Debtor shall give
21 written notice to the Secured Party of any proposed sale,
22 financing, or disposition of any Property Interest. Such written
23 notice shall be given as early as practicable, but in no event
24 less than twenty (20) days prior to the date of the proposed
25 sale, financing, or disposition. If no response is received by
26 the Reorganized Debtor within twenty (20) days after giving such
27 notice, then such proposed sale, financing or disposition shall
28 be deemed approved conclusively. The foregoing shall not apply

1 to any disposition of worn-out or obsolete equipment, nor of any
2 Property Interest which is burdensome or of inconsequential
3 value; provided, however, that the Reorganized Debtor shall not
4 sell, transfer, hypothecate, or dispose of any Property Interest
5 for less than a reasonably equivalent value, and in no event
6 shall any sale, transfer, or disposition be directly or
7 indirectly with or to any affiliate, relative, employee, or agent
8 of O. Armour or the Reorganized Debtor without the consent of the
9 Secured Party. The Reorganized Debtor shall provide regular
10 quarterly written reports to the Secured Party of all offers and
11 counteroffers received with respect to a Property Interest and
12 all other relevant information regarding marketing of the
13 Property Interests. The proposed listing price or other
14 consideration to be received for any Property Interest shall be
15 submitted to the Secured Party for its review.

16 The Secured Party or the Creditors' Committee shall have
17 the burden of bringing before the Bankruptcy Court any dispute
18 with respect to such proposed listing price or other
19 consideration. Upon the request at reasonable intervals of the
20 Secured Party, the Reorganized Debtor shall review with the
21 Creditors' Committee and the Secured Party in detail its
22 marketing strategies for disposition of the Property Interests.
23 All Net Sales Proceeds and all proceeds of any financing or
24 refinancing of any Property interest, less any amounts deposited
25 into a tax reserve account, as defined below, shall be deposited
26 into the Distribution Account. Such Distribution Account shall
27 be at a financial institution selected by the Disbursing Agent
28 and disbursements shall require the signature only of the

1 Disbursing Agent. The Disbursing Agent shall report to the
2 Creditors' Committee, the Secured Party, and the Reorganized
3 Debtor any and all disbursements made from the Distribution
4 Account and shall provide to the Creditors' Committee, the
5 Secured Party, and the Reorganized Debtor copies of all bank
6 statements with respect to the Distribution Account. The
7 Disbursing Agent shall make disbursements forthwith pursuant to
8 the provisions of Articles III, IV, and V of the Plan as soon as
9 cash in the amount of \$100,000.00 or more accumulates in the
10 Distribution Account. The interest that shall accrue on unpaid
11 principal pursuant to the provisions of Articles IV and V of the
12 Plan shall accrue on such portion of such accumulated cash in the
13 Distribution Account as issued to make payments pursuant to
14 provisions of Articles IV and V of the Plan to the earlier of:
15 (i) the date of such payments; and (ii) two (2) banking business
16 days after the date upon which the Reorganized Debtor shall have
17 deposited into the Distribution Account Net Sales Proceeds or Net
18 Operating Revenues in an amount sufficient to create a balance in
19 the Distribution Account in excess of \$100,000.00. As of the
20 Effective Date, the Reorganized Debtor shall establish a
21 segregated tax reserve account. The Reorganized Debtor shall
22 deposit into such account any monies reserved for the payment of
23 any tax liability that it or the accountants for the Creditors'
24 Committee may reasonably estimate to be due or become due on or
25 after the Effective Date. The Reorganized Debtor shall pay such
26 taxes directly from such account. The total compensation,
27 including salary and all indirect benefits, to be paid by the
28 Reorganized Debtor to O. Armour, Lalita Mills Armour, and Henry

1 Ogden Armour, collectively, in each year after the Effective Date
2 during which there remain obligations to be performed by Armour
3 or O. Armour under the Plan shall not exceed the total
4 compensation paid by Armour and the Subsidiaries to such
5 individuals, collectively, during the year immediately preceding
6 the Effective Date.

7 C. Retention of Share Certificates of Sole Authorized
8 Class of Common Stock of the Company. All share certificates
9 evidencing ownership of one or more of the issued and outstanding
10 shares of the sole authorized class of common stock of Armour, as
11 well as any and all warrants, options, or other instruments
12 purporting to give a right to the holder thereof upon exercise to
13 purchase or receive additional shares of such stock, shall be
14 retained by the holders thereof as of the Effective Date. All
15 other equity securities, as that term is defined in section
16 101(15) of the Bankruptcy Code, if any, of the Debtors shall be
17 deemed surrendered and cancelled as of the Effective Date.

18 D. Amendment of Articles of Incorporation of Armour.
19 Armour shall amend its Articles of Incorporation to contain a
20 provision that complies with section 1123(a)(6) of the Bankruptcy
21 Code. The Reorganized Debtor shall be known as Cordova
22 Corporation.

23 E. Transfer of the Property Interests to the
24 Reorganized Debtor. As of the Effective Date, the Reorganized
25 Debtor shall retain and be revested with all Property Interests.

26 F. Retention of Property of the O. Armour Estate by O.
27 Armour. As of the Effective Date, O. Armour shall retain and be
28 revested with all property of the estate, as that term is defined

1 in section 541(a) of the Bankruptcy Code, in the O. Armour
2 Chapter 11 Case.

3 G. Merger of Subsidiaries. As of the Effective Date;
4 all of the Subsidiaries shall be merged into the Reorganized
5 Debtor.

6 H. Execution and Delivery of Subordinations of
7 Subrogation Rights. O. Armour and Lalita Mills Armour shall
8 execute and deliver, as of the Effective Date, to Armour a
9 subordination to the holders of Claims and Interests of all
10 rights that he or she or both of them, may have with respect to
11 any and all claims against Armour, including, without limitation,
12 claims against Armour by right of subrogation.

13 I. Disallowance of Certain Duplicative Claims. In
14 order to avoid inconsistent or conflicting results, windfalls,
15 and duplicative payments under the Plan, except as to a Class 7
16 Claim, where there exists a Claim in the O. Armour Chapter 11
17 Case and a Claim in the Armour Chapter 11 Case, both of which are
18 based upon, or arise out of, the same transaction or occurrence,
19 when the Claim filed in the O. Armour Chapter 11 Case shall be
20 deemed, as of the Effective Date, disallowed in its entirety, and
21 any payment made by the Disbursing Agent pursuant to the
22 provisions of Articles III, IV, and V of the Plan with respect to
23 such Claim shall be made only on account of the Claim filed in
24 the Armour Chapter 11 Case. Each Class 7 Claim with respect to
25 which a proof of such Claim has been filed timely in either
26 Chapter 11 Case shall be allowed in the amount set forth in such
27 proof unless with respect to such Class 7 Claim the condition set
28 forth in Article I-B(ii) of the Plan has been satisfied.

J. Post-Confirmation Functions of the Creditors'

1
2 Committee. Subject to the restrictions set forth below, the
3 Creditors' Committee shall continue to exist and function until
4 such time as the Plan is consummated or such continued existence
5 and functioning is terminated or modified by Final Order of the,
6 Bankruptcy Court. The Creditors' Committee shall have the
7 authority to monitor and, if appropriate, participate in the
8 marketing strategy of the Reorganized Debtor for the sale of
9 Property Interests. The Creditors' Committee may, if it deems it
10 appropriate or expedient, form one or more subcommittees to
11 perform specific functions. The Creditors' Committee shall have
12 the authority to employ or continue to employ, as the case may
13 be, after notice to the Reorganized Debtor and upon Final Order
14 of the Bankruptcy Court, professional persons, including
15 attorneys, accountants, and real estate appraisers, at the
16 expense of the Reorganized Debtor, which expense shall be
17 satisfied from the Distribution Account. The Creditors'
18 Committee shall have the right to participate in all disputed
19 matters brought before the Bankruptcy Court by any party in
20 interest after Confirmation. At such time as all of the Allowed
21 Claims of a member of the Creditors Committee have been satisfied
22 in full pursuant to the provisions of Articles III, IV, and V of
23 the Plan, then such member shall resign forthwith from the
24 Creditors' Committee. The Bankruptcy Court may, but need not, in
25 that instance, appoint a successor member.

26 K. Management and Ownership of the Reorganized

27 Debtor. While the reorganized debtor is meeting its obligations
28 under the terms of the plan, it shall have three officers running

1 its business. O. Armour shall be the reorganized debtor's presi-
2 dent. O. Armour is the founder of Armour Oil Company and its
3 current president; he has been intimately involved with all of
4 Armour's affairs since Armour's inception. Pursuant to authori-
5 zation of the United States Trustee O. Armour has received annual
6 compensation of \$180,000, plus medical insurance, reimbursement
7 for automobile and other business expenses, and use of a company
8 vehicle.

9 **Lalita Mills Armour will be executive vice president.**

10 Mrs. Armour has been with Armour since 1940 and directly involved
11 with management of Armour's retail operations and real estate
12 management. She ran Armour's Hawaii operation from December 1958
13 through June 1976, and operated the entire business for four and
14 one-half years while O. Armour served in the armed forces. Pur-
15 suant to authorization of the United States Trustee Lalita Mills
16 Armour has received annual compensation of \$36,000, plus medical
17 insurance, reimbursement for automobile and other business
18 expenses, and use of a company vehicle.

19 **Henry Ogden Armour shall hold the office of vice presi-**
20 **dent of the reorganized debtor.** Henry Armour has used his educa-
21 tional background (he holds a Ph.D in economics) in connection
22 with managing Armour's economic affairs, as well as involving
23 himself with acquisition and disposition of Armour's assets.
24 Pursuant to authorization of the United States Trustee Henry
25 Ogden Armour has received annual compensation of \$60,000, plus
26 medical insurance and reimbursement for automobile and other
27 business expenses.

28 ///

1 The total compensation, including salary and all
2 indirect benefits, to be paid by the Reorganized Debtor to O.
3 Armour, Lalita Mills Armour, and Henry Armour collectively, in
4 each year after the effective date during which there remain
5 obligations to be performed by Armour or O. Armour under the
6 plan, shall not exceed the total compensation paid by Armour and
7 the Subsidiaries to such individuals collectively during the year
8 immediately preceding the Effective Date.

9 L. Executory Contracts and Leases

10 Armour has already assumed or is seeking to assume all
11 of its executory leases of nonresidential real property. Under
12 the plan, Armour will also assume its computer equipment and
13 maintenance leases with Terminals Unlimited, Inc. and Decision
14 Data Corp., as well as its maintenance contract with IBM.
15 Although the debtors are not aware of any other outstanding con-
16 tracts or leases, to the extent they are parties to any, they
17 reject those contracts or leases under the plan. This provision
18 does not affect the rights and liabilities the debtors' Subsidi-
19 aries may have under existing executory contracts and leases.

20 M. Execution and Delivery of Security Documents. As

21 security for the performance of the obligations of the
22 Reorganized Debtor and O. Armour under the Plan, the Reorganized
23 Debtor shall execute and deliver, as of the Effective Date, to
24 the Secured Party or its agent such documents and share
25 certificates as may be necessary or appropriate and as are
26 satisfactory to the Creditors' Committee and the Secured Party to
27 create and perfect in favor of the Secured Party, as agent for
28 the benefit of the holders of Class 1 Administrative Expenses,

1 Class 3, Class 7, Class 8, and Class 9 Claims, a security
2 interest in, and lien upon, all real and personal property of the
3 Reorganized Debtor. As security for the performance of the
4 obligations of O. Armour under the Plan, O. Armour shall execute
5 and deliver, as of the Effective Date, to the Secured Party or
6 its agent such documents and share certificates as may be
7 necessary or appropriate and as are satisfactory to the
8 Creditors' Committee and Secured Party to create and perfect in
9 favor of the Secured Party, as agent for the benefit of the
10 holders of Class 1 Administrative Expenses and Class 3, Class 7,
11 Class 8, and Class 9 Claims, a security interest in, and lien
12 upon: (i) all bonds and share certificates evidencing ownership
13 by O. Armour of publicly-traded stocks owned by O. Armour; (ii)
14 all share certificates evidencing ownership by O. Armour of all
15 issued and outstanding stock of Long Beach ABC Service Stations,
16 Inc.; (iii) all share certificates evidencing ownership by O.
17 Armour of issued and outstanding stock of Grihalva Chevrolet,
18 Inc.; and (iv) all partnership and other interests of O. Armour
19 in Gas-N-Save of Davis. Such security interest and lien shall be
20 first in priority, subject only to such security interests,
21 liens, and encumbrances and other matters of record as may have
22 been in existence as of the Armour Petition Date such security
23 interests and liens of Commercial Center Bank created during the
24 pendency of the Armour Chapter 11 Case and consented to by the
25 Creditors' Committee, and to such other matters as may be
26 consented to in writing after the Effective Date by the Secured
27 Party. Such security interests and liens shall provide that upon
28 default, as defined in the security documents, among other

1 things, the Secured Party shall have the right in its sole and
2 absolute discretion to seek and obtain from the Bankruptcy Court
3 an order appointing a Trustee, who shall be bound by the
4 provisions of the Plan, in the Armour Chapter 11 Case. With
5 respect to the default remedy set forth above, the Debtors and
6 the Reorganized Debtor agree with respect to certain types of
7 defaults specified in the security documents, and only with
8 respect to such types of defaults, they shall not oppose,
9 contest, or otherwise interfere with, or seek an order from the
10 Bankruptcy Court pursuant to section 105 of the Bankruptcy Code
11 in any way affecting, the determination by the Secured Party to
12 pursue the remedy; provided, however, that the Reorganized Debtor
13 shall have the right to contest in the Bankruptcy Court the
14 existence of a default under such security documents. The
15 provisions of such security documents, and the rights and duties
16 of the Reorganized Debtor and O. Armour thereunder, shall be
17 binding upon the Debtors, the Reorganized Debtor, and O. Armour
18 as though incorporated herein as part of the Plan. The
19 Reorganized Debtor shall have the right to sell any Property
20 Interest free and clear of such security interests and liens, and
21 to demand the reconveyance of such security interests and liens
22 by the Secured Party only if the Debtor and the Reorganized
23 Debtor are not in default under the Plan and the Secured Party
24 consents to the terms of such proposed sale. In the event there
25 is not consent by the Secured Party, then the Reorganized Debtor
26 shall have the right to seek, upon at least ten (10) days prior
27 written notice to the Secured Party, an order of the Bankruptcy
28 Court approving such proposed sale over the objection of the

1 Secured Party. If such proposed sale is approved over the
2 objection of the Secured Party by Final Order of the Bankruptcy
3 Court, then the Reorganized Debtor shall be deemed to have
4 deposited into the Distribution Account the Net Sales Proceeds
5 from such proposed sale as of the date originally scheduled for
6 closing of such proposed sale. Such presumption shall control
7 for purposes of: (i) determining whether the Reorganized Debtor
8 has satisfied the minimum deposit requirements set forth in
9 Article VI; and (ii) determining the date upon which interest
10 accruals on portions of unpaid principal terminate, pursuant to
11 the provisions of Article VII-L of the Plan, after the
12 Reorganized Debtor's deposit of Net Sales Proceeds into the
13 Distribution Account.

14 N. Disbursing Agent

15 As soon as practicable after confirmation of the plan, a
16 party to be designated by the court shall be appointed as
17 disbursing agent to receive funds from liquidation of the
18 debtors' assets to make payments to creditors under the terms of
19 the plan. The funds in both Armour's and O. Armour's asset sales
20 accounts shall be turned over to the disbursing agent on or
21 before the effective date. The disbursing agent shall deposit
22 all funds in an interest-bearing account (the "distribution
23 account").

24 The Disbursing Agent shall make disbursements promptly
25 pursuant to the Plan as soon as cash in the amount of \$100,000 or
26 more accumulates in the disbursement account. Interest shall
27 stop running on such portion of the sums distributed as is used
28 to make payments the provisions of Article IV and V of Plan, two

1 banking days after the reorganized debtor advises the disbursing
2 agent that \$100,000.00 or more has been turned over to the
3 disbursing agent, or upon the date payment to claimants has been
4 mailed, whichever is sooner.

5 O. Discharge

6 Payment of the debtors' creditors under the plan shall
7 constitute full and complete satisfaction of the debtors' out-
8 standing indebtedness. Therefore, entry of an order confirming
9 the plan acts as a discharge of any and all liabilities of the
10 debtors that are dischargeable under § 1141 of the Bankruptcy
11 Code other than assumed executory contracts and unexpired leases,
12 which shall be obligations of the reorganized debtor. All claims
13 held, with the exception of the claim set forth in the next
14 paragraph, by any party against Armour's principals, officers,
15 employees or agents ("principals") arising out of Armour's busi-
16 ness operations, including, but not limited to, issuance of
17 financial statements, shall be released upon confirmation of the
18 plan. All actions pending against Armour's principals shall be
19 deemed dismissed, with prejudice, on confirmation of the plan.
20 All releases and dismissals shall include a waiver of California
21 Civil Code § 1542, which reads:

22 A general release does not extend to
23 claims which the creditor does not
24 know or suspect to exist in his
25 favor at the time of executing the
26 release, which if known by him must
27 have materially affected his settle-
28 ment with the debtor.

1 failure by the Debtors to object to or examine a Claim or Equity
2 Security Interest in connection with the tabulation of votes of
3 acceptance or rejection of the Plan shall not be deemed a waiver
4 of such right to reexamine or object to such Claim or Equity
5 Security Interest;

6 C. Hearing and determining any action brought by the
7 Debtors, the Debtors in Possession, the Reorganized Debtor, the
8 Creditors' Committee, or any representative of the Debtors or the
9 Creditors' Committee appointed in the Order of Confirmation
10 seeking to avoid any transfer of an interest of O. Armour or
11 Armour in property, or any obligation incurred by O. Armour or
12 Armour, that is avoidable pursuant to the Bankruptcy Code or any
13 other action to recover money or property.

14 D. Hearing and determining all causes of action,
15 controversies, disputes, or conflicts between or among the
16 Debtors, the Debtors in Possession, the Reorganized Debtor, the
17 Creditors' Committee, or any representative of the Debtors or the
18 Creditors' Committee appointed in the Order of Confirmation and
19 any other party, including those that were pending prior to
20 Confirmation and that are specifically set forth and reserved in
21 the Order of Confirmation;

22 E. Hearing and determining all questions and disputes
23 regarding title to, and disposition of, the property of the
24 Debtors or the Debtors' estates;

25 F. Correcting any defect, curing any omission, or
26 reconciling any inconsistency in the Plan or the Order of
27 Confirmation as may be necessary to carry out the purpose and
28 intent of the Plan of Armour;

1 G. Hearing and determining any dispute relating to the
2 terms or implementation of the Plan or Order of Confirmation, or
3 to the rights or obligations of any parties in interest with
4 respect thereto;

5 H. Confirming a modified plan of reorganization under,
6 Article IX above or after modification of the Plan by the Debtor
7 pursuant to section 1127(b) of the Bankruptcy Code;

8 I. Issuing any order necessary to implement the Plan
9 or Order of Confirmation, including, without limitation, such
10 orders of instruction as may be requested by the Disbursing Agent
11 in carrying out the functions of the Disbursing Agent under the
12 plan and Order of Confirmation;

13 J. Issuing any order necessary to enforce the rights
14 of the Creditors' Committee, the Secured Party, or the agents of
15 either upon default by the Debtors or the Reorganized Debtor
16 under the security documents executed pursuant to Article VII-K
17 of the Plan.

18 K. Entering orders concluding and terminating the
19 Chapter 11 Cases.

20
21 VII.

22 EFFECT OF CONFIRMATION

23 As of the Effective Date, the assets of O. Armour and
24 Armour dealt with by the Plan shall be free and clear of any and
25 all claims and interests of the holders of Claims and Equity
26 Security Interests, except as otherwise provided in the Plan or
27 the Order of Confirmation or documents executed pursuant
28 thereto. Confirmation shall operate, as of the Effective Date,

1 as a judicial determination of the discharge of all liability and
2 indebtedness of Armour that are dischargeable under section 1141
3 of the Bankruptcy Code, except as otherwise provided in the Plan
4 or the Order of Confirmation. Furthermore, payment in full of
5 all amounts required to be paid to the holders of Class 7 and
6 Class 8 Claims pursuant to the provisions of Articles V-A(i) and
7 V-B(i), respectively, of the Plan shall operate as of the
8 Effective Date, as a judicial determination of the discharge of
9 all liability and indebtedness of O. Armour that are
10 dischargeable under section 1141 of the Bankruptcy Code.

11 Additionally, Confirmation shall operate, as of the
12 Effective Date, as a release by the Debtors of the Creditors'
13 Committee and professional persons employed by the Creditors'
14 Committee, and as a release by the Creditors' Committee and the
15 holders of Claims of the directors and officers, other than O.
16 Armour, of Armour, with respect to any and all Claims of any
17 nature whatsoever arising out of actions taken, or omissions to
18 act, prior to the Effective Date; provided, however, that Henry
19 Ogden Armour shall not be released by Wickland Oil Company until
20 it receives payment in full of all amounts required to be paid to

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28 ///

1 it on account of its Class 8 Claim pursuant to the provisions of
2 Article V-B(i) of the Plan.

3
4 ARMOUR OIL COMPANY, Debtor

5
6
7 DATED: December 3, 1985

8 By: *Armour*
9 O. Armour, its president

10 O. ARMOUR, Debtor

11 DATED: December 3, 1985

12 By: *Armour*
13 O. Armour

EXHIBIT A

ARMOUR OIL COMPANY

REAL PROPERTY

105 West Monroe
Buckeye, AZ 85326

5904 West Glendale
Glendale, AZ 85903

1932 Missouri Street
Pacific Beach, CA 92109 [SOLD]

8600 North Crawford Street
Portland, OR 97203 [SOLD]

460 South 10th Street East
Salt Lake City, UT 84102

3500 Estudillo Street
San Diego, CA 92110

908 North Tippecanoe Blvd.
San Bernardino, CA 92408

3515 Airline Blvd.
Portsmouth, VA 23701

4528 East Lake Mead Blvd.
Las Vegas, NV 89102

7607 Tippecanoe Blvd.
San Bernardino, CA 92408

2943 Makalei Place
Honolulu, HI 96815

McCollister Drive
Jackson, WY 83025

2709 East South Street [SOLD]
Long Beach, CA 92410

4401 Armour Avenue [SOLD]
Bakersfield, CA 93308

990 Howe Road
Martinez, CA 94553 [ONE PARCEL SOLD]

2085 Kurtz Street
San Diego, CA 92110

16613 Minnesota Avenue
Paramount, CA 90723

[SOLD]

**EXHIBIT B
ARMOUR OIL COMPANY**

* Kenworth
** Clough

YEAR & MAKE	SERIAL NO.	YEAR & MAKE	SERIAL NO.	YEAR & MAKE	SERIAL NO.	YEAR & MAKE	SERIAL NO.	YEAR & MAKE	SERIAL NO.	YEAR & MAKE	SERIAL NO.
1968 *KW 1968 **CLO	112334	1969 KW 1964 CLO	114049	1969 KW 1964 CLO	114050	1974 KW 1974 CLO	136764	1974 KW 1974 CLO	136765	1975 KW 1975 CLO	141477
1975 KW 1975 CLO	146990	1976 KW 1976 CLO	149117S	1976 KW 1976 CLO	149118	1976 KW 1976 CL	149119	1977 KW 1977 CL	156471S	1977 KW 1977 CL	156472S
1977 KW 1977 CL	156473S	1977 KW 1977 CL	156474S	1977 KW 1977 CL	157279S	1977 KW 1977 CL	157280S	1977 KW 1977 CL	157282S	1977 KW 1977 CL	157283S
1978 GMC 1978 FRU	TMK 928 V566204 FR2687001	1978 KW 1978 CL	158241S	1973 PETE 1970 MERIT	53053P	1974 PETE 1974 MERIT	60546P	1974 PETE 1969 MERIT	66038P	1978 KW 1978 CL	163493S
1978 KW 1978 CL	163494S	1978 KW 1978 CL	163495S	1978 KW 1978 CL	163496S	1978 KW 1978 CL	165107S	1978 KW 1978 CL	165445S	1978 KW 1978 CL	165446S
1978 KW 1978 CL	165448S	1979 KW 1979 CL	168424S	1979 KW 1979 CL	168425S	1979 KW 1979 CL	168426S	1979 KW 1979 CL	168427S	1979 KW 1979 CL	168424S
1979 KW	168429S	1979 KW 1979 CL	168439S	1979 KW 1979 CL	168431S	1979 KW 1979 CL	168432	1979 KW 1979 CL	169426S	1979 KW 1979 CL	169705S
1980 KW 1969 CL	179900S	1980 KW 1969 CL	179901S	1980 KW 1980 CL	180280S	1980 KW 1980 CL	180281S	1979 KW 1979 CL	168433S	1980 KW 1980 CL	185863S
1980 KW 1980 CL	186506S	1981 KW 1981 CL	186712	1981 KW 1981 CL	186983	1981 KW 1981 CL	187700	1981 KW 1981 CL	187701	1977 KW 1977 CL	157281S

ARMOUR OIL COMPANY
COMPANY PASSENGER & SERVICE VEHICLES

<u>YEAR</u>	<u>MAKE</u>	<u>MODEL</u>	<u>ID NUMBER</u>	<u>LICENSE NUMBER</u>
1975	CHEVROLET	PICKUP	46722	715307
1978	CHEVROLET	PICKUP	05374	IM63204
1978	CHEVROLET	PICKUP	07753	TH56349
1978	CHEVROLET	PICKUP	13659	IK80618
1978	CHEVROLET	PICKUP	00376	IM62971
1979	CADILLAC	SEVILLE	53983	A50801 (HA)
1983	CADILLAC	FLEETWOOD	25976	1FSN138
1983	CADILLAC	SEVILLE	08646	2ABW660
1984	CHEVROLET	CAPRICE	47580	1JLS980

FURNITURE, FIXTURES & EQUIPMENT

Estudillo Street - San Diego

Flooring	\$4,265.00
Drapes & Shutters	579.00
Computer Payroll	3,602.00
Preserve Payroll	231.00
Computer Program Estudillo	453.00
IBM PC	3,014.00
Copier Xerox 3107	1,988.00
Letter Quality Printer	4,808.00
Antiques	53,076.00
Neon Sign Fixture	833.00
Equipment Fixture	2,291.00
Air Compressor	347.00
Teglin Air Draulics	904.00
Office Equipment	193.00
Typewriter	47.00
Office Equipment	182.00
Equipment	2,028.00
Equipment	169.00
Office Equipment	334.00
Office Equipment	393.00
3 Monia Calculators	481.00

TOTAL

\$80,218.00

Kurtz Street - San Diego

Equip Purch IBM	\$2,083.00
Mailing Machine	3,283.00
Postal Scale	1,928.00
Band Printer	11,959.00
Copier Xerox 3107	1,988.00
IBM 36 Computer 5360	69,356.00
IBM 36 Computer Additional Basis	12,206.00
Time Clock	357.00
Various	16,778.00

TOTAL

119,938.00

Various Locations

Equipment - Various	\$7,963.00
Furniture, Fixtures	6,042.00

TOTAL

14,005.00

TOTAL

\$214,161.00

EXHIBIT B

*ARMOUR OIL COMPANY ACCOUNTS RECEIVABLE
COLLECTIBLE ACCOUNTS

<u>CUSTOMER</u>	<u>AMOUNT</u>	<u>UNCOLLECTIBLE AMOUNTS</u>
Adamian Oil Enterprises	\$3,680.42	
Maher Abdelmalak	3,000.00	
Samir Mansour	2,346.10	
Texaco, Inc.	10,559.91	
U.S. Army Support Command	27,285.69	
Western Truck & Equipment Co.	2,000.00	
William Yassa	11,192.00	8,192.00
Kent Oil and Trading Co.	275,000.00	200,000.00
Beacon Oil	5,478.75	
Caribon Petroleum	244.56	
City of Escondido	12,451.83	
City of San Diego	102.45	
Getty Refining & Marketing Co.	3,996.60	
Kern Oil Refining	6,450.93	
Mock Petroleum Co.	12,329.56	
Mr. T's Inc.	812.00	
Ryder Truck Rentals	8,569.19	
Truck Stops of America	1,173.26	
Tucson Truck Terminal	639.36	
U.S. Army	10,015.64	
Whitfield Tank Lines Inc.	5,927.17	
Self Enterprise Inc.	516.14	
S & F Mini Market	36,283.31	

* Prepared as of July 1, 1985

EXHIBIT B

ARMOUR OIL COMPANY ACCOUNTS RECEIVABLE
COLLECTIBLE ACCOUNTS (CONT'D)

<u>CUSTOMER</u>	<u>AMOUNT</u>	<u>UNCOLLECTIBLE AMOUNTS</u>
Solar Turbines International	15,966.61	
Southland Corporation	50,313.24	30,313.24
Superior Tire	2,149.09	
Triego Corp.	543.11	
Truck Stops of America	7,828.46	
Walts Truck Stop	30,102.29	10,102.29
Water Wheel Car Wash	32,002.63	12,002.63
West States Fund Inc.	19,076.07	
World Oil Company	19,834.56	
Pollock, Marvin	215,381.85	
Rush Oil Corp.	135,541.18	100,541.18
Frontier Fuel	16,438.93	
FT Erwin-Contract Division	12,027.61	
Grimes, Harold J.	10,000.00	
Hudson Oil Company	60,285.90	50,285.90
Bland, Bill	8,859.42	4,859.42
Johnson, John	4,317.60	
A & P Equity	15,033.00	
Armour Oil Company Northwest	262,200.46	
Adamian Oil Enterprises	789.88	
Beacon Oil Company	21.69	
Bundy, Fred	18,491.65	
San Bennion	25,545.97	20,545.97
Civelekoglu, Hartun	26.92	

EXHIBIT B

ARMOUR OIL COMPANY ACCOUNTS RECEIVABLE
COLLECTIBLE ACCOUNTS (CONT'D)

<u>CUSTOMER</u>	<u>AMOUNT</u>	<u>UNCOLLECTIBLE AMOUNTS</u>
Clark County School District	15,361.35	
Dalton Truck Co. Inc.	983.11	
Martinez Bus Lines	12,285.35	6,285.35
Miller, R.J.	23,709.13	3,709.13
Moradzaden	9,919.90	
County of San Diego	8,041.96	
Courtesy Chevrolet	2,171.45	
Pilot Petroleum	40,616.81	
Western Asphalt	15.86	
Trailside General Store	9,027.15	
United Parcel Service	5,300.22	
Vegas Valley Distrib.	10,251.38	
Navy Exchange	5,858.00	
Mazarian, Ararat	8,934.70	
Newton Petroleum	5,977.51	
Pacific Telephone	218,045.41	
Quix Top	9,118.91	
R & H Western Village	14,719.33	
San Dieguito School District	6,250.12	
Kelso Trucking	8,566.22	
Los Angeles Times	9,479.80	
R.E. Hazard Contracting	9,796.33	
Massih, Khosrow	9,278.33	
SUBTOTAL	<u>\$1,849,972.92</u>	<u>\$ 446,837.11</u>

EXHIBIT B

ARMOUR OIL COMPANY ACCOUNTS RECEIVABLE
UNCOLLECTIBLE ACCOUNTS

<u>CUSTOMER</u>	<u>TOTAL AMOUNT</u>
Andy's Service Station	\$96,494.17
Ace Buehler, Inc.	137.43
Amorient Petroleum	9,709.17
Automated Fuel Systems	20,968.40
Bill Briggs	7,746.74
BP North America	2,285.20
Babbitt, Mack	.74
Bilco	2,438.87
Benco	91,101.10
CR & S Tank Lines	10,125.03
Crist Oil Company	15.00
East Bay Auto Service	38,480.60
Eljawhary, Nazih	20.39
Mill Palace	3,861.71
Mobic #1	32,048.56
National Tune-Ups	5,474.56
Mon Ami Alta Dena Dairy	45.34
Petro Diamond, Inc.	.79
Martinez Bus Lines	25.00
Ryder Truck Rentals	15.98
Douglas	24.97
Naval Material Trans. Office	153.60

EXHIBIT B

ARMOUR OIL COMPANY ACCOUNTS RECEIVABLE
UNCOLLECTIBLE ACCOUNTS

<u>CUSTOMER</u>	<u>TOTAL AMOUNT</u>
Teleport Oil Company	279.92
Garg Service Station	106.56
Giannelli, Betty	48.77
Grow, James	10.00
Hills County Store	132.78
Kim Ho Song	634.65
Kobeissi, Husni	478.86
-- Kwik-Serv Gas Systems	9,248.31
Levi Sulimani	9,438.30
La Franco ARCO	22,420.88
No Host, Inc.	338,484.75
Nigoghosin, John	20,624.74
Olympic 84 Petroleum	28,865.54
Octane Petroleum	71,104.48
Ovnicek, Garret W.	706.65
Paramount Petroleum	774,137.41
Pars Company	7,906.77
Pass Services	49,485.11
Pioneer Automotive	1,890.24
Red Carpet Car Wash	409.75
Removal, Inc.	714.63
Charles Redmon	446,220.55

EXHIBIT B

ARMOUR OIL COMPANY ACCOUNTS RECEIVABLE
UNCOLLECTIBLE ACCOUNTS

<u>CUSTOMER</u>	<u>TOTAL AMOUNT</u>
Ross Name Plate	58.30
Queene Anne Cleaners	3,000.00
Jad's Sheety	15,369.75
Shama, Ahmad A.K.	8,335.58
Skelley Steve	1.18
Stix Oil-Big Bear	105.62
James Straughan	32,522.62
Teleport Oil Company	299,224.79
Trimble Oil	59,226.65
United 79 Oil	9,783.20
W.F. Maxwell	965.52
Yassa, William	170.15
Dunbar, Ed.	<u>18,961.86</u>
	\$2,562,137.24

TOTAL ACCOUNTS RECEIVABLE	\$4,412,110.16
UNCOLLECTIBLE	<u>3,008,974.35</u>
NET COLLECTIBLE ACCOUNTS RECEIVABLE	\$1,403,135.81

EXHIBIT B

*NOTES RECEIVABLE

<u>NOTE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MONTHLY PAYMENT</u>	<u>SECURED</u>	<u>LIKELIHOOD OF COLLECTIC</u>
TRIVISION/FRUSCELLO	\$64,073.60	9%	\$1,156.31	YES	GOOD
WILCOX	51,068.02	10%	904.00	NO	GOOD
ALLIANCE TIRE	39,198.18	13%	1,000.00	NO	GOOD
WOHL	5,223.35	10%	1,500.00	NO	GOOD
MOSER	9,121.62	7%	250.00	NO	POOR
MANHATTAN CREEK	5,360.82	10%	350.00	NO	FAIR
JUHASZ	291,707.95	12.5%	3,600.00	YES	GOOD
BHATIA	56,923.71	12.5%	850.00	YES	GOOD
SILVERTHORN RESORT	7,198.23	10%	393.51	NO	GOOD
PINION HILLS MARKET	15,622.43	11.5%	375.00	NO	GOOD
MARINI	5,500.00	.0%	500.00	NO	POOR
HENDIFAR	2,558.70	.0%	40.00	NO	GOOD
MACCHIO	8,090.11	12%	1,000.00	NO	GOOD
NELSON OIL	515,901.91	13%		NO	POOR
RADWAN	4,820.42	10%	167.66	NO	GOOD
DENZER	21,096.85	13.5%	2,000.00	NO	GOOD
EXTRA OIL	16,265.13	12%	791.52	NO	GOOD
LIQUID ASSETS	68,908.70	11%	992.67	YES	GOOD
MILLS	16,907.04	10%	631.92	NO	GOOD
JAMRO	7,871.76	13%	150.00	NO	GOOD
O'KEEFE	31,799.34	11%	530.00	NO	POOR
WADE	151,773.72	10%	10,000.00	YES	GOOD
STARKS	4,570.67	11%	400.00	NO	FAIR
REDMON	485,853.06	10%		PARTIAL	POOR
WILLIAMS	100,476.71	10%	954.00	YES	GOOD
ATCO	20,073.84	12%	750.00	NO	POOR
PACIFIC RESOURCES	<u>126,000.00</u>	0%	<u>2,000.00</u>		
			<u>1/85</u>		
TOTAL	\$2,033,498.09		\$31,286.59		
TOTAL GOOD	\$1,056,220.46		\$28,506.59		

*Prepared as of July 1, 1985

EXHIBIT C

SAN DIEGO ARMOUR OIL COMPANY

REAL PROPERTY

4790 West Capital Avenue
West Sacramento, CA 95691

1370 Atwater Blvd.
Atwater, CA 95301

2000 Del Monte Blvd.
Seaside, CA 93955

7340 Greenback Lane
Citrus Heights, CA 95610

1156 Grande Avenue
Arroyo Grande, CA 93420

1519 North Broadway
Santa Maria, CA 94354

16 South Cherokee Lane [SOLD]
Lodi, CA 95240

--160 Montgomery Drive
Santa Rosa, CA 95404

1505 Second Street
Selma, CA 93662

830 Union Avenue
Bakesfield, CA 93307

3363 San Pablo Dam Road
San Pablo, CA 94805

3006 El Camino
Ceres, CA 95307

1114 Cecil Avenue
Delano, CA 93518

1081 El Monte Avenue
Dinuba, CA 93518

963 West 16th Street
Merced, CA 95340

1325 Saratoga - Sunnyvale Road
Cupertino, CA 95014

4191 First Street
Pleasanton, CA 95466

EXHIBIT D

LEASEHOLDS OF ARMOUR OIL COMPANY & SUBSIDIARIES

504 L Street
Davis, CA 95616

8110 Balboa Avenue
San Diego, CA 92111

7611 Linda Vista Road
San Diego, CA 92110

2011 148th N.E.
Bellevue, WA 98007

10120 S.E. Washington
Portland, OR 97215

5525 West Charleston Blvd.
Las Vegas, NV 89102

4041 West Mercury Blvd. [SUBSIDIARY]
Hampton, VA 23666

105 E. Valley Blvd.
Alhambra, CA 91821

10211 Alondra Blvd.
Bellflower, CA 90706

455 H Street
Chula Vista, CA 92010

1502 S. Everett Mall Way [SOLD]
Everett, WA 98204

1100 North 130th
Seattle WA 98133

SCHEDULE D-1

O. ARMOUR'S ASSETS

<u>Property</u>	<u>Value</u>
One-half interest in 821 San Antonio Place, San Diego, California 92106	\$750,000.00
Cash on hand	nominal
Checking accounts	nominal
One-half interest in household goods supplies and furnishings	1,000.00
One-half interest in books, pictures and other art objects	1,500.00
One-half interest in wearing apparel, jewelry, firearms, sports equipment and other personal possessions	10,000.00
Penn Mutual Life Insurance Policy	2,238.00
50% interest in Gas N Save of Davis	100,000.00
Armour Oil Company	1,500,000.00
Armour Oil Northwest	nominal
Union Oil Company (solely owned) 70 shares	2,800.00
(owned 50% with Evelyn Campbell - 83 shares)	1,660.00
First National Bank of San Diego (10,000 shares)	75,000.00
Old National Bank (Washington Bankshares) (3,766 shares)	52,724.00
Grihalva Chevrolet (250 shares)	<u>250,000.00</u>
TOTAL ASSETS	\$2,746,922.00

EXHIBIT E

ASSET VALUATION OF PROPERTIES

105 West Monroe Buckeye, AZ 85326 (F)	150,000.00	
5904 West Glendale Glendale, AZ 85903 (F)	200,000.00	
1932 Missouri Street Pacific Beach, CA 92109 (F)	475,000.00	SOLD
8600 North Crawford Street Portland, OR 97203 (F)	235,000.00	SOLD
460 South 10th Street East Salt Lake City, UT 84102 (F)	825,000.00	
1156 Grande Avenue Arroyo Grande, CA 93420 (F)	350,000.00	
1519 North Broadway Santa Maria, CA 94354 (F)	200,000.00	
16 South Cherokee Lane Lodi, CA 95240 (F)	140,000.00	SOLD
160 Montgomery Drive Santa Rosa, CA 95404 (F)	150,000.00	
1505 Second Street Selma, CA 93662 (F)	150,000.00	
3500 Estudillo Street San Diego, CA 92110 (F)	900,000.00	
830 Union Avenue Bakersfield, CA 93307 (F)	250,000.00	
908 N. Tippecanoe Boulevard San Bernardino, CA 92408 (F)	55,000.00	
3515 Airline Boulevard Portsmouth, VA 23701 (F)	225,000.00	
3363 San Pablo Dam Road San Pablo, CA 94805 (F)	280,000.00	

F = fee

LH = leasehold

3006 El Camino Ceres, CA 95307 (F)	150,000.00	
1114 Cecil Avenue Delano, CA 93215 (F)	150,000.00	
1081 El Monte Avenue Dinuba, CA 93518 (F)	150,000.00	
963 West 16th Street Merced, CA 95340 (F)	170,000.00	
5525 West Charleston Boulevard Las Vegas, NV 89102 (LH)	60,000.00	
4528 East Lake Mead Boulevard Las Vegas, NV 89102 (F)	125,000.00	
4041 West Mercury Boulevard Hampton, VA 23666 (LH)	175,000.00	
105 E. Valley Boulevard Alhambra, CA 91821 (LH)	150,000.00	
1021 Pandora Boulevard Bellflower, CA 90706 (LH)	100,000.00	
455 H Street Chula Vista, CA 92010 (LH)	325,000.00	
1325 Saratoga - Sunnyvale Road Cupertino, CA 95014 (F)	345,000.00	
1370 Atwater Boulevard Atwater, CA 95301 (F)	150,000.00	
1801 N. Texas Street Fairfield, CA 94533 (LH)	00.00	
1502 Everett Mall Way Everett, WA 98204 (F)	275,000.00	SOLD
2709 E. South Street Long Beach, CA 92410 (F)	300,000.00	SOLD
1100 North 130th Street Seattle, WA 98133 (LH)	175,000.00	
7607 Tippecanoe Boulevard San Bernardino, CA 92408 (F)	100,000.00	

F = fee

LH = leasehold

4191 1st Street Pleasanton, CA 95466 (F)	400,000.00	
4790 W. Capitol Avenue West Sacramento, CA 95691 (F)	550,000.00	
2000 Del Monte Boulevard Seaside, CA 93955 (F)	240,000.00	
7340 Greenback Lane Citrus Heights, CA 95610 (F)	300,000.00	
504 L Street Davis, CA 95616 (LH)	00.00	
8116 Balboa Avenue San Diego, CA 92111 (LH)	200,000.00	
7611 Linda Vista Road San Diego, CA 92110 (LH)	65,000.00	
2011 148th N.E. Bellevue, WA 98007 (LH)	100,000.00	
10120 S.E. Wallington Portland, OR 97215 (LH)	100,000.00	
2943 Makalei Place Honolulu, HI 96815 (F)	1,000,000.00	
LaChoumine Condominiums Jackson, WY 83025 (F)	56,000.00	
4401 Armour Avenue Bakersfield, CA 93308 (F)	600,000.00	SOLD
990 Howe Road Martinez, CA 94553 (F)	1,275,000.00	
2085 Kurtz Street San Diego, CA 92110 (F)	660,000.00	
16613 Minnesota Avenue Paramount, CA 90723 (F)	<u>800,000.00</u>	SOLD
TOTAL	\$13,831,000.00	

F = fee
LH = leasehold

EXHIBIT F

PROJECTED NET CASH FLOW

	<u>1/86 - 12/86</u>	<u>1/87 - 12/87</u>	<u>1/88 - 12/88</u>
PROJECTED BASE LEVEL MONTHLY CASHFLOW	\$39,350.00	\$39,350.00	\$39,350.00
CUMMULATIVE LIQUIDATION EFFECT OVERHEAD REDUCTION	\$40,156.00	\$73,917.00	\$84,305.00
INCOME REDUCTION	(55,371.00)	(74,101.00)	(80,289.00)
NET LIQUIDATION EFFECT	<u>(15,215.00)</u>	<u>(184.00)</u>	<u>(4,016.00)</u>
SUB TOTAL	\$24,135.00	\$39,166.00	\$43,366.00
LESS CONTINGENCIES	<u>(15,000.00)</u>	<u>(15,000.00)</u>	<u>(15,000.00)</u>
PROJECTED NET CASH FLOW - MONTHLY	9,135.00	24,166.00	28,366.00
PROJECTED NET CASH FLOW - ANNUALLY	\$109,620.00	\$289,992.00	\$340,392.00
36 MONTH CONTRIBUTION TO LIQUIDATION FUND			\$740,004.00

JC/11/XF

EXHIBIT G

PAYMENT FUND FOR RETIREMENT OF LIABILITIES

ASSET SALES BANK ACCOUNT AND PROJECTED ASSET LIQUIDATIONS	\$11,659,000.00
ACCOUNTS RECEIVABLE	760,000.00
NOTES RECEIVABLE	641,000.00
INTERNAL CASH GENERATION	740,000.00
CONTINGENT CLAIMS	2,750,000.00
	<hr/>
	\$16,550,000.00

EXHIBIT H

SUMMARY

CHAPTER 7 LIQUIDATION PROCEEDS

Capital Asset Liquidation	\$7,806,240.00
Other Assets	878,000.00
Bank Accounts	<u>5,500,000.00</u>
Less Administrative Costs	(400,000.00)
Less Projected Tax Liability	<u>(200,000.00)</u>
	\$12,984,240.00

EXHIBIT H

CHAPTER 7 LIQUIDATION ALTERNATIVE

ESTIMATED REAL PROPERTY VALUE

2943 Makalei Place Honolulu, HI -96815	\$900,000
4191 1st Street Pleasanton, ca 95466	350,000
4790 West Capitol Avenue West Sacramento, CA 95691	400,000
2000 Del Monte Blvd Seaside, CA 93955	175,000
7340 Greenback Lane Citrus Heights, CA 95610	225,000
504 L Street Davis, CA 95616	-0-
8110 Balboa Avenue San Diego, CA 92111	200,000
7611 Linda Vista Road Linda Vista, CA 92110	50,000
2011 148th N.E. Bellvue, WA 98007	100,000
10120 S.E. Washington Portland, OR 97215	100,000
La Choumine Condominiums Jackson, WY 87025	70,000
105 E. Valley Alhambra, CA 91821	90,000
10211 Alondra Blvd. Bellflower, CA 90706	60,000
455 H. Street Chula Vista, CA 92010	225,000
1502 South Everett Mall Way Everett, WA 98204	275,000
5525 West Charleston Blvd. Las Vegas, NV 89102	40,000

EXHIBIT H

CHAPTER 7 LIQUIDATION ALTERNATIVE (CONT'D)

2709 East South Street Long Beach, CA 92410	\$300,000
1100 North 130th Seattle, WA 98133	175,000
4401 Armour Avenue Bakersfield, CA 93308	600,000
990 Howe Road Martinez, CA 94553	1,275,000
2085 Kurtz Street San Diego, CA 92110	500,000
16613 Minnesota Avenue Paramount, CA 90723	800,000
105 West Monroe Buckeye, AZ	70,000
5904 West Glendale Glendale, AZ	125,000
1932 Missouri Street Pacific Beach, CA	400,000
8600 North Crawford Street Portland, OR 97215	150,000
460 South 10th Street East Salt Lake City, UT 84102	825,000 (secured-no equity)
1156 Grande Avenue Arroyo Grande, CA 93420	200,000
1519 North Broadway Santa Maria, CA 94354	100,000
16 South Cherokee Lane Lodi, CA 95240	140,000
160 Montgomery Drive Santa Rosa, CA 95404	100,000
1505 Second Street Selma, CA 93662	100,000

EXHIBIT H

CHAPTER 7 LIQUIDATION ALTERNATIVE (CONT'D)

3500 Estudillo-Street San Diego, CA 92110	500,000
830 Union Avenue Bakersfield, CA 93307	125,000
908 N. Tippecanoe Blvd. San Bernardino, CA 92408	30,000
3515 Airline Blvd. Portsmouth, VA 23701	100,000
3363 San Pablo Dam Road San Pablo, CA 94805	125,000
3006 El Camino Ceres, CA 95307	90,000
1114 Cecil Avenue Delano, CA 93215	90,000
1081 El Monte Avenue Dinuba, CA 93518	90,000
963 West 16th Street Merced, CA 95340	110,000
4528 East Lake Mead Blvd. Las Vegas, NV 89102	90,000
7607 Tippecanoe San Bernardino, CA 92408	80,000
4041 West Mercury Blvd. Hampton, VA 23666	80,000
1375 Saratoga - Sunnyvale Road Cupertino, CA 95014	\$250,000
	Proceeds to pay off secured creditor of San Diego Armour Oil Company

EXHIBIT H

CHAPTER 7 LIQUIDATION ALTERNATIVE (CONT'D)

Trucks	\$2,241,000	
Vehicles	<u>42,000</u>	
TOTAL ESTIMATED VALUE OF IMMEDIATE PROPERTY LIQUIDATION	\$13,028,000	
Less Closing & Commission costs (7%)	(921,760)	
Subtotal		\$12,106,240
<u>OTHER ASSETS</u>		
Accounts Receivable (50%)	380,000	
Notes Receivable (50%)	473,000	
Miscellaneous Equipment	<u>25,000</u>	
Total Other assets:		\$878,000
Total Liquidation Value		\$12,984,240

EXHIBIT I

PAYMENTS UNDER THE PLAN

FROM LIQUIDATION FUND

CLASS 1	\$ 500,000.00
CLASS 2	2,000.00
CLASS 3	831,923.00
CLASS 4	*
CLASS 5	*
CLASS 6	*
CLASS 7	1,303,263.00
CLASS 8	626,337.00
CLASS 9	11,324,453.00
LIQUIDATION TAX LIABILITIES	<u>200,000.00</u>
	\$14,787,976.00*

*Interest on classes to bear interest not included.

EXHIBIT J

PRESENT VALUE OF ALTERNATIVE CASHFLOWS (12/31/85 BASE DATE) *

<u>REORGANIZATION PLAN</u>			<u>CHAPTER 7 LIQUIDATION</u>		
<u>DATE</u>	<u>DISCOUNT FACTOR 10%</u>	<u>CASHFLOW</u>	<u>DISCOUNTED CASHFLOW</u>	<u>CASHFLOW</u>	<u>DISCOUNTED CASHFLOW</u>
1/86	(1.000)	\$6,405,240.00	\$6,405,240.00	\$00.00	\$00.00
** 1/87	(.9091)	2,464,920.00	2,240,859.00	12,984,240.00	11,840,972.58
*** 1/88	(.8264)	3,839,920.00	3,173,310.00		
12/88	(.7513)	<u>3,839,920.00</u>	<u>2,884,932.00</u>		
		\$16,550,000.00	\$14,704,341.00	\$12,984,240.00	\$11,840,972.58

- * Assumes 12/31/85 as date all orders confirming the plan become final.
- ** Assumes accounts receivable, notes receivable and internal cash revenue per Exhibit H are distributed equally in December, 1986, December, 1987 and December, 1988.
- *** Includes contingent claims against major oil companies per Exhibit H is received equally in December 1987 and December 1988.

I hereby attest and certify on 12/12/88
 that the foregoing document is a full, true and correct
 copy of the original on file in my office, and in my
 legal custody.

CLERK, U.S. BANKRUPTCY COURT
 CENTRAL DISTRICT OF CALIFORNIA

By [Signature]



JC/11/XK

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FORWARDING TIME EXPIRED
ALAMEDA COUNTY HAZARDOUS MATERIALS
1131 HARBOR BAY PKY
ALAMEDA CA 94502-6577

RETURN TO SENDER



From

TUTTLE & TAYLOR

A LAW CORPORATION
FORTIETH FLOOR

355 SOUTH GRAND AVENUE LOS ANGELES, CALIFORNIA 90071-3101

To

ALAMEDA

Scott O. Seery, CHMM
Senior Hazardous Materials Specialist
Department of Environmental Health
Hazardous Materials Division
80 Swan Way, Rm. 200
Oakland, California 94621