SDMS Document ID
1006669

FULBRIGHT & JAWORSKI L.L.P.
A REGISTERED LIMITED LIABILITY PARTNERSHIP
1301 MCKINNEY, SUITE 5100
HOUSTON, TEXAS 77010-3095

TELEPHONE: 713/651-5151
FACSIMILE: 713/651-5246

WRITER'S INTERNET ADDRESS:
elewis@fulbright.com

WRITER'S DIRECT DIAL NUMBER:
713/651-3760

HOUSTON
WASHINGTON, D.C.
AUSTIN
SAN ANTONIO
DALLAS
NEW YORK
LOS ANGELES
MINNEAPOLIS
LONDON
HONG KONG

Received
Office of Enforcement
JUL 19 2000
Compliance & Env. Justice

July 18, 2000

Re: Request for Information Related to Rico Argentine Mine Site in Dolores County, Colorado; Response of Crystal Gas Storage, Inc.

***Via Express Mail***

Mr. David L. Broste
(8ENF-T)
United States Environmental Protection Agency, Region VIII
999 18th Street, Suite 500
Denver, Colorado 80202-2466

Dear Mr. Broste:

Enclosed are Crystal Gas Storage, Inc.'s (formerly Crystal Oil Company) responses to the Request for Information that it received on June 19, 2000. As can be determined by a review of the attached responses and accompanying documents, Crystal Gas Storage, Inc. ("Crystal Gas") neither owned or operated the Rico Argentine mine, nor was the Rico Argentine Mining Company ("RMC") ever merged into Crystal Gas. Crystal Gas is not, therefore, the corporate successor to RMC, as alleged in the letter dated June 14, 2000, from Ms. Sharon Kercher of the Environmental Protection Agency ("EPA") to Mr. Joe Averett, President of Crystal Gas.

An independent subsidiary of Crystal Gas known as Crystal Exploration and Production Company ("CEPCO") did acquire the interests of RMC through a series of transactions in the 1970s. (This company was recently merged into a new entity, Crystal Exploration and Production, L.L.C.) The only activity ever conducted at the Rico Argentine mine by CEPCO was testing. In August of 1980, the assets of the RMC were sold to the Anaconda Company, which was subsequently merged into the Atlantic Richfield Company ("ARCO"). Pursuant to the Closing Agreement, the Anaconda Company agreed to assume the liabilities related to certain environmental matters, including matters relating to the discharges from the St. Louis and Blaine Tunnels. *See* attached documents bearing Bates Nos. RAM 01487-01500. In fact, after a lawsuit between Crystal Oil Company and ARCO concerning other environmental remedial activities at the Rico Argentine mine, ARCO completed such actions at no expense to Crystal Oil Company.

Crystal Exploration and Production, L.L.C. continues to exist today, but its assets consist solely of a minimal amount of cash. This entity continues to exist only because of litigation on

matters not related to the Rico Argentine mine. Furthermore, as indicated above, the liabilities of CEPCO relating to the operation of the mine were assumed by ARCO. Finally, CEPCO, as a subsidiary of Crystal Gas, has at all times been a separate, independent corporation.

If you have any questions concerning the enclosed, please feel free to call me at (713) 651-3760.

Very truly yours,

Eddie Lewis

Edward C. Lewis

ECL/jnr
Enclosure

cc: Mr. Joe N. Averett, Jr.
President
Crystal Gas Storage, Inc.

Ms. Kimberly Lesniak
Senior Counsel
El Paso Corporation

## GENERAL RESPONSE TO REQUESTS FOR INFORMATION

The following responses to the Environmental Protection Agency's ("EPA") Requests for Information were prepared by and on behalf of Crystal Gas Storage, Inc., a Louisiana corporation, ("Crystal Gas"). Crystal Gas, the company to which the Requests for Information were directed, has never owned nor operated any property at the Rico Argentine Mine located in Dolores County, Colorado. An independent subsidiary of Crystal Gas, Crystal Exploration and Production, L.L.C. (formerly known as Crystal Exploration and Production Company), owned (but did not operate) property at the Rico Argentine Mine from January 1977 until August 1980. Crystal Exploration and Production Company sold its property at the Rico Argentine Mine to the Anaconda Company in August 1980.

In providing the following responses, Crystal Gas does not waive its right to any privileges, including, but limited to, the attorney-client privilege, the work-product privilege, the self-investigative, and/or the joint defense privilege. Documents or information subject to any applicable privilege have not been provided in response to these requests.

## REQUESTS FOR INFORMATION

**1. Identify the persons(s) answering these Questions on behalf of Respondent.**

Mr. Edward C. Lewis
Fulbright & Jaworski L.L.P.
1301 McKinney, Suite 5100
Houston, Texas 77010-3095

**2. For each and every Question contained herein, identify all persons consulted in the preparation of the answer.**

In addition to counsel for Crystal Gas, the persons identified below were consulted in the process of answering the Requests for Information. Additional persons may be identified in the specific answers provided below.

Mr. Joe N. Averett, Jr.
Crystal Gas Storage, Inc.
P.O. Box 21101
Shreveport, Louisiana 71120

Ms. Ernestine Bucham
El Paso Energy Corporation
P. O. Box 2511
Houston, Texas 77252-2511

Mr. Paul Holmes
Crystal Gas Storage, Inc.
P.O. Box 21101
Shreveport, Louisiana 71120

Ms. Margaret Roark
El Paso Energy Corporation
P. O. Box 2511
Houston, Texas 77252-2511

Ms. Julie Smith
Crystal Gas Storage, Inc.
P.O. Box 21101
Shreveport, Louisiana 71120

3. **For each and every Question contained herein, identify documents consulted, examined, or referred to in the preparation of the answer or that contain information responsive to the Question and provide accurate copies of all such documents.**

This information is contained in the responses to the questions below.

4. **Describe and provide documents that describe the terms and conditions of Crystal Oil Company's ("Crystal Oil") acquisition of the Rico-Argentine Mining Company ("RMC") in or around 1974. If RMC's existence as a separate corporate entity was ended or if the company changed names as a result of this acquisition or at any time after it, describe those events and provide related documents such as notices of dissolution, merger agreements, amendments to articles of incorporation, and related corporate resolutions.**

Crystal Gas (formerly known as Crystal Oil Company) is distinct from and is not a successor to the Rico Argentine Mining Company. A subsidiary of Crystal Gas acquired the Rico Argentine Mining Company through a merger. On July 3, 1974, the Rico Argentine Mining Company, a Utah corporation, was merged into Crystal-Rico Company, a Texas corporation and wholly owned subsidiary of Crystal Oil Company, which thereafter changed its name to the Rico Argentine Mining Company. Effective January 1, 1977, the Rico Argentine Mining Company was merged into Crystal Exploration and Production Company, a Florida corporation. See documents bearing Bates Nos. RAM01399 - RAM01410, RAM01540 - RAM01689. On January 4, 2000, Crystal Exploration and Production Company was merged

into Crystal Exploration and Production, L.L.C. See documents bearing Bates Nos. RAM01387 - RAM01398.

5. **Provide copies of the documents that describe the terms and conditions of the transactions that transformed Crystal Oil from a Maryland corporation to a Louisiana corporation.**

See documents bearing Bates Nos. RAM00788 - RAM01307.

6. **Provide copies of the amendment to the articles of incorporation that changed the name of Crystal Oil to Crystal Gas Storage, Inc.**

See documents bearing Bates Nos. RAM01308 - RAM01313.

7. **Provide a copy of the merger agreement between Crystal Gas Storage, Inc. (a Louisiana corporation) and El Paso Energy Acquisition Company, and provide documents that describe any subsequent changes in the name of the corporation.**

See documents bearing Bates Nos. RAM01314 - RAM01386.

8. **Describe all property interests owned by RMC at the Site at the time that company was acquired by Crystal Oil.**

Crystal Gas (formerly known as Crystal Oil Company) never acquired the Rico Argentine Mining Company. (See response to Question No. 4). Copies of documents relating to property that may have been owned by the Rico Argentine Mining Company have been enclosed. See documents bearing Bates Nos. RAM01399 - RAM01410, and RAM01540 - RAM01689. The vast majority of the records relating to the Rico Argentine Mining Company's property at the site were transferred to the Anaconda Company as a result of its purchase of Crystal Exploration and Production Company's assets in Dolores County, Colorado in 1980. See documents bearing Bates Nos. RAM01399 - RAM01539.

9. **Describe any and all transactions in which Respondent conveyed or acquired property interests at the Site. Describe the property conveyed or acquired, identify the parties to the transactions, and state the dates of each transaction.**

Crystal Gas has never conveyed or acquired property at the Site. Copies of documents related to property acquisitions or conveyances at the site by other entities have been enclosed in response to other questions. See documents bearing Bates Nos. RAM01399 - RAM01689.

10. **Describe any and all records of RMC that currently exist that describe RMC's ownership of property at the Site or that describe the operations of RMC at the Site**

**including those operations that in any way related to activities in or around the St. Louis and Blaine Tunnels. Describe where those records are currently located and identify the person who has custody of those records. EPA reserves the right to request copies of those records or access to them at a later date.**

Copies of several documents related to the Rico Argentine Mining Company's property at the site have been attached in response to other questions. Counsel for Respondent has some additional Rico Argentine Mining Company documents in its possession, including a few Board of Director minutes, personnel files for a few former employees, correspondence with the Securities and Exchange Commission in the 1970's, and other corporate related documents. The vast majority of records relating to the Rico Argentine Mining Company's property and operations at the site were transferred to the Anaconda Company as a result of its purchase of Crystal Exploration and Production Company's assets in Dolores County, Colorado in 1980. See documents bearing Bates No. RAM01399 - RAM01689.

11. **Provide the following information and records related to the bankruptcy proceeding initiated by Crystal Oil in or around 1986:**

A. **Identify the court where the bankruptcy petition was filed and provide the docket number of the action;**

United States Bankruptcy Court for the Western District of Louisiana, Shreveport Division, Case No. 86BK-12834-S11.

B. **Provide the bankruptcy petition, the approved disclosure statement and plan of reorganization, the order of the court confirming the plan of reorganization, all orders of the court issued after confirmation of the plan of reorganization and a docket sheet showing all motions, pleadings and related items that were filed in the bankruptcy proceeding.**

Crystal Gas has enclosed key documents relating to its bankruptcy proceeding, including the bankruptcy petition, disclosure statements, the plan of reorganization, and the court's order approving same. See documents bearing Bates Nos. RAM00001 - RAM00567. Because of the volume of documents that have been filed in the above-referenced bankruptcy proceeding, Crystal Gas has attached a current docket sheet identifying other pleadings, orders, and associated documents that have been filed in the bankruptcy proceeding. See documents bearing Bates Nos. RAM00568 - RAM00787.

12. **Provide all documents that describe the terms and conditions of or relate in any way to any sale or other transfer by Crystal Oil or its successors of all or a portion of RMC or any assets that were owned by RMC or any assets owned by Crystal Oil that related in any way to the Site. Provide all documents generated by Crystal Oil or its successors after any such sale or transfer that related in any way to the Site.**

Crystal Gas has never owned any property at the site. Documents have been enclosed in response to previous questions that relate to the acquisition of Crystal Exploration and Production Company's assets in Dolores County, Colorado by the Anaconda Company in 1980. See documents bearing Bates Nos. RAM01399 - RAM01689.

13. **If you have reason to believe that there may be persons able to provide a more detailed or complete response to any Question contained herein or who may be able to provide additional responsive documents, identify such persons and the additional information or documents that they may have.**

On August 27, 1980, the Anaconda Company purchased Crystal Exploration and Production Company's assets in Dolores County, including the assets of the Rico Argentine Mining Company. Subsequently, the Anaconda Company was merged into the Atlantic Richfield Company. In addition, on May 9, 1988, the Atlantic Richfield Company entered into an agreement with Rico Development Corporation to sell approximately 2,900 acres of property in Dolores County, Colorado. Employees and former employees of the Atlantic Richfield Company, the former Anaconda Company, and the Rico Development Corporation may have additional information regarding the subject matter addressed in EPA's Request for Information.

14. **For each and every question contained herein, if information or documents responsive to this Information Request are not in your possession, custody or control, then identify the persons from whom such information or documents may be obtained.**

On August 27, 1980, the Anaconda Company purchased Crystal Exploration and Production Company's assets in Dolores County, including the assets of the Rico Argentine Mining Company. Subsequently, the Anaconda Company was merged into the Atlantic Richfield Company. In addition, on May 9, 1988, the Atlantic Richfield Company entered into an agreement with Rico Development Corporation to sell approximately 2,900 acres of property in Dolores County, Colorado. Employees and former employees of the Atlantic Richfield Company, the former Anaconda Company, and the Rico Development Corporation may have additional information regarding the subject matter addressed in EPA's Request for Information.

To: Hank Stelle
From: Crystal Oil

FILED
DEC 31 1986
CLERK
UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT of LOUISIANA

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

IN RE:

CRYSTAL OIL COMPANY,
Debtor

CASE NO. 586-02834
CHAPTER 11 PROCEEDING

ORDER CONFIRMING PLAN

The Plan of Reorganization filed by Crystal Oil Company ("Crystal") pursuant to the provisions of Chapter 11 of the Bankruptcy Code (11 U.S.C.), having been transmitted to the holders of impaired claims and interests; and

IT HAVING BEEN DETERMINED AFTER NOTICE AND A HEARING:

1. On July 10, 1986, pursuant to Section 1126(b) of the Bankruptcy Code, Crystal began a pre-petition solicitation (the "Solicitation") of creditors impaired under its Plan of Reorganization ("Plan") by distributing to such creditors its Disclosure Statement, Plan and ballots through direct mail contact and through D. F. King & Co., Inc., a professional proxy solicitation firm. Crystal was aided in the Solicitation by PaineWebber, Incorporated and Copeland, Wickersham, Wiley & Co., Inc. Unless otherwise indicated herein, the definitions set forth in Article I of the Plan shall have the same meaning herein.

2. The Plan was accepted by all classes of Crystal's impaired creditors holding Crystal's publicly held debt securities (Classes 8A, 8B, 12, and 13), as reflected in the Ballot Report filed with the Court on November 10, 1986, and by Crystal's wholly owned subsidiary, Crystal Exploration and Production Company. At least one impaired class (Class 12) that does not have any alleged insiders accepted the Plan.

3. No credible evidence has been presented that any creditor in Classes 8A, 8B, 12, or 13 is an "insider".

4. The classification of claims in the Plan is based upon the substantial similarity of all claims in each such class, is reasonable and was arrived at in good faith, and was not made for the purposes of affecting the vote in any such class, or for any improper purpose. The interests of the claims in Classes 11 and 13 are dissimilar as a result of the nature thereof (long-term public debt versus ordinary trade debt, the subordination provisions of the public debt, the impact of nonpayment of trade debt and royalty and working interest owner debt on the continued business of Crystal, and the investment interests and business expectations of the creditors).

5. The Solicitation was carried out in good faith, in a thorough manner, was made to all impaired creditors, was carried on from July 10, 1986, through September 26, 1986, and gave all impaired creditors a fair and adequate opportunity to accept or reject the Plan. The initial expiration of the Solicitation was



RAM00002

August 8, 1986. The Solicitation was first extended until September 5, 1986, at which time the requisite acceptances from all public classes of creditors had been obtained. In order to allow continued opportunity for voting, the Solicitation was again extended until September 26, 1986, shortly before the filing of the reorganization case on October 1, 1986. The Solicitation was to debt holders of record as of June 16, 1986, as provided by Bankruptcy Rule 3018(b). The solicitation period was 78 days, substantially longer than the 25 days required by the Bankruptcy Rules. Crystal itself and its insiders engaged in significant and considerable efforts to reach all holders of Crystal's publicly held debt securities during the course of its Solicitation. No objection pursuant to Bankruptcy Rule 3018(b) as to the Solicitation was raised by any party in interest during the proceeding. There is no credible evidence of any impropriety in the Solicitation or in the voting. The Solicitation was in compliance with Section 1126(b) of the Bankruptcy Code. No party in interest has filed a disclosure statement for the purpose of a post-petition solicitation of the holders of Crystal's publicly held debt securities. Accordingly, no post-petition solicitation of the holders of Crystal's publicly held debt securities was necessary in this case nor could such a solicitation have been made absent the filing of a disclosure statement for such purpose.



RAM00003

6. As previously determined by this Court, the Disclosure Statement distributed by Crystal to each impaired class of creditors and interest holders contained "adequate information" as required by Bankruptcy Code Section 1125(a).

7. The factual information set out in the Disclosure Statement and the Shareholder Disclosure Statement is accurate, fair, and complete in all material respects and contained no material misrepresentations or omissions. The valuations and projections contained in the Disclosure Statements are reasonably accurate and there is no credible evidence of any material inaccuracy or omission relating thereto in the Disclosure Statements.

8. Crystal's Second Amended Plan (also the "Plan" or the "Second Amended Plan", as the context requires) varies the allocation of "available cash flow", as defined in the Plan, between Bankers Trust Company ("Bankers Trust") and the Halliburton Company ("Halliburton") from that contemplated in the original Plan. The variations of the Second Amended Plan do not materially adversely affect any other impaired creditor or interest holder, and occasion no necessity for a resolicitation of creditors or interest holders. Both Halliburton and Bankers Trust have received adequate information with respect to the Second Amended Plan. Therefore, pursuant to Bankruptcy Rule 3019, the Second Amended Plan is deemed accepted by all impaired creditors and interest holders who accepted the original

Plan. Since the allocation of available cash flow as between Bankers Trust and Halliburton was changed in the Second Amended Plan, both of those parties are entitled to vote thereon.

9. Adequate information having been provided to Crystal's shareholders, Crystal's shareholders have accepted the Plan.

10. Bankers Trust has a claim of approximately $37 million based on outstanding indebtedness and approximately $32 million based on contingent letters of credit claims supporting tax benefit transfer leases entered into by Crystal. Both such claims are secured by a first lien on substantially all of Crystal's producing oil and gas properties and certain other assets.

11. Bankers Trust has voted to accept the Second Amended Plan.

12. Halliburton has a claim of approximately $10.3 million, plus interest, secured by a second lien on substantially all of Crystal's producing oil and gas properties and certain other assets.

13. Halliburton, voting in Class 7, has voted against the Plan. Class 7 is the only impaired class of creditors or interest holders voting against the Plan.

14. Halliburton and Anthony Ben Walsh are the only two parties who have timely objected to the confirmation of the Plan. In addition, Alan Cushner, a purported representative of certain debentureholders, has written the Court asking that certain

debentures not be included in the Plan, and Donald Garrett has filed an "Objection to Confirmation of Components of Crystal's Plan of Reorganization," both of which essentially ask that the Court rewrite some portions of the Plan. The Internal Revenue Service has also filed a pleading which seeks a higher interest rate (the delinquency rate of interest under § 6621 of Internal Revenue Code compounded daily pursuant to § 6622 of such code) and either payment immediately upon allowance of any claim it may establish or periodic payments thereof. The Court has determined that the objections of Halliburton, Mr. Walsh, Mr. Cushner, and Mr. Garrett are without merit and should be overruled, and that the request of the Internal Revenue Service for a higher rate of interest compounded daily should be denied because the interest rate determined to be appropriate at the Confirmation Hearing compensates the Internal Revenue Service for the present value of the deferred payments to be provided to it. Crystal has agreed to make quarterly payments to the Internal Revenue Service of any claim it may establish.

15. If the Plan is confirmed, the Bankers Trust letter of credit claims will be unlikely ever to be called in any material amount. The treatment provided the contingent letters of credit claims in the Plan is reasonable and does not delay the administration of the case. There is no need to expose parties in interest to the uncertainties inherent in estimating such claims,



RAM00006

which have been allowed and treated as provided under the terms of the Plan.

16. The Estimated Liquidation Analysis at page 68 of Crystal's Disclosure Statement is reasonably accurate. Based thereon, and upon the record at the Confirmation Hearing, all claims of Bankers Trust and Halliburton are fully secured as to principal, interest and reasonable costs as may be determined by this Court, under either a liquidation valuation or a "going concern" valuation.

17. The financial projections contained in Crystal's Disclosure Statement are reasonably accurate and are supported by clear and convincing evidence before the Court. The Court notes that Crystal's, or any party's, projected future income, and its present value, inherently involves estimates as distinguished from mathematical certitudes, since it involves predictions as to what will happen in the future. The facts in the record, including the informed judgments of Crystal's expert witnesses, Mr. Jack Copeland, Mr. Joseph Reid, Mr. Russell Shierman, Mr. Felix Scanlon, and Mr. Joe Averett, all of whom the Court finds to be qualified to give the opinions given by them, and whose testimony embraced all facts relevant to Crystal's future earning capacity, the value of its properties, the appropriate interest and discount rates, pricing, and the like, support the accuracy of the facts, valuations, and projections as set out in Crystal's Disclosure Statement.



RAM00007

18. Pursuant to Section 3.07 of the Plan, the Court finds that the appropriate interest rate on the New Halliburton Note to provide Halliburton with deferred cash payments of a value as of the Effective Date equal to the Allowed Amount of its Allowed Claim is thirteen and one-half percent (13½%) per annum.

19. Based on the Estimated Liquidation Analysis in the Disclosure Statement and further reduction in the principal owing to Bankers Trust, the Halliburton claim has a coverage upon liquidation approximating 800% if the Bankers Trust letters of credit claims are not called in any material amount and approximately 400% if the letter of credit claims are called in full.

20. Crystal and its properties have a greater value if the Plan is confirmed and Crystal continues as a going concern than they would if Crystal were liquidated. Halliburton's collateral coverage will be, at all relevant times, as great as or greater if Crystal's plan is confirmed than if Crystal's properties are liquidated.

21. Liquidation would render certain the payment of Halliburton's secured claim and protect Halliburton against extraordinary future and unforeseen oil and gas price declines. However, liquidation would be disastrous to all creditors and interest holders whose claims are inferior to Halliburton's second lien position, and would visit upon them the consequences of economic reversals that are not reasonably to be expected or inferred from any credible evidence in the the record.

22. The treatment provided in the Plan provides both Bankers Trust and Halliburton with (a) retention of their present liens and (b) deferred cash payments totalling at least the Allowed Amount of their claims, of a value, as of the Effective Date, of at least the value of their respective interests in Crystal's property, as required by Bankruptcy Code Section 1129(b)(2)(A)(i)(I and II). Further, both Bankers Trust and Halliburton are provided with treatment under the Plan that is completely compensatory in every respect and constitutes the "indubitable equivalent" of their claims, in accordance with Bankruptcy Code Section 1129(b)(2)(A)(iii).

23. The escrow arrangement provided under the Plan to secure the payment of Crystal's obligation with respect to the letters of credit issued by Bankers Trust on behalf of Crystal and its subsidiaries and to provide Halliburton with current payments on the conditions set forth in the Plan is reasonable and fair. Halliburton has the option under the Plan to receive current payments subject to repayment without interest to Bankers Trust or delayed payments not subject to such repayment. Both options provide Halliburton with deferred cash payments totaling at least the Allowed Amount of its claim, of a value, as of the Effective Date, of at least the value of its interest in Crystal's property, as required by Bankruptcy Code Section 1129(b)(2)(A)(i)(I and II). Further, the repayment of funds by Halliburton to Bankers Trust under such escrow arrangement is

RAM00009

unlikely should Halliburton withdraw funds from the escrow account created under the Plan because the letters of credit issued to Bankers Trust on behalf of Crystal and its subsidiaries are unlikely to be called in any material amount as a result of the confirmation of the Plan.

24. All acceptances and rejections of the Plan were solicited by Crystal and its agents in good faith and after the disclosure to all creditors and interest holders of adequate information in compliance with any applicable nonbankruptcy law, rule, or regulation governing the adequacy of disclosure in connection with the Solicitation, and in compliance with all applicable provisions of the Bankruptcy Code.

25. (a) Crystal's Plan and its solicitations with respect thereto complied with all applicable provisions of Title 11, United States Code;

(b) Crystal has likewise complied with all applicable provisions of Title 11, United States Code;

(c) Crystal's Plan has been proposed in good faith and not by any means forbidden by law;

(d) All payments to be made by Crystal or any other party as provided in Bankruptcy Code Section 1129(a)(4) for services or for costs and expenses in or in connection with the case either have been approved, or are subject to the approval, by this Court as reasonable;

(e) As required by Bankruptcy Code Section 1129(a)(5), Crystal has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director, officer, or voting trustee of the debtor, and the appointment to, or continuance in, such office of such individuals is consistent with the interests of creditors and equity security holders and with public policy; further, Crystal has disclosed the identity of any insider who will be employed or retained by Reorganized Crystal, and the nature of any compensation for such insider;

(f) Each holder of an impaired claim or interest will receive or retain under the Plan on account of such claim or interest property of a value, as of the Effective Date, that is not less than the amount such holder would receive if Crystal were liquidated under Chapter 7, Title 11, U.S.C., on such date;

(g) Each impaired class other than Class 7 (Halliburton) has accepted the Plan;

(h) All allowed administrative and priority claims will be paid in cash under the Plan, except for tax claims classified as having priority pursuant to Bankruptcy Code Section 507(a)(7), which will be paid in deferred cash payments, over a period not exceeding six years from the date of assessment of a value, as of the Effective Date, equal to the Allowed Amount of such claims. The interest rate provided any such deferred

cash payments is fair and is completely compensatory. Such tax claims are unlikely ever to be allowed in any amount which would materially adversely impair the feasibility of the Plan;

(i) The Plan is feasible and is based on valid business judgments and reasonable estimates of future income. It is not likely to be followed by a liquidation or by a need for further financial reorganization; and

(j) The Plan does not discriminate unfairly among creditors or classes, and the designation of classes under the Plan is reasonable based upon the fact that each claim in any class of the Plan is substantially similar.

26. All applicable provisions of Section 1129 of the Bankruptcy Code have been met.

27. CEPCO and Crystal Michigan have agreed to guarantee the payment of Reorganized Crystal's obligations under the Supplemental Loan Agreement and the New Halliburton Note.

28. By the terms of the Plan itself and the record in this case, the general terms or the forms of the Supplemental Loan Agreement, the Letter of Credit Escrow Agreement, the New Note Indenture, the New Securities, CEPCO's and Crystal Michigan's guarantees of Reorganized Crystal's obligations under the Supplemental Loan Agreement and the New Halliburton Note and all other agreements, instruments and documents necessary for the implementation of the Plan have been fully disclosed to the Court and have been approved by this Court, subject to any necessary

further review of documents to insure their consistency with the Plan and with this Order.

29. The Court has ordered that (i) the property that is subject to the lien securing the payment of Reorganized Crystal's obligations with respect to the New Bank Note, the New Long-term Bank Note and the Remaining Letter of Credit Obligations is subject to no prior lien or security interests, (ii) the property that is subject to the lien securing the payment of Reorganized Crystal's obligations with respect to the New Halliburton Note is subject to no prior lien or security interest other than the lien and security interest securing the repayment of Reorganized Crystal's obligations with respect to the New Bank Note, the New Long-term Bank Note and the Remaining Letter of Credit Obligations and (iii) the property that is subject to the liens securing the repayment of Reorganized Crystal's obligations with respect to the New Convertible Secured Notes is subject to no prior lien or security interest other than the liens and security interests securing the payment of Reorganized Crystal's obligations with respect to the New Bank Note, the New Long-term Bank Note, the Remaining Letter of Credit Obligations, and the New Halliburton Note.

30. The New Note Indenture has been qualified under the Trust Indenture Act of 1939, as amended.

31. The Remaining Letter of Credit Obligations as set forth in Section 1.62 of the Plan have been allowed and treated as provided in Section 3.06 of the Plan.

32. The Board of Directors of Crystal has approved the Plan.

33. Pursuant to the Plan, all new obligations delivered and all new securities issued are deemed to have been delivered, issued, and transferred upon the entry of this order.

34. The Board of Directors of Crystal has not proposed the granting of any shares of New Common Stock or Warrants prior to Confirmation pursuant to Section 8.01(a) of the Plan.

35. Crystal has waived the requirement of Section 13.01 of the Plan.

36. Confirmation of the Plan prior to December 31, 1986, is necessary in order to assure Crystal the greatest opportunity to utilize its net operating tax loss carry forward which can constitute a substantial asset to Reorganized Crystal.

It is, therefore, ORDERED, ADJUDGED, and DECREED that the Second Amended and Restated Plan of Reorganization filed by Crystal on December 17, 1986, is confirmed;

It is further ORDERED, ADJUDGED, and DECREED that the impaired classes under the Plan are Class 6 (Bankers Trust), Class 7 (Halliburton), Class 8A (15% Senior Note Secured Claims), Class 8B (15% Senior Note Unsecured Claims), Class 12 (14-7/8% Debenture Claims), Class 13 (Subordinated Debenture Claims),



RAM00014

Class 14 (Intercompany Claims), and Class 15 (Shareholder Claims of Interests);

It is further ORDERED, ADJUDGED, and DECREED that the unimpaired classes under the Plan are Class 1 (Administrative Expenses), Class 2 (Wage Related Claims), Class 3 (Employee Benefit Plan Claims), Class 4 (Tax Claims), Class 5 (Additional Priority Claims), Class 9 (Mechanics' and Materialmen's Lien Claims), Class 10 (Secured Trustee Claims), and Class 11 (Unsecured Claims);

It is further ORDERED, ADJUDGED, and DECREED that the Board of initial Directors of Crystal as of the Effective Date as proposed at the Confirmation Hearing is approved;

It is further ORDERED, ADJUDGED, and DECREED that the Board of Directors shall have the responsibility for the management, control, and operation of Crystal and shall have the responsibility for (i) the selection of the officers of Crystal; (ii) carrying out such changes as are necessary in the Articles of Incorporation and the By-laws of Crystal to accomplish the requirements of the Plan; and (iii) the authorization and approval of the preparation, execution, and issuance of the New Bank Note, the New Long-term Bank Note, the New Halliburton Note, the New Convertible Secured Notes, the Senior Preferred Stock, the Series A Preferred Stock, the Warrants, the New Common Stock, the Supplemental Loan Agreement, the Letter of Credit Escrow

Agreement, and such other notes, securities, and documents as may be necessary to carry out the Plan;

It is further ORDERED, ADJUDGED, and DECREED that the offer and sale of the New Securities is exempt from registration under the federal and state securities laws and is in compliance with Section 1145 of the Bankruptcy Code;

It is further ORDERED, ADJUDGED, and DECREED that the Court shall retain jurisdiction as set forth in Article XI of the Plan to insure that the purpose and intent of the Plan are carried out including without limitation the determination of all questions and disputes between Bankers Trust and Halliburton relating to the provisions of Section 3.06 and 3.07 of the Plan and all questions and disputes between Bankers Trust and Halliburton that may arise upon any foreclosure of Crystal's properties that may occur by reason of the operation of such Sections.

It is further ORDERED, ADJUDGED, and DECREED that as of the Effective Date, except for the lien created by the 15% Senior Note Indenture, which is to be carried forward to the New Note Indenture, the rights and obligations of Crystal to the holders of the 15% Senior Notes and the Debentures under the Indentures pursuant to which they were issued and the related instruments, including the debt instruments issued pursuant thereto, shall be terminated and cancelled;

It is further ORDERED, ADJUDGED, and DECREED that the provisions of the Plan shall bind all creditors and interest holders, whether or not they have accepted the Plan, and shall discharge Crystal from all debts that arose before October 1, 1986, and that the distributions provided for under the Plan shall be in exchange for and in complete satisfaction, discharge, and release of all claims against and interests in Crystal or any

of its assets or properties, including any claim or interest accruing after October 1, 1986, and prior to the Effective Date;

It is further ORDERED, ADJUDGED, and DECREED that (i) the property that is subject to the lien securing the payment of Crystal's obligations with respect to the New Bank Note, the New Long Term Bank Note and the Remaining Letter of Credit Obligations is subject to no prior lien or security interest, (ii) the property that is subject to the lien securing the payment of Crystal's obligations with respect to the New Halliburton Note is subject to no prior lien or security interest other than the lien and security interest securing the repayment of Crystal's obligations with respect to the New Bank Note, the New Long Term Bank Note and the Remaining Letter of Credit Obligations and (iii) the property that is subject to the liens securing the repayment of Crystal's obligations with respect to the New Convertible Secured Notes is subject to no prior lien or security interest other than the liens and security interests securing the payment of Reorganized Crystal's obligations with respect to the New Bank Note, the New Long Term Bank Note, the Remaining Letter of Credit Obligations, and the New Halliburton Note;

It is further ORDERED, ADJUDGED, and DECREED that the property of Crystal's estate shall revest in Crystal on the Effective Date and after the Effective Date, except as provided in the Plan, Crystal may operate its business and buy, use,

acquire, and dispose of its property, free of any restrictions contained in the Bankruptcy Code;

It is further ORDERED, ADJUDGED, and DECREED that as of the Effective Date all property of Crystal shall be free and clear of all claims and interests of creditors and equity security holders, except for the obligations that are imposed in the Plan;

It is further ORDERED, ADJUDGED, and DECREED that all claims recoverable under Section 550 of the Bankruptcy Code, all claims against third parties on account of any indebtedness, and all other claims owed to or in favor of Crystal to the extent not specifically compromised and released pursuant to the Plan or an agreement referred to and incorporated therein, are preserved and retained for enforcement by Crystal subsequent to the Effective Date;

It is further ORDERED, ADJUDGED, and DECREED that, except to the extent that the Court has reserved judgment with regard to any confirmation bonus contained therein, Crystal has assumed each executory contract and unexpired lease to which it is a party and that has not heretofore been rejected;

It is further ORDERED, ADJUDGED, and DECREED that if Crystal's crude oil and natural gas leases constitute executory contracts within the meaning of Section 365 of the Bankruptcy Code, all crude oil and natural gas leases to which Crystal is a party have been assumed;

It is further ORDERED, ADJUDGED, and DECREED that as a condition to the receipt of the distributions to be provided under the Plan, a creditor or interest holder of Crystal shall be required to surrender such creditor's or interest holder's securities and related documents as set forth in Section 6.08(d) of the Plan;

It is further ORDERED, ADJUDGED, and DECREED that any property or securities that are issued under the Plan that are not claimed within the periods set forth in Section 6.08(e) of the Plan shall be treated in accordance with Section 6.08(e) of the Plan;

It is further ORDERED, ADJUDGED, and DECREED that the general terms as contemplated in the Plan of the Supplemental Loan Agreement, the Letter of Credit Escrow Agreement, the New Note Indenture, the New Securities, CEPCO's and Crystal Michigan's guarantees of Crystal's obligations under the Supplemental Loan Agreement and the New Halliburton Note and all other agreements, instruments and documents necessary for the implementation of the Plan are approved: provided, however, the Supplemental Loan Agreement shall provide that Bankers Trust and Crystal shall not without the consent of Halliburton waive the annual Aggregate Required Principal Reduction of the New Bank Note provided in Section 3.06 of the Plan and the New Halliburton Note shall provide that a failure by Crystal to meet the annual

Aggregate Required Principal Reduction of the New Bank Note shall constitute a default under the New Halliburton Note;

It is further ORDERED, ADJUDGED, and DECREED that the Consummation of the Plan shall be conditioned on the forms of the Supplemental Loan Agreement, the Letter of Credit Escrow Account, the New Note Indenture, the New Securities, CEPCO's and Crystal Michigan's guarantees of Crystal's obligations under the Supplemental Loan Agreement and the New Halliburton Note being filed and approved by the Court;

It is further ORDERED, ADJUDGED, and DECREED that the New Note Indenture shall be filed with the Court on or before the Effective Date;

It is further ORDERED, ADJUDGED, and DECREED that the appropriate interest rate to be paid to claimants in Class 4 for any deferred cash payments equal to the Allowed Amounts of such claims is the six-month United States Treasury Bill Rate from and after the Effective Date;

It is further ORDERED, ADJUDGED, and DECREED that, except to the extent that the Court has reserved judgment with regard to any confirmation bonus contained therein, the employee benefit plans described in Section 8.01(d) of the Plan to be continued, are so continued;

It is further ORDERED, ADJUDGED, and DECREED that the New Convertible Secured Notes, the Preferred Stock, the New Common



RAM00020

Stock and the Warrants shall be deemed to have been issued as of the date of entry of the Confirmation Order and, upon such deemed issuance, the sole and exclusive right against Crystal of a holder of Debentures, Subordinated Debentures, 15% Senior Notes and the Common Stock with regard to such securities shall be to exchange such securities for the New Convertible Secured Notes, the Preferred Stock, the New Common Stock and the Warrants pursuant to the plan;

It is further ORDERED, ADJUDGED and DECREED that the payments to be made to the Internal Revenue Service under the Plan shall be paid within six years of the date of their assessment, and payments thereon shall be made on a quarterly basis;

It is further ORDERED, ADJUDGED and DECREED that the Unsecured Creditors Committee in this case shall continue in existence through the later of the Effective Date or the date this Order becomes a Final Order; and

It is further ORDERED, ADJUDGED and DECREED that Crystal shall give notice of this Order to all creditors and indenture trustees by depositing same in the United States mail, postage prepaid, no later than January 12, 1987, and by publishing such notice in the national

edition of The Wall Street Journal on one business day of two weeks ending no later than January 19th, 1987.

DATED: December 31, 1986.

STEPHEN V. CALLAWAY,
United States Bankruptcy Judge

Order approved as to form
and agreed as to substance.

FULLBRIGHT & JAWORSKI
John L. King
Charles H. Still
Curtis W. Huff
1301 McKinney Street
51st Floor
Houston, TX 77010
(713) 651-5151

COOK, YANCEY, KING & GALLOWAY

By: _____
James Robert Jeter
Suite 400 American Tower
401 Market Street
Shreveport, LA 71101
(318) 221-6277

ATTORNEYS FOR CRYSTAL OIL COMPANY

VINSON & ELKINS
Jarrel D. McDaniel
3300 First City Tower
1001 Fannin
Houston, TX 77002-6760
(713) 651-2326

HARGROVE, GUYTON, RAMEY & BARLOW

By: _____
Glenn L. Langley
7th Floor, First Federal Plaza
Post Office Box B
Shreveport, LA 71161-0010
(318) 227-1113

ATTORNEYS FOR BANKERS TRUST COMPANY

SMITH, GAMBRELL & RUSSELL
Joel B. Piassick
P. Steven Kratsch
2400 First Atlanta Tower
Atlanta, GA 30383
(404) 656-1800

SIMON, FITZGERALD, COOKE, REED & WELCH

By: _____
Paul M. Cooke
Suite 220
4700 Line Avenue
Shreveport, LA 71106
(318) 868-2600

ATTORNEYS FOR UNSECURED CREDITORS COMMITTEE

# UNITED STATES BANKRUPTCY COURT
# FOR THE WESTERN DISTRICT OF LOUISIANA
# SHREVEPORT DIVISION

IN RE:
CRYSTAL OIL COMPANY,
DEBTOR

CASE NO. 586-02834
CHAPTER 11 PROCEEDING

## NOTICE OF ENTRY OF ORDER CONFIRMING PLAN OF REORGANIZATION OF CRYSTAL OIL COMPANY

TO: The Creditors and Shareholders of Crystal Oil Company and all Other Parties in Interest.

PLEASE TAKE NOTICE that on December 31, 1986, the Second Amended and Restated Plan of Reorganization (the "Plan") of Crystal Oil Company, debtor and debtor-in-possession in the above referenced case (the "Company"), was confirmed by the United States Bankruptcy Court for the Western District of Louisiana, Shreveport Division, and an Order Confirming Plan (the "Confirmation Order") was entered on the docket by the Clerk of the Bankruptcy Court which, among other things, provided:

(1) that the provisions of the Plan shall bind all the Company's creditors and interest holders, whether or not they have accepted the Plan, and shall discharge the Company from all debts that arose before October 1, 1986, the petition date, and that the distributions provided for under the Plan shall be in exchange for and in complete satisfaction, discharge, and release of all claims against and interest in the Company or any of its assets or properties, including any claim or interest accruing after October 1, 1986, and prior to the Effective Date (as defined herein);

(2) that the property of the Company's estate shall revest in the Company on the Effective Date and after the Effective Date, except as provided in the Plan, the Company may operate its business and buy, use, acquire, and dispose of its property, free of any restrictions contained in the Bankruptcy Code;

(3) that as of the Effective Date, all property of the Company shall be free and clear of all claims and interest of creditors and equity security holders, except for the obligations that are imposed in the Plan; and

(4) that as a condition to the receipt of the distributions to be provided under the Plan, all creditors and interest holders of the Company shall be required to surrender such creditor's or interest holder's securities and related documents as required under the Plan.

PLEASE TAKE FURTHER NOTICE that the New Securities (as defined in the Plan) that are to be issued to the holders of the 15% Senior Notes, the Debentures and the Common Stock (as such terms are defined in the Plan) shall be deemed to have been issued as of December 31, 1986, and the sole and exclusive right of such holders against the Company with respect to such securities shall be to exchange such securities for the New Securities to be issued to them pursuant to the Plan.

PLEASE TAKE FURTHER NOTICE that the Plan shall become effective (i) on January 30, 1987, if the Confirmation Order has not been stayed on appeal by a court of competent jurisdiction, and (ii) if the Confirmation Order is stayed on appeal by a court of competent jurisdiction, 15 days after such stay is resolved by final order (the "Effective Date").

December 31, 1986.

BY ORDER OF STEPHEN V. CALLAWAY,
UNITED STATES BANKRUPTCY JUDGE

FULBRIGHT & JAWORSKI
51st Floor
1301 McKinney Street
Houston, TX 77010
(713) 651-5350

COOK, YANCEY, KING & GALLOWAY
Suite 400, American Tower
401 Market Street
Shreveport, LA 71101
(318) 221-6277

COUNSEL FOR CRYSTAL OIL COMPANY

**UNITED STATES BANKRUPTCY COURT**
**FOR THE WESTERN DISTRICT OF LOUISIANA**
**SHREVEPORT DIVISION**

| | |
|---|---|
| IN RE: | |
| CRYSTAL OIL COMPANY, | CASE NO. 586-02834 |
| DEBTOR | CHAPTER 11 PROCEEDING |

## NOTICE OF ENTRY OF ORDER CONFIRMING PLAN OF REORGANIZATION OF CRYSTAL OIL COMPANY

TO: The Creditors and Shareholders of Crystal Oil Company and all Other Parties in Interest.

PLEASE TAKE NOTICE that on December 31, 1986, the Second Amended and Restated Plan of Reorganization (the "Plan") of Crystal Oil Company, debtor and debtor-in-possession in the above referenced case (the "Company"), was confirmed by the United States Bankruptcy Court for the Western District of Louisiana, Shreveport Division, and an Order Confirming Plan (the "Confirmation Order") was entered on the docket by the Clerk of the Bankruptcy Court which, among other things, provided:

(1) that the provisions of the Plan shall bind all the Company's creditors and interest holders, whether or not they have accepted the Plan, and shall discharge the Company from all debts that arose before October 1, 1986, the petition date, and that the distributions provided for under the Plan shall be in exchange for and in complete satisfaction, discharge, and release of all claims against and interest in the Company or any of its assets or properties, including any claim or interest accruing after October 1, 1986, and prior to the Effective Date (as defined herein);

(2) that the property of the Company's estate shall revest in the Company on the Effective Date and after the Effective Date, except as provided in the Plan, the Company may operate its business and buy, use, acquire, and dispose of its property, free of any restrictions contained in the Bankruptcy Code;

(3) that as of the Effective Date, all property of the Company shall be free and clear of all claims and interest of creditors and equity security holders, except for the obligations that are imposed in the Plan; and

(4) that as a condition to the receipt of the distributions to be provided under the Plan, all creditors and interest holders of the Company shall be required to surrender such creditor's or interest holder's securities and related documents as required under the Plan.

PLEASE TAKE FURTHER NOTICE that the New Securities (as defined in the Plan) that are to be issued to the holders of the 15% Senior Notes, the Debentures and the Common Stock (as such terms are defined in the Plan) shall be deemed to have been issued as of December 31, 1986, and the sole and exclusive right of such holders against the Company with respect to such securities shall be to exchange such securities for the New Securities to be issued to them pursuant to the Plan.

PLEASE TAKE FURTHER NOTICE that the Plan shall become effective (i) on January 30, 1987, if the Confirmation Order has not been stayed on appeal by a court of competent jurisdiction, and (ii) if the Confirmation Order is stayed on appeal by a court of competent jurisdiction, 15 days after such stay is resolved by final order (the "Effective Date").

December 31, 1986.

BY ORDER OF STEPHEN V. CALLAWAY,
UNITED STATES BANKRUPTCY JUDGE

FULBRIGHT & JAWORSKI
51st Floor
1301 McKinney Street
Houston, TX 77010
(713) 651-5350

COOK, YANCEY, KING & GALLOWAY
Suite 400, American Tower
401 Market Street
Shreveport, LA 71101
(318) 221-6277

COUNSEL FOR CRYSTAL OIL COMPANY

AO 82B
(Rev. 2/86)

0005824

ORIGINAL

RECEIPT FOR PAYMENT

BANKRUPTCY COURT
of the
UNITED STATES DISTRICT COURT
for the
WESTERN DISTRICT OF LOUISIANA

RECEIVED FROM: Crystal Oil

Re Crystal Oil Co.

CASE NUMBER OR OTHER REFERENCE
586-02834

| ACCOUNT | AMOUNT |
|---|---|
| 330 | 200 00 |
| | |
| | |
| TOTAL | 200 00 |

**Account Code**

| | |
|---|---|
| 110 | Deposit Fund |
| 330 | Filing Fee |
| 350 | Copy Fees |
| 360 | Miscellaneous Fee |
| 370 | Interest Deposits to U.S. |
| 380 | Recovery — Court Costs |
| 381 | Recovery — Standing Trustee |
| 385 | Recovery — U.S. Trustee |
| 391 | Contributions to U.S. |
| 392 | Misc. Gifts to U.S. |
| 400 | Crime Victims Fund |
| X600 | Unclaimed Money |
| | Registry Fund |

Chp 11

*Checks and drafts are accepted subject to collection and full credit will only be given when the check or draft has been accepted by the financial institution on which it was drawn.*

| DATE | Cash | Check | M.O. |
|---|---|---|---|
| 10/1/86 | | | |

DEPUTY CLERK J. Champagne

RAM00026

| Fulbright & Jaworski | Cook, Yancey, King & Galloway |
|---|---|
| Attorney for Petitioner | Attorney for Petitioner |
| 1301 McKinney | 401 Market |
| Address | Address |
| Houston, TX 77010 | Shreveport, LA 71101 |
| City State Zip | City State Zip |
| 713/651-5151 | 318/221-6277 |
| Telephone Number | Telephone Number |

Clerk's Stamp

FILED

OCT 1 1985

MARTHA M. CARLTON, CLERK
UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT of LOUISIANA

# UNITED STATES BANKRUPTCY COURT
# FOR THE Western DISTRICT OF Louisiana
Shreveport Division

In re Crystal Oil Company
a/k/a Crystal Oil & Land Company

Case No. 586-02003

Debtor
Set forth all names including trade names used by Debtor within the last six years

Social Security No N/A

Debtor's Employer's Identification No 72-0163810

## VOLUNTARY PETITION UNDER CHAPTER ELEVEN

☐ Individual ☐ Husband and Wife ☒ Corporation ☐ Partnership

1. Petitioner's mailing address, including county, is P. O. Box 21101, Shreveport, Caddo Parish, Louisiana, 71120

2. Petitioner (1) has had its domicile, has had its principal place of business, has had its principal assets within this district
(2) for the preceding 180 days

3. Petitioners are qualified to file this petition and are entitled to the benefits of Title Eleven, United States Code as a voluntary debtor.

4. *If petitioner is an individual whose debts are primarily consumer debts.* Petitioner is aware that they may proceed under Chapter 7 or 13 of Title 11, United States Code, understands the relief available under such chapter, and chooses to proceed under Chapter 11 of such title. Not Applicable

5. *If petitioner is an individual whose debts are primarily consumer debts and such petitioner is represented by an attorney.* A declaration or an affidavit in the form of Exhibit B is attached to and made a part of this petition. **Not Applicable**

6. **Exhibit "A" is attached to and made a part of this petition.**

7. ☒ A copy of petitioner's proposed plan dated the 29th day of September is attached.
☐ Petitioner intends to file a plan pursuant to Chapter Eleven of Title Eleven, United States Code.

Wherefore, Petitioner prays for relief in accordance with Chapter Eleven, United States Code

| By | By |
|---|---|
| Attorney for Petitioner | Attorney for Petitioner |
| 1301 McKinney | 401 Market |
| Address | Address |
| Houston, TX 77010 | Shreveport, LA 71101 |
| City State Zip | City State Zip |

RAM00027

UNSWORN DECLARATION UNDER PENALTY OF PERJURY ON BEHALF OF A CORPORATION

I Joe N. Averett, Jr. the President and Chief Executive Officer of Crystal Oil Company named as petitioner in the foregoing petition, declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief and that the filing of this petition on behalf of the corporation has been authorized.

Executed on October 1, 1986

Joe N. Averett, Jr.

# EXHIBIT "A"

In re Crystal Oil Company
a/k/a Crystal Oil & Land Company

FOR COURT USE ONLY

Date Petition Filed

586-[illegible]4

Case Number

Bankruptcy Judge

Debtor

1. Petitioner's employer identification number is 72-0163810

2. If any of petitioner's securities are registered under Section Twelve of the Securities and Exchange Act of 1934, S.E.C. file number is
Common Stock, $.01 par value File Number 1-8715

3. The following financial data is the latest available information and refers to petitioner's condition on August 31, 1986

| | Book Value |
|---|---|
| (a) Total assets | $ 148,110,000 |
| (b) Total liabilities | $ 435,168,000* |

| | | Approximate number of holders |
|---|---|---|
| Secured debt, excluding that listed below | $ 51,635,848.62 | 3 |
| Debt securities held by more than 100 holders | $239,541,473.11 | 689 |
| Secured | $200,581,190.27 | 231 |
| Unsecured | $ 38,960,282.84 | 458 |
| Other liabilities, excluding contingent or unliquidated claims | $143,990,678.27 | 8,000 |
| Number of shares of common stock | 51,705,723 | 7,743 |

*The total amount of liabilities refected in the Petitioner's Financial Statements represents the book value of such liabilities and not the potential amount of claims with respect thereto. The book value of certain of the Petitioner's public held debt securities is substantially greater than the face amount thereof. See Statement of Financial Affairs and Schedule of Assets and Liabilities.

4. Brief description of petitioner's business
Oil and gas exploration and production

5. The name of any person who directly or indirectly owns, controls, or holds, with power to vote 20% or more of the voting securities of petitioner is
None

6. The names of all corporations 20% or more of the outstanding voting securities of which are directly or indirectly owned, controlled, or held, with power to vote, by petitioner are
Crystal Exploration Company; Crystal Program Limited, Inc.; Tres Energy Corporation; CrystalOil International Finance, N. V.; Crystal Exploration & Production Company; Crystal Drilling Company

3

Exhibit "A"
Item 3 Con't.

Information presented above will be updated to the date of filing as soon as reasonably practicable.

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

IN THE MATTER OF

CRYSTAL OIL COMPANY,

a Louisiana corporation,

DEBTOR.

NO. 586-02

IN PROCEEDING UNDER CHAPTER 11

## PLAN OF REORGANIZATION

Crystal Oil Company, a Louisiana corporation ("Crystal"), proposes the following Plan of Reorganization pursuant to the provisions of Chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 1101 *et. seq.*

### ARTICLE I

### DEFINITIONS

Unless the context otherwise requires, the following terms shall have the following meanings when used in initially capitalized form in this Plan. Such meanings shall be equally applicable to both the singular and plural forms of such terms. Any term used in initially capitalized form in this Plan that is not defined herein but that is used in Title 11, United States Code, Bankruptcy, as amended (the "Bankruptcy Code"), shall have the meaning assigned to such term in the Bankruptcy Code.

1.01 ***Administrative Expense or Administrative Claim*** means an administrative expense or Claim under Section 503 of the Bankruptcy Code that is entitled to priority under Section 507(a)(1) of the Bankruptcy Code.

1.02 ***Allowed*** or ***Allowed Amount*** means the amount of any Allowed Claim or Allowed Interest.

1.03 ***Allowed Claim*** or ***Allowed Interest*** means a Claim against or Interest in Crystal allowable under Section 502 of the Bankruptcy Code to the extent that (i) a proof of claim or proof of interest was timely Filed, deemed Filed, or, with leave of the Bankruptcy Court or without objection by the Debtor-in-Possession, late Filed, and (ii) as to which either (a) a party in interest, including the Debtor-in-Possession, does not timely File an objection or (b) is Allowed by a Final Order; unless otherwise provided hereinafter in this Plan. The only Allowed Interest is one in the Common Stock.

1.04 ***Available Cash Flow*** for any given period means (i) the sum of (a) the net cash received by Crystal from the sale of capital assets pledged or mortgaged to secure the payment of the New Bank Note and (b) all cash from Crystal's consolidated operations after lease operating costs and general and administrative expenses and capital expenditures approved by the Bank and Halliburton, less (ii) any amounts necessary for Reorganized Crystal to maintain a cash account equal to the sum of (a) $4,000,000 and (b) such amount as may be reasonably necessary for Reorganized Crystal to cover all security deposits, payments and accruals for operating and general administrative expenses (including, but not limited to, taxes and insurance) and funds to be used for approved capital expenditures.

1.05 ***Bank*** means Bankers Trust Company, a New York banking corporation.

1.06 ***Bank Note*** means the promissory note dated July 28, 1982, from Crystal to the Bank issued pursuant to the Loan Agreement.

1.07 *Bankruptcy Code* means Title 11, United States Code, Bankruptcy, as amended.

1.08 *Bankruptcy Court* means the United States Bankruptcy Court for the Western District of Louisiana, Shreveport Division, or such other court that may have jurisdiction with respect to the reorganization of Crystal under Chapter 11 of the Bankruptcy Code.

1.09 *CEPCO* means Crystal Exploration and Production Company, a Florida corporation and wholly-owned subsidiary of Crystal.

1.10 *Charter Amendments* means the amendments to the Articles of Incorporation of Crystal to be effected under this Plan pursuant to Section 6.07 hereof.

1.11 *Claim* means (i) a right of payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or (ii) a right to an equitable remedy for breach of performance if such breach gives rise to a right of payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

1.12 *Claimant* means a holder of a Claim.

1.13 *Class* means a category of holders of Claims or Interests that are substantially similar to the other Claims or Interests in such Class.

1.14 *Common Stock* means the Common Stock, $.01 par value, of Crystal.

1.15 *Confirmation* or *Confirmation of the Plan* means the entry by the Bankruptcy Court of an Order confirming this Plan.

1.16 *Confirmation Date* means the date on which the Order confirming this Plan becomes a Final Order.

1.17 *Confirmation Hearing* means the hearing which will be held before the Bankruptcy Court in which Crystal will seek Confirmation of this Plan.

1.18 *Confirmation Order* means the Order confirming this Plan.

1.19 *Consummation* means the accomplishment of all things contained or provided for in this Plan and the entry of an Order of Consummation finally closing the Reorganization Case.

1.20 *Consummation Date* means the date on which the Order of Consummation becomes a Final Order.

1.21 *Copeland* means Copeland, Wickersham, Wiley & Co., Incorporated.

1.22 *Credit Agreement* means the Credit Agreement dated as of April 24, 1985, between Crystal, Crystal Michigan, CEPCO and Halliburton, pursuant to which the Halliburton Note was initially issued.

1.23 *Crystal* means Crystal Oil Company, a Louisiana corporation.

1.24 *Crystal Michigan* means Crystal Exploration Company, a Michigan corporation and a wholly-owned subsidiary of Crystal.

1.25 *Debentures* means the 11¾% Debentures, the 14⅜% Debentures, the 9% Debentures, the 12¾% Debentures due 1990, the 12¾% Debentures due 2001 and the 13⅜% Debentures.

1.26 *Debenture Indentures* means the 11¾% Debenture Indenture, the 14⅜% Debenture Indenture, the 9% Debenture Indenture, the 1990 12¾% Debenture Indenture, the 13⅜% Debenture Indenture and the 2001 12¾% Debenture Indenture.

1.27 *Debtor-in-Possession* means Crystal, when acting in its capacity as a representative of the Estate.

1.28 *Disbursing Agent* means a national bank designated by Crystal, with approval of the Bankruptcy Court, which will be appointed as agent of the Bankruptcy Court to hold and distribute the consideration to be distributed to holders of Allowed Claims and Allowed Interests pursuant to the provisions of this Plan and Orders.



RAM00032

1.29 *Disclosure Statement* means the Disclosure Statement dated as of July 9, 1986, including Exhibits A through I and Annexes A and B attached thereto, together with any supplements, amendments or modifications thereto, prepared pursuant to Sections 1125(a) and 1126(b) of the Bankruptcy Code and Bankruptcy Rule 3018(b) for solicitation of ballots in connection with this Plan.

1.30 *Effective Date* means the 30th day following the Confirmation Order if the Confirmation Order has not been stayed on appeal by a court of competent jurisdiction. If the Confirmation Order is stayed on appeal, the Effective Date shall be 15 days after such stay is dissolved by the Final Order.

1.31 *Estate* means the estate to be created by Section 541 of the Bankruptcy Code upon the commencement of the case under Chapter 11 of the Bankruptcy Code with respect to Crystal.

1.32 *Filed* means filed with the Bankruptcy Court.

1.33 *Final Order* means an Order as to which any appeal that has been or may be taken has been resolved or as to which the time for appeal has expired.

1.34 *First Mortgage Obligations* means the obligations of Crystal designated as First Mortgage Obligations in the 15% Senior Note Indenture.

1.35 *Halliburton* means Halliburton Company and Otis Engineering Corporation, a wholly-owned subsidiary of Halliburton.

1.36 *Halliburton Note* means the promissory note dated April 24, 1985, from Crystal to Halliburton.

1.37 *Intercreditor Agreement* means the intercreditor agreement referred to in Section 3.07 hereof.

1.38 *Interests* means the rights of the owners of the issued shares of the Common Stock.

1.39 *Letters of Credit* means the Letters of Credit issued by the Bank pursuant to the Loan Agreement.

1.40 *Letter Agreement* means the letter agreement dated August 24, 1985, as supplemented on August 28, 1985 and September 9, 1985, between Crystal and Halliburton.

1.41 *Loan Agreement* means the Loan Agreement dated July 28, 1982, as amended, between the Bank and Crystal.

1.42 *Minimum Payment* means the minimum monthly payment on the New Bank Note required pursuant to Section 3.06 hereof.

1.43 *New Bank Note* means the note to be issued under the Plan to the Claimant in Class 6.

1.44 *New Common Stock* means the common stock of Reorganized Crystal on the Effective Date after giving effect to the Charter Amendments.

1.45 *New Convertible Secured Notes* means Reorganized Crystal's Non-Interest Bearing Convertible Subordinated Secured Notes due ten years after the Effective Date to be issued under the Plan to the Claimants in Class 8.

1.46 *New Halliburton Note* means the promissory note to be issued under the Plan to the Claimant in Class 7.

1.47 *New Note Indenture* means the Indenture of Mortgage, Deed of Trust, Assignment and Security Agreement with respect to the New Convertible Secured Notes to be dated as of the Effective Date, the form of which is to be filed with and approved by the Bankruptcy Court prior to Confirmation.

1.48 *New Notes* means the New Bank Note, the New Halliburton Note and the New Convertible Secured Notes.



RAM00033

1.49 *New Securities* means the New Notes, the Preferred Stock, the New Common Stock and the Warrants.

1.50 *Order* means an order of the Bankruptcy Court.

1.51 *Petition Date* means the date on which there is filed a petition for relief under Chapter 11 of the Bankruptcy Code with respect to Crystal.

1.52 *Plan* means this plan of reorganization of Crystal under Chapter 11 of the Bankruptcy Code, as it may be amended or modified from time to time.

1.53 *Preferred Stock* means the Senior Preferred Stock and the Series A Preferred Stock.

1.54 *Pro Rata* means the same proportion an Allowed Claim or an Allowed Interest in a particular Class bears to the aggregate amount of all Allowed Claims or the aggregate number of Allowed Interests in such Class.

1.55 *PWI* means PaineWebber Incorporated.

1.56 *Reorganized Crystal* means Crystal as of the Effective Date.

1.57 *Reorganization Case* means the above captioned case in the Bankruptcy Court.

1.58 *Security* means a 15% Senior Note, a Debenture or a share of Common Stock.

1.59 *Senior Indebtedness* means, with respect to any issue of the Debentures, the definition of Senior Indebtedness as contained in the Indenture relating to such issue of Debentures.

1.60 *Senior Preferred Stock* means the $.06 Senior Convertible Voting Preferred Stock, $.01 par value. The form of the Certificate of Designation, Voting Powers, Preferences and Rights with respect to the Senior Preferred Stock is attached hereto as Exhibit B.

1.61 *Series A Preferred Stock* means the Series A Convertible Voting Preferred Stock, $.01 par value. The form of the Certificate of Designation, Voting Powers, Preferences and Rights with respect to the Series A Preferred Stock is attached hereto as Exhibit C.

1.62 *Subordinated Debentures* means the 11¾% Debentures, the 9% Debentures, the 13¾% Debentures, the 12¾% Debentures due 1990 and the 12¾% Debentures due 2001.

1.63 *Superior Indebtedness* means Reorganized Crystal's obligations under, or with respect to, the Supplemental Loan Agreement (including all obligations with respect to the New Bank Note and the Letters of Credit), the New Halliburton Note and any and all extensions, renewals or modifications of any of the foregoing obligations.

1.64 *Supplemental Agreement* means the agreement to be entered into between Reorganized Crystal and Halliburton with respect to the issuance of the New Halliburton Note.

1.65 *Supplemental Loan Agreement* means the Restated Renewal and Supplemental Loan Agreement to the Loan Agreement to be entered into between Reorganized Crystal and the Bank with respect to the issuance of the New Bank Note.

1.66 *Trustee* means the trustee under the New Note Indenture.

1.67 *Warrants* means the $.075 Warrants, the $.10 Warrants, the $.125 Warrants, the $.15 Warrants and the $.25 Warrants.

1.68 *9% Debenture Indenture* means the Indenture dated as of May 1, 1981, between Crystal and Texas Commerce Bank National Association, as successor trustee.

1.69 *9% Debentures* means Crystal's 9% Convertible Subordinated Debentures due 1991.

1.70 *11¼% Debenture Indenture* means the Indenture dated as of April 15, 1980, between Crystal and Texas Commerce Bank National Association, as successor trustee.

1.71 *11¼% Debentures* means Crystal's 11¼% Convertible Subordinated Debentures due 2000.

1.72 *12⅛% Debentures due 1990* means Crystal's 12⅛% Subordinated Debentures due June 15, 1990.

1.73 *12⅝% Debentures due 2001* means Crystal's 12⅝% Subordinated Debentures due December 15, 2001.

1.74 *13¼% Debenture Indenture* means the Indenture dated as of June 14, 1980, between Crystal and Texas Commerce Bank National Association, as successor trustee.

1.75 *13¼% Debentures* means Crystal's 13¼% Subordinated Debentures due July 15, 2000.

1.76 *14⅛% Debenture Indenture* means the Indenture dated as of December 15, 1983, between Crystal and Texas American Bank/Dallas, as successor trustee.

1.77 *14⅛% Debentures* means Crystal's 14⅛% Senior Subordinated Debentures due December 15, 1998.

1.78 *15% Senior Note Indenture* means the Indenture of Mortgage, Deed of Trust, Assignment and Security Agreement dated as of June 15, 1985, between Crystal and J. Henry Schroder, Bank & Trust Company, as trustee.

1.79 *15% Senior Notes* means Crystal's 15% Senior Subordinated Secured Notes due June 15, 1995.

1.80 *1990 12⅛% Debenture Indenture* means the Indenture dated as of June 15, 1978, between Crystal and Texas Commerce Bank National Association, as successor trustee.

1.81 *2001 12⅝% Debenture Indenture* means the Indenture dated as of December 15, 1981, between Crystal and Texas Commerce Bank National Association, as successor trustee.

1.82 *$.075 Warrants* means Reorganized Crystal's $.075 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.

1.83 *$.10 Warrants* means Reorganized Crystal's $.10 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.

1.84 *$.125 Warrants* means Reorganized Crystal's $.125 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.

1.85 *$.15 Warrants* means Reorganized Crystal's $.15 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.

1.86 *$.25 Warrants* means Reorganized Crystal's $.25 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.

1.69 *9% Debentures* means Crystal's 9% Convertible Subordinated Debentures due 1991.

1.70 *11¼% Debenture Indenture* means the Indenture dated as of April 15, 1980, between Crystal and Texas Commerce Bank National Association, as successor trustee.

1.71 *11¼% Debentures* means Crystal's 11¼% Convertible Subordinated Debentures due 2000.

1.72 *12⅛% Debentures due 1990* means Crystal's 12⅛% Subordinated Debentures due June 15, 1990.

1.73 *12⅛% Debentures due 2001* means Crystal's 12⅛% Subordinated Debentures due December 15, 2001.

1.74 *13¼% Debenture Indenture* means the Indenture dated as of June 14, 1980, between Crystal and Texas Commerce Bank National Association, as successor trustee.

1.75 *13¼% Debentures* means Crystal's 13¼% Subordinated Debentures due July 15, 2000.

1.76 *14⅞% Debenture Indenture* means the Indenture dated as of December 15, 1983, between Crystal and Texas American Bank/Dallas, as successor trustee.

1.77 *14⅞% Debentures* means Crystal's 14⅞% Senior Subordinated Debentures due December 15, 1998.

1.78 *15% Senior Note Indenture* means the Indenture of Mortgage, Deed of Trust, Assignment and Security Agreement dated as of June 15, 1985, between Crystal and J. Henry Schroder, Bank & Trust Company, as trustee.

1.79 *15% Senior Notes* means Crystal's 15% Senior Subordinated Secured Notes due June 15, 1995.

1.80 *1990 12⅛% Debenture Indenture* means the Indenture dated as of June 15, 1978, between Crystal and Texas Commerce Bank National Association, as successor trustee.

1.81 *2001 12⅛% Debenture Indenture* means the Indenture dated as of December 15, 1981, between Crystal and Texas Commerce Bank National Association, as successor trustee.

1.82 *$.075 Warrants* means Reorganized Crystal's $.075 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.

1.83 *$.10 Warrants* means Reorganized Crystal's $.10 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.

1.84 *$.125 Warrants* means Reorganized Crystal's $.125 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.

1.85 *$.15 Warrants* means Reorganized Crystal's $.15 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.

1.86 *$.25 Warrants* means Reorganized Crystal's $.25 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.

## ARTICLE II

### CLASSIFICATION OF CLAIMS AND INTERESTS

The Claims against and Interests in Crystal to the extent Allowed, are classified as set forth in this Article II. A Claim or Interest is in a particular Class designated herein only to the extent such Claim or Interest fits within the description of such Class and is in such other and different Class or Classes to the extent that the remainder thereof fits within the description of such other Class or Classes:

2.01 *Class 1—Administrative Expenses.* All Claims for Administrative Expenses or Administrative Claims under Section 503(b) of the Bankruptcy Code, if any, and all fees and charges assessed against the Estate under Chapter 123 of Title 28, United States Code.

2.02 *Class 2—Wage Related Claims.* All Claims under Section 507(a)(3) of the Bankruptcy Code for accrued wages, salaries or commissions, including vacation, severance and sick leave pay, if any, to the extent such items were earned within 90 days prior to the Petition Date up to a maximum of $2,000 per employee.

2.03 *Class 3—Employee Benefit Plan Claims.* All Claims under Section 507(a)(4) of the Bankruptcy Code for contributions to employee benefit plans arising within 180 days prior to the Petition Date, up to a maximum of $2,000 per employee covered by such plans and less the aggregate amount paid to such employees as Claimants under Class 2.

2.04 *Class 4—Tax Claims.* All Claims of governmental units that are entitled to priority in accordance with Section 507(a)(7) of the Bankruptcy Code.

2.05 *Class 5—Additional Priority Claims.* All other Claims that are entitled to priority under the Bankruptcy Code.

2.06 *Class 6—The Bank's Secured Claim.* All secured Claims of the Bank against Crystal pursuant to the Loan Agreement, including Crystal's contingent obligations with respect to the Letters of Credit, the unpaid principal of and accrued and unpaid interest on the Bank Note, and all costs, including attorneys' fees, actually paid or incurred by the Bank and the participants under the Loan Agreement relating to their efforts to collect the amounts owed them under the Loan Agreement.

2.07 *Class 7—Halliburton Claim.* All secured Claims of Halliburton against Crystal pursuant to the Letter Agreement and the Credit Agreement.

2.08 *Class 8—15% Senior Note Claims.* All Claims of the holders and beneficial owners of the 15% Senior Notes with respect to the 15% Senior Notes. The payment of the 15% Senior Notes is secured by a lien on certain of Crystal's crude oil and natural gas properties, which lien is junior to the liens securing the payment of the Claims in Classes 6 and 7. Because the estimated liquidation value of the collateral securing the payment of the 15% Senior Notes, after giving effect to all prior mortgages and security interests in such collateral, is substantially less than the estimated amount of the estimated Class 8 Claims, such Claims are considered under this Plan to be partially secured and partially unsecured. Pursuant to Section 506 of the Bankruptcy Code, because the Class 8 Claims are considered partially unsecured, the Claims in Class 8 are divided into two subclasses, "Class 8A" and "Class 8B", which Classes represent the secured and unsecured portion, respectively, of such Claims. In the event it shall be determined by the Bankruptcy Court that the Class 8 Claims are fully secured or the holders of the Class 8 Claims shall elect under Section 1111(b) of the Bankruptcy Code to have their Claims treated as fully secured, Class 8 shall not be divided into Class 8A and Class 8B and the Claims of the holders and beneficial owners of the 15% Senior Notes shall be treated as a single Class and the Claimants in Class 8 shall receive the distributions provided for under Section 3.08(c) hereof.

2.09 *Class 9—Mechanic's and Materialmen Lien Claims.* All Claims to the extent such Claims are secured by valid, perfected and enforceable mechanics, materialmen or operators liens on the properties of Crystal, together with interest thereon, if any, to the extent the value of property securing such Claims is found by the Bankruptcy Court to be sufficient to pay such interest.

2.10 *Class 10—Secured Trustee Claim.* All secured Claims of Texas American Bank-Dallas with respect to its fee and reimbursable expenses, including attorneys' fees, as trustee with respect to the 14⅛% Debentures.

2.11 *Class 11—Unsecured Claims.* All unsecured Claims of nonpriority creditors against Crystal that are not subordinated in right of payment to Senior Indebtedness or First Mortgage Obligations, all claims for deficiency on partially secured debt (other than Claimants in Class 8B), all Claims of unsecured noteholders and all Claims of unsecured royalty holders and holders of trade debt.

2.12 *Class 12—14⅛% Debenture Claims.* All unsecured Claims of the holders and beneficial owners of the 14⅛% Debentures with respect to the 14⅛% Debentures, which Claims are by their terms subordinate to Senior Indebtedness.

2.13 *Class 13—Subordinated Debenture Claims.* All unsecured Claims of the holders and beneficial owners of the Subordinated Debentures with respect to the Subordinated Debentures, which Claims are by their terms subordinate to Senior Indebtedness.

2.14 *Class 14—Intercompany Claims.* All unsecured Claims of CEPCO against Crystal.

2.15 *Class 15—Shareholder Claims of Interest.* All Claims of Interest of the holders and beneficial owners of the issued and outstanding shares of Common Stock.

## ARTICLE III

### PROVISIONS FOR SATISFACTION OF CLAIMS AND INTERESTS

The Allowed Claims and Allowed Interests as classified in Article II hereof shall be satisfied in the manner set forth in this Article III.

3.01 *Class 1—Administrative Expenses.* The Class 1 Claims and expenses, to the extent not previously paid during the Reorganization Case by Order, shall be paid in full in cash on the Effective Date, or provided for by escrow payment if not then determined; provided, however, that any current trade or other payables incurred after the Petition Date by the Debtor-In-Possession in the ordinary course of its business shall be paid in cash in full in the ordinary course of business.

3.02 *Class 2—Wage Related Claims.* The Class 2 Claims shall be paid in cash in full on the Effective Date, or provided for by escrow payment if not then determined.

3.03 *Class 3—Employee Benefit Plan Claims.* The Class 3 Claims shall be paid in cash in full on the Effective Date, or provided for by escrow payment if not then determined.

3.04 *Class 4—Tax Claims.* The Class 4 Claims shall be paid, in Crystal's sole discretion, either (i) in cash in full on the Effective Date, or provided for by escrow payment if not then determined, or (ii) pursuant to the provisions of Section 1129(a)(9)(C) of the Bankruptcy Code in cash in full over a six year period from the earlier of the date of assessment of such tax or the Effective Date, together with interest thereon equal to the six month United States Treasury Bill rate from and after the Effective Date.

3.05 *Class 5—Additional Priority Claims.* The Class 5 Claims shall be paid in cash in full on the Effective Date, or provided for by escrow payment if not then determined.

3.06 *Class 6—The Bank's Secured Claims.* The Class 6 Claimant shall (i) receive on the Effective Date (a) the New Bank Note in the Allowed Amount of its Class 6 Claim with respect to the Bank Note (less all payments made thereon subsequent to the Petition Date and prior to the Effective Date) and (b) 20,000,000 $.075 Warrants, (ii) be paid in cash in full on the Effective Date the



RAM00038

Allowed Amount of its Class 6 Claim with respect to its reimbursable expenses under the Loan Agreement and (iii) maintain its rights against Crystal with respect to the Letters of Credit and with respect to any and all security therefor under the Loan Agreement. The 5.075 Warrants to be issued to the Class 6 Claimant shall be substantially in the form attached hereto as Exhibit D, but shall

The New Bank Note shall be issued to the Class 6 Claimant pursuant to the terms of the Supplemental Loan Agreement. The New Bank Note shall bear interest at the annual rate of ¼% above the prime lending rate at the Bank, be due on December 1, 1993, and be payable in (i) variable monthly installments (the "Minimum Payment") consisting of accrued and unpaid interest plus a fixed principal amount determined pursuant to the schedule set forth below and (ii) quarterly installments of principal equal to the amount, if any, by which a specified percentage of Reorganized Crystal's estimated Available Cash Flow for the preceding quarter exceeds the sum of the Minimum Payments made by Reorganized Crystal during such quarter. The percentage of the Available Cash Flow that shall be applied to the quarterly payment of principal on the New Bank Note shall be such percentage as shall be agreed upon between the Bank and Halliburton prior to the Confirmation Hearing. The minimum monthly principal payments with respect to the New Bank Note shall be determined pursuant to the following payment schedule:

| Period ending December 31, | Applicable Minimum Monthly Principal Payment |
|---|---|
| 1986 | $958.333 |
| 1987 | 875.000 |
| 1988 | 791.667 |
| 1989 | 416.667 |
| 1990 | 416.666 |
| 1991 | 250.000 |
| 1992 | 250.000 |
| 1993 | 174.055 |

Once each year, based on Reorganized Crystal's audited consolidated financial statements for the preceding year, the payments by Reorganized Crystal on the New Bank Note shall be adjusted to reflect any over-payment or under-payment of principal by Reorganized Crystal on the New Bank Note during the preceding year as a result of any difference between Reorganized Crystal's actual Available Cash Flow for such year and Reorganized Crystal's Available Cash Flow for such year, as estimated from time to time on a quarterly basis.

The payment of Reorganized Crystal's obligations under the Supplemental Loan Agreement, which shall include both the payment of the New Bank Note and any obligations with respect to the Letters of Credit, shall be secured by a lien on substantially all Reorganized Crystal's proved crude oil and natural gas properties and certain of Reorganized Crystal's refinery assets. Such lien will be a continuation of the lien currently securing the payment of Crystal's obligations under the Loan Agreement. The holder of the Halliburton Note and the holders of the New Convertible Secured Notes will have junior liens on substantially all of such properties, except that the holders of the 15% Senior Notes will not have a lien on any refinery assets. As additional security for the payment of Reorganized Crystal's obligations with respect to the Letters of Credit, once the New Bank Note and the New Halliburton Note have been paid in full, Reorganized Crystal shall be required to deposit into a cash collateral account with the Bank an amount equal to the greater of the applicable Minimum Payment and a percentage of Available Cash Flow equal to the percentage used in computing Reorganized Crystal's quarterly payments of principal on the New Bank Note. Such funds shall be periodically made available to Reorganized Crystal in amounts equal to the amount, if any, by which the funds in such account plus the loan value of Reorganized Crystal's proved producing crude oil and natural gas reserves (as determined by the Bank from time to time) exceed the amount of the then outstanding Letters of Credit.

3.07 *Class 7—Halliburton Claim.* The Class 7 Claimant shall receive on the Effective Date (i) the New Halliburton Note in the Allowed Amount of its Class 7 Claim, (ii) 20,000,000 $.075 Warrants and (iii) 12,000,000 shares of New Common Stock. The $.075 Warrants to be issued to the Class 7 Claimant shall be substantially in the form attached hereto as Exhibit D, but shall provide that such Warrants may not be exercised for a period of one year after the Effective Date.

The New Halliburton Note shall be issued to Halliburton pursuant to the terms of the Supplemental Agreement, bear interest at the annual rate of ¼% above the prime lending rate at the Bank and be payable in (i) monthly installments of interest equal to the amount of accrued and unpaid interest on the New Halliburton Note and (ii) quarterly installments of principal equal to the amount, if any, by which Reorganized Crystal's estimated Available Cash Flow for the preceding quarter exceeds the sum of all payments by Reorganized Crystal of principal of and interest on the New Bank Note during such quarter plus all payments by Reorganized Crystal of interest on the New Halliburton Note during such quarter. Once each year, based on Reorganized Crystal's audited consolidated financial statements for the preceding year, the required payments, including interest, by Reorganized Crystal on the New Halliburton Note shall be adjusted to reflect any over-payment or under-payment of principal on the New Halliburton Note during the preceding year as a result of any difference between Reorganized Crystal's actual Available Cash Flow for such year and Reorganized Crystal's estimated Available Cash Flow for such year, as estimated from time to time on a quarterly basis. Once the New Bank Note has been paid in full, Reorganized Crystal shall be required to apply 100% of Available Cash Flow toward the payment of the New Halliburton Note. The payment of Reorganized Crystal's obligations with respect to the New Halliburton Note will be secured by a lien on substantially all Reorganized Crystal's crude oil and natural gas properties and certain of Reorganized Crystal's refinery assets. Such lien will be a continuation of the liens currently securing the payment of Crystal's obligations with respect to the Halliburton Note and will be subject to the prior lien securing the payment of Reorganized Crystal's obligations under the Supplemental Loan Agreement and will be senior to the lien securing the payment of the New Convertible Secured Notes. In order to provide the Class 7 Claimant with the right to receive payment on the New Halliburton Note prior to the termination of Reorganized Crystal's contingent obligations to the Bank with respect to the Letters of Credit, the Class 7 Claimant shall be required as a condition to receiving the distributions under this Plan to enter into an Intercreditor Agreement with the Bank, pursuant to which the Class 7 Claimant will be obligated to pay to the Bank an agreed upon percentage of the payments made to it with respect to the New Halliburton Note to the extent that any of the Letters of Credit are presented to the Bank for payment, Reorganized Crystal shall have failed upon demand to reimburse the Bank for any amounts advanced under such Letters of Credit and the property pledged or mortgaged to secure the obligations of Reorganized Crystal with respect to the Letters of Credit are insufficient to satisfy such obligations.

3.08 *Class 8—15% Senior Note Claims.*

(a) *Class 8A—15% Senior Note Secured Claims.* Each Class 8A Claimant shall receive on the Effective Date a Pro Rata distribution (based on the aggregate of the Class 8A and Class 8B Claims) of $75,093,000 in face amount of the New Convertible Secured Notes. The New Convertible Secured Notes shall be issued pursuant to the New Note Indenture. The New Convertible Secured Notes shall have the following basic characteristics and terms:

(i) *Interest.* The New Convertible Secured Notes will be non-interest bearing.

(ii) *Conversion Rights.* The New Convertible Secured Notes will be convertible into shares of New Common Stock at a conversion price of $.1429 per share. The conversion price will be subject to adjustment upon the occurrence of any of the following events: the subdivision, combination or reclassification of the then outstanding shares of the New Common Stock; the payment of shares of the New Common Stock as a dividend on Reorganized Crystal's capital stock; the issuance of rights or warrants (other than the Warrants to be issued under the Plan) to all holders of the New Common Stock entitling them to acquire shares of such stock at less than the current market price of shares of such New Common Stock at the date of issue of such

Warrants; or the distribution to all holders of the New Common Stock of any other shares of capital stock of Reorganized Crystal, of evidences of indebtedness or securities of Reorganized Crystal or of assets of Reorganized Crystal (excluding cash dividends or distributions from retained earnings).

(iii) *Redemption.* All or a portion of the New Convertible Secured Notes may be redeemed by Reorganized Crystal at a 100% of the principal amount thereof upon the mailing of notice of redemption not less than 30 days nor more than 60 days prior to the date fixed for redemption.

(iv) *Sinking Fund.* Reorganized Crystal will be required to provide for the retirement, by redemption at the principal amount thereof, of $10,000,000 principal amount of the New Convertible Secured Notes on or before June 15 in each of 1994 and 1995 through the operation of a sinking fund. Reorganized Crystal will be entitled, at its option, to receive credit against the required sinking fund payments for the principal amount of (a) New Convertible Secured Notes acquired by Reorganized Crystal and surrendered for cancellation and (b) New Convertible Secured Notes redeemed or called for redemption otherwise than through the operation of the sinking fund.

(v) *Subordination to Superior Indebtedness.* The payment of principal of the New Convertible Secured Notes will be subordinated in right of payment to the prior payment in full of all Superior Indebtedness. Upon the maturity of any Superior Indebtedness by lapse of time, acceleration or otherwise, no payments, including sinking fund payments, may be made on the New Convertible Secured Notes and no New Convertible Secured Notes may be acquired by Reorganized Crystal until all principal of, and premium, if any, and accrued interest on, the Superior Indebtedness shall have been paid in full.

(vi) *Due Date.* The New Convertible Secured Notes will be due ten years after the Effective Date.

(vii) *Security.* The payment of the New Convertible Secured Notes will be secured by a lien on certain of Reorganized Crystal's crude oil and natural gas properties. The properties that shall be subject to this lien shall consist of those properties currently securing the payment of the 15% Senior Notes. The Bank and Halliburton will have prior liens on the same properties. The New Note Indenture will permit various liens on the property mortgaged to secure the payment of the New Convertible Secured Notes that may be superior to the lien of the New Note Indenture provided that such liens are necessary or incidental to the ownership and operation by Reorganized Crystal of such properties. In addition, Reorganized Crystal will be permitted under the New Note Indenture to remove property from the lien of the New Note Indenture to effect the sale thereof as long as the proceeds of such sale are used to reduce outstanding amounts of Superior Indebtedness or to redeem or otherwise acquire New Convertible Secured Notes.

(viii) *Events of Default.* The following events will constitute an event of default with respect to the New Convertible Secured Notes: (a) failure to pay principal, including any sinking fund payments, on any of the New Convertible Secured Notes when due, whether at their maturity, upon acceleration or upon redemption; (b) failure on the part of Reorganized Crystal to perform any other covenant contained in the New Note Indenture for a period of 60 days after written notice specifying such failure and requesting its remedy; (c) the filing of a voluntary petition in bankruptcy or reorganization; (d) the entry by a court of a decree or order, unstayed on appeal or otherwise, in effect for 90 days adjudicating Reorganized Crystal a bankrupt or insolvent, appointing a receiver of Reorganized Crystal or of any substantial part of its property or ordering or approving certain other similar matters; and (e) certain other events of bankruptcy, insolvency or reorganization.

(b) *Class 8B—15% Senior Note Unsecured Claims.* Each Class 8B Claimant shall receive on the Effective Date a Pro Rata distribution (based on the aggregate of the Class 8A and Class 8B Claims) of (i) 50,062,000 shares of Senior Preferred Stock, (ii) $.075 Warrants to purchase 87,609,000 shares of the New Common Stock, (iii) $.10 Warrants to purchase 75,093,000 shares of New Common Stock and (iv) 40,050,000 shares of the New Common Stock.

(c) *Alternative Treatment of Class 8 Claims.* In the event the Class 8 Claims are found by the Bankruptcy Court to be fully secured or the holders thereof elect under Section 1111(b) of the Bankruptcy Code to have their Claims treated as fully secured, Class 8 shall not be divided into Class 8A and Class 8B and the distributions to be provided to the Claimants in Class 8A and Class 8B pursuant to 3.08(a) and (b) hereof shall, in lieu of such distributions, be distributed Pro Rata to the Claimants in Class 8 on the Effective Date. In the event the treatment of the Class 8 Claimants pursuant to this Section 3.08(c) shall by Final Order be invalidated, Crystal reserves the right to amend or modify this Plan to provide for an appropriate distribution to such Claimants consistent with Section 1111(b). Any such amendment or modification shall be subject to such acceptance by the Claimants in Class 8 as may be required by the Bankruptcy Code.

3.09 *Class 9—Mechanics and Materialmen Lien Claims.* Each Class 9 Claimant shall be paid the Allowed Amount of such Claimant's Class 9 Claim in cash in full when Allowed by Order, but not later than the first day of the first month beginning not less than 30 days after the Effective Date, or provided for by escrow payment if not then determined. If the sum of the Allowed Amounts of the Class 9 Claims exceeds $3,000,000, Crystal reserves the right to amend or modify this Plan to provide for a Pro Rata distribution to such Claimants of $3,000,000 or such other distribution as may be appropriate. Any such amendment or modification shall be subject to such acceptance by the Claimants in Class 9 as may be required under the Bankruptcy Code.

3.10 *Class 10—Secured Trustee Claim.* The Class 10 Claimant shall be paid the Allowed Amount of its Class 10 Claim in cash in full when Allowed by Final Order, but not later than the first day of the first month beginning not later than 30 days after the Effective Date, or provided for by escrow payment if not then determined.

3.11 *Class 11—Unsecured Claims.* Each Class 11 Claimant, to the extent the name and location of such Claimant is known to Crystal, shall be paid the Allowed Amount of such Claimant's Class 11 Claim in cash in full when Allowed by Order, but not later than the first day of the first month beginning not later than 30 days after the Effective Date, or provided for by escrow payment if not then determined, and, to the extent the name and location of such Claimant is not known to Crystal, an appropriate arrangement shall be made for the payment of such Claim. If the sum of the Allowed Amounts of Class 11 Claims exceeds $9,000,000, Crystal reserves the right to amend this Plan to provide for a Pro Rata distribution to such Claimants of $9,000,000 or such other distribution as may be appropriate. Any such amendment or modification shall be subject to such acceptance by the Claimants in Class 11 as may be required under the Bankruptcy Code.

3.12 *Class 12—14½% Debenture Claims.* Each Class 12 Claimant shall receive on the Effective Date a Pro Rata distribution of (i) 13,186,000 shares of Series A Preferred Stock, (ii) $.10 Warrants to purchase 15,022,000 shares of the New Common Stock, (iii) $.125 Warrants to purchase 11,684,000 shares of the New Common Stock and (iv) 5,591,000 shares of the New Common Stock.

3.13 *Class 13—Subordinated Debenture Claims.* Each Class 13 Claimant shall receive on the Effective Date a Pro Rata distribution of (i) 53,681,000 shares of Series A Preferred Stock, (ii) $.10 Warrants to purchase 59,608,000 shares of the New Common Stock, (iii) $.125 Warrants to purchase 59,608,000 shares of the New Common Stock and (iv) 23,101,000 shares of the New Common Stock.

3.14 *Class 14—Intercompany Claims.* Class 14 Claimant shall receive no distributions.

3.15 *Class 15—Shareholder Claims of Interest.* Each Class 15 Claimant shall receive on the Effective Date a Pro Rata distribution of (i) 51,705,723 shares of New Common Stock, (ii) $.125 Warrants to purchase 200,000,000 shares of the New Common Stock, (iii) $.15 Warrants to purchase 200,000,000 shares of New Common Stock and (iv) $.25 Warrants to purchase 200,000,000 shares of New Common Stock.

## ARTICLE IV

### CLAIMS AND INTERESTS NOT IMPAIRED UNDER THE PLAN

Classes 1, 2, 3, 4, 5, 9, 10, 11 and 15 shall be paid in cash, or provided for, on the Effective Date, and are not impaired by this Plan.

## ARTICLE V

### SUBORDINATION

In consideration for the distributions to be provided to them under the Plan, the creditors in Classes 6, 7, 8 (including, if applicable, Class 8A and Class 8B) and 12 shall each be deemed as of the Effective Date to have agreed to limit the enforcement of the subordination agreements of which they may be the beneficiaries to their right to receive the consideration to be provided to them under this Plan and to have agreed to allow the creditors in Classes 8 (including, if applicable, Class 8A and Class 8B), 12 and 13, as the case may be, to receive the consideration to be provided to them under this Plan, free of any subordination Claims.

## ARTICLE VI

### MEANS FOR EXECUTION OF PLAN

6.01 *Revesting.* Except as otherwise provided, property of the Estate shall revest in Reorganized Crystal on the Effective Date. After the Effective Date, Reorganized Crystal may operate its business and buy, use, acquire, and dispose of its property, free of any restrictions contained in the Bankruptcy Code. As of the Effective Date, all property of Reorganized Crystal shall be free and clear of all Claims and Interests of creditors and equity security holders, except the obligations that are imposed in this Plan.

6.02 *Initial Board of Directors.* Subject to Bankruptcy Court approval under Section 1129(a)(5) of the Bankruptcy Code, Crystal shall designate either the initial Board of Directors or the method for determining the composition for such Board of Directors. The Board of Directors shall take such action as is necessary to implement this Section 6.02, which action shall be deemed to be authorized and ratified by the shareholders of Reorganized Crystal. The initial Board of Directors shall continue to serve in such capacity until the next annual meeting of shareholders or until their successors are duly elected and qualified in accordance with the provisions governing election of directors contained in the Articles of Incorporation and Bylaws of Reorganized Crystal. The initial Board of Directors of Reorganized Crystal shall call the first meeting of the holders of New Common Stock within 12 months after the Effective Date. Any vacancy on the Board of Directors may be filled by the majority vote of the remaining directors, though less than a quorum.

6.03 *Management of Reorganized Crystal.* Upon the Effective Date, the operation of the Reorganized Crystal shall be and become the general responsibility of the Board of Directors, who shall, thereafter, have the responsibility for the management, control, and operation of Reorganized Crystal. Such directors shall have the responsibility, *inter alia*, for the following: (i) selection of the officers of Reorganized Crystal; (ii) carrying out such changes as are necessary in the Articles of Incorporation and the By-Laws of Crystal to accomplish the requirements of this Plan; and (iii) the authorization and approval of the preparation, execution, and issuance of the New Bank Note, the New Halliburton Note, the New Convertible Secured Notes, the Senior Preferred Stock, the Series A Preferred Stock, the Warrants, the New Common Stock, the Supplemental Loan Agreement, the Intercreditor Agreement, the Supplemental Agreement, and such other notes, securities and documents of Reorganized Crystal as may be necessary to carry out this Plan.

6.04 *New Entities.* Reorganized Crystal may create additional new subsidiaries or partnerships in accordance with the laws of the state of incorporation or formation.

6.05 *Issuance of New Securities and Obligations.* Reorganized Crystal shall authorize and issue the following securities pursuant to this Plan: the New Bank Note, the New Halliburton Note, the New Convertible Secured Notes, the Preferred Stock, the New Common Stock and the Warrants. Reorganized Crystal shall also issue such other securities and obligations, if any, as are required elsewhere in this Plan.

6.06 *Cancellation of Existing Indentures and Note Agreements.* Except for the lien created by the 15% Senior Note Indenture, which is to be carried forward to the New Note Indenture, upon the Effective Date, the rights and obligations of Crystal and the holders of the 15% Senior Notes and the Debentures under the following indentures and related instruments, including the debt instruments issued pursuant thereto, shall be terminated and cancelled:

(a) 15% Senior Note Indenture:

(b) 14⅞% Debenture Indenture;

(c) 1990 12¾% Debenture Indenture;

(d) 9% Debenture Indenture;

(e) 11¾% Debenture Indenture;

(f) 13¾% Debenture Indenture; and

(g) 2001 12¾% Debenture Indenture.

6.07 *Charter Amendments.* The Articles of Incorporation of Crystal shall be amended as necessary to (i) increase in the authorized number of shares of common stock of Crystal from 90,000,000 to 2,300,000,000, (ii) increase the authorized number of shares of preferred stock of Crystal from 1,000,000 to 150,000,000, (iii) decrease the par value of the preferred stock from $5.00 to $.01 per share, (iv) create the Senior Preferred Stock and the Series A Preferred Stock through the filing of a Certificate of Designation, Voting Powers, Preferences and Rights with respect to each series of the Preferred Stock, (v) prohibit the issuance by Reorganized Crystal of any shares of nonvoting equity securities in accordance with the provisions of Section 1123 of the Bankruptcy Code, and (vi) satisfy any other provisions of this Plan. The Charter Amendments shall become effective on the Effective Date. The Charter Amendments shall be substantially as set forth in Exhibits A, B, and C hereto.

6.08 *Distribution of Consideration.*

(a) *Disbursing Agent.* A national bank designated by Crystal with approval of the Bankruptcy Court, and such other entities as the Bankruptcy Court designates, such as an indenture trustee or stock transfer agent for securities to be distributed pursuant to this Plan, shall serve as Disbursing Agent or agents and shall distribute all property to be distributed under this Plan. A Disbursing Agent may employ or contract with other entities to assist in or perform the distribution of the property to be distributed. Each Disbursing Agent shall serve without bond.

(b) *Fractional Shares and Interests.* The New Common Stock, the Preferred Stock and the Warrants shall be distributed only in whole units. No fractional shares of New Common Stock or Preferred Stock or interests in Warrants shall be distributed to the holders of Allowed Claims or Allowed Interests. No New Convertible Secured Notes will be distributed in integral multiples less than $10 to the holders of Allowed Claims. Each time a distribution is to be made under this Plan to the holder of an Allowed Claim or Allowed Interest, all fractional shares or Warrants or New Convertible Secured Notes in principal amounts of less than $10 that would otherwise have been distributed to such holder shall be aggregated in a separate pool for the holders of Claims or Interests in such holder's Class. Holders of Allowed Claims or Allowed Interests who would otherwise be entitled to receive fractional shares or Warrants or New Convertible Secured Notes in principal amounts of less than $10 shall be ranked within each Class according to the size of the fractional share or Warrant or the principal amount of the New Convertible Secured Note to which such holder would otherwise be entitled. If two or more such holders are entitled to the same fractional share or Warrant or principal amount (as rounded to the sixth decimal place), the ranking of such holder shall be determined by lot. Based on such ranking within each Class a whole share of the New Common Stock or the Preferred Stock, a whole Warrant or a New Convertible Secured Note in the principal amount of $10, as the case may be, shall be distributed, on a Class by Class basis from the pool with respect to such Class, to those holders entitled to the largest fractions of each such security in each such class until all the shares of the New Common Stock and the Preferred Stock, all Warrants and the entire principal amount of the New Convertible Secured Notes shall have been distributed.

(c) *Disputed Claims or Interests.*

(i) *Escrow.* Notwithstanding any provisions of this Plan to the contrary, the Disbursing Agent shall withhold from the property to be distributed under this Plan, and shall place in escrow, a sufficient amount thereof to be distributed on the account of the Claims or Interests that are disputed and have not become Allowed Claims or Allowed Interests as of the date of the initial distribution under this Plan. As to any unliquidated Claim or Interest, the Bankruptcy

Court shall determine what amount is sufficient to withhold. The Disbursing Agent shall also place in the same escrow any distributions or obligations arising from the securities to be distributed under this Plan and still in the escrow at the time the distributions are made or the obligations arise. To the extent practicable, the Disbursing Agent may invest the cash in the escrow in a manner that will yield a reasonable net return taking into account the safety of the investment.

(ii) *Distribution.* The property in the escrow, including the allocable portion of the net return yielded from the investment in escrow, shall be distributed to the extent such Claims or Interests are Allowed by the Final Order. Any property in the escrow remaining after disputes over Claims or Interests of a particular Class have been resolved shall be retained by the Reorganized Crystal. Reorganized Crystal shall also retain any cash previously reserved in escrow for disputed claims of a kind specified in Bankruptcy Code Section 507(a) that are disallowed and the allocable portion of the net return yielded from investment of the cash in the escrow.

(d) *Surrender of Securities.* As a condition to participation under this Plan, (i) a holder of a Security that desires to receive the property on account of such holder's Allowed Claim or Allowed Interest with respect to that Security shall surrender such Security, or evidence thereof satisfactory to Reorganized Crystal, to the Disbursing Agent or its designee, and (ii) the holder of a note, debenture or other evidence of indebtedness of Crystal (other than a Security) that desires to receive the property to be distributed on account of an Allowed Claim based on such note, debenture or other evidence of indebtedness shall surrender such note, debenture or other evidence of indebtedness to the Disbursing Agent or its designee, and shall execute and deliver such other documents as are necessary to effectuate this Plan. On the Effective Date, the Bank shall surrender to Reorganized Crystal the Bank Note and all related instruments evidencing the Bank Note and shall receive therefor the New Bank Note in the principal amount as provided in Section 3.06 hereof. On the Effective Date, Halliburton shall surrender the Halliburton Note and all related instruments evidencing the Halliburton Note and shall receive therefor the New Halliburton Note in the principal amount as provided in Section 3.07 hereof. All other Claims shall be paid according to the Allowed Amounts shown on the claims register of the Bankruptcy Court and proofs of interest maintained by the Bankruptcy Court. If no surrender of Securities of evidences of indebtedness occurs, no distributions may be made to the holders thereof. The Disbursing Agent shall make subsequent distributions only to the persons who surrender the Securities for exchange (or their assignees) and the Disbursing Agent shall record such holders of such Securities as of the Effective Date.

(e) *Unclaimed Property and Unissued Securities.* Any property to be distributed under this Plan shall become the property of Reorganized Crystal if it is not claimed by the person entitled thereto before the later of (i) 3 years after Confirmation and (ii) 60 days after an Order allowing the Claim or Interest of that person becomes a Final Order. Securities to be issued by Reorganized Crystal which are reserved pursuant to this Plan and which are not issued prior to Consummation shall be issued at Consummation to Reorganized Crystal. Such securities shall be held in Reorganized Crystal's treasury, free of restrictions upon transfer or cancellation (except those imposed by the securities laws), and all dividends, distributions, interest, or other payments which were made by Reorganized Crystal or which it became obligated to make with respect to any such securities prior to Consummation shall be paid to or retained by Reorganized Crystal. Dividends, distributions, interest, and other payments which Reorganized Crystal becomes obligated to make with respect to any security or obligation reserved pursuant to this Plan and distributed prior to Consummation in accordance with the terms of this Plan or with respect to any other obligation created by this Plan shall be retained by Reorganized Crystal prior to such distribution, and Reorganized Crystal shall be obligated to pay or distribute the same to the distributee of such security or obligation at the time of distribution thereof, without interest.

(f) *Funds Held as Operator.* Undistributed funds held by Crystal as operator for distribution to third party interest owners shall be distributed to such interest owners after Crystal offsets such funds against Crystal's claims against such interest owners.

## ARTICLE VII

### TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

7.01 *Rejection of Executory Contracts and Unexpired Leases.* Except for Crystal's crude oil and natural gas leases, the treatment of which is set forth in Section 7.03 hereof, as of the Confirmation Date, Crystal shall reject each executory contract and unexpired lease which after the Petition Date is identified as being subject to rejection. Claims for damages, if any, arising from the rejection of any executory contract or unexpired lease in accordance with this Section shall be filed within 15 days after the Confirmation Date. Any Allowed Claim from or as a result of the rejection of any and all executory contracts and unexpired leases shall be a Class 11 Claim and shall be treated in accordance with this Plan, but nothing herein shall constitute a determination that any rejection shall give rise to or result in an Allowed Claim.

7.02 *Assumption of Executory Contracts and Unexpired Leases.* Except for Crystal's crude oil and natural gas leases, the treatment of which is set forth in Section 7.03 hereof, as of the Confirmation Date, Crystal shall assume (i) each executory contract and unexpired lease which is identified as being subject to assumption and (ii) any other executory contract or unexpired lease unless such executory contract or unexpired lease is otherwise rejected by Crystal.

7.03 *Assumption of Crude Oil and Natural Gas Leases.* If Crystal's crude oil and natural gas leases constitute executory contracts within Section 365 of the Bankruptcy Code, all crude oil and natural gas leases to which Crystal is a party are hereby expressly assumed.

## ARTICLE VIII

### COMPENSATION FOR SERVICES RENDERED IN CONNECTION WITH THIS PLAN AND CERTAIN EMPLOYMENT AGREEMENTS

8.01 *Management.*

(a) *New Common Stock and Warrants.* Upon the Effective Date, 4,500,000 shares of the New Common Stock and $.075 Warrants to purchase 16,000,000 shares of New Common Stock and $.10 Warrants to purchase 15,000,000 shares of New Common Stock shall be issued, or reserved for issuance, to certain key employees of Crystal in consideration for such employees' agreement to remain or become employees of the Debtor-in-Possession during the Reorganization Case or as additional incentive for them to continue or become employees of Reorganized Crystal after Confirmation of this Plan. The number of shares of New Common Stock and Warrants proposed to be granted to members of management will be determined prior to Confirmation by the Board of Directors of Crystal based on various factors including (i) recognition of the efforts of each of such persons on behalf of Crystal and in connection with its reorganization, (ii) recognition of the current compensation levels of such persons, (iii) the length of time which such persons have served and (iv) negotiations with new key members of management, if any. To the extent the shares of the New Common Stock and the Warrants to be issued to members of management on the Effective Date are less than the number contemplated to be issued under this Plan, such Warrants may be issued to future members of management in the discretion of the Board of Directors of Reorganized Crystal.

(b) *Employment Agreements.* Crystal hereby expressly assumes (i) the Employment Agreement dated as of July 1, 1986, between Crystal and Joe N. Averett, Jr., (ii) the Employment Agreement dated as of July 1, 1986, between Crystal and Robert F. Roberts, and (iii) the Severance and Consulting Agreement dated as of July 1, 1986, between Crystal and Mark A. Roberts. Pursuant to such agreements, as of the Effective Date, (i) Joe N. Averett shall receive 500,000 shares of New Common Stock, 1,000,000 $.075 Warrants and 2,000,000 $.10 Warrants, (ii) Robert F. Roberts shall receive 400,000 $.25 Warrants and (iii) Mark A. Roberts shall receive 400,000 $.25 Warrants. In addition to the above, Robert F.



RAM00046

Roberts will also receive within 105 days after the Confirmation Date a number of shares (not to exceed 400,000) of New Common Stock equal to the quotient resulting from the division of $100,000 by the average market price (as defined below) of the New Common Stock during the 90 day period commencing on the date after the Confirmation Date. Further, on the first anniversary of the Confirmation Date, Robert F. Roberts shall receive a number of shares (not to exceed 400,000) of New Common Stock equal to the quotient resulting from the division of $100,000 by the average market price of the New Common Stock during the 90 day period immediately preceding such anniversary date. Such shares shall be issued to Mr. Roberts within 15 days following such first anniversary date. For purposes of determining the number of shares of New Common Stock to be issued to Mr. Roberts, the term "average market price" for any period shall mean the arithmetic mean, for all days during which New Common Stock shall have been traded during such period, of the last reported sale price regular way or, in case no reported sale price takes place on such day, the average of the closing bid and asked prices regular way for such day, in either case, on the principal national or regional securities exchange on which the shares are listed or admitted to trading, or if the shares are not listed or admitted to trading on any national or regional securities exchange, but are traded in the over-the-counter market, the closing sale price of the New Common Stock or, in the case no sale is publicly reported, the average of the closing bid and asked quotations for the New Common Stock as reported by the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or the National Quotation Bureau Incorporated, or if the New Common Stock is not quoted by NASDAQ or the National Quotation Bureau Incorporated, the closing sale price of the New Common Stock or, in case no sale is publicly reported, the average of the closing bid and asked prices of the New Common Stock as furnished by two members of the National Association of Securities Dealers, Inc. selected from time to time by the Board of Directors of Reorganized Crystal for that purpose. In case of the general unavailability of published prices from any source with respect to the New Common Stock, then the average market price for the New Common Stock shall mean the fair value of one share of New Common Stock as determined by the Board of Directors of Reorganized Crystal.

(c) *Options in Lieu of Warrants.* In lieu of the issuance of the 16,000,000 $.075 Warrants and the 15,000,000 $.10 Warrants to be issued, or reserved for issuance, to management pursuant to Section 8.01(a) hereof and the issuance of 1,000,000 $.075 Warrants and 2,000,000 $.10 Warrants to Mr. Averett pursuant to Section 8.01(b) hereof, Crystal may issue to management (including Mr. Averett) tax-benefited options to purchase an equivalent number of shares of New Common Stock at equivalent purchase prices to such Warrants if, in the opinion of the Board of Directors of Crystal, the grant of options in lieu of Warrants would be more beneficial to managment and Crystal.

(d) *Employee Benefit Plans.* In addition to the compensation arrangements set forth above, except for Crystal's Incentive Bonus Plan, which will be terminated as of the Petition Date, Reorganized Crystal shall continue in effect all of Crystal's current compensation, incentive and benefit arrangements for the benefit of its directors, executive officers and employees, including Crystal's Employees' Thrift Plan and Phantom Stock Plan.

8.02 *Copeland and PWI.* In consideration for their assistance to Crystal in developing and implementing the Plan, Copeland and PWI shall receive $350,000 and $150,000, respectively, in cash and $540,000 and $300,000, respectively, in shares of New Common Stock. The cash fee to be paid to Copeland and PWI shall be paid within 15 days of the date of the Confirmation Order. The shares of New Common Stock to be issued to Copeland and PWI shall be issued within 120 days after the Confirmation Date and will be valued based on the average market price per share of the New Common Stock for the 90 days immediately following the Effective Date; provided, however, that if the average market price per share of the New Common Stock during such 90-day period is less than $.125, the shares of the New Common Stock to be issued to Copeland and PWI shall be valued at $.125 per share, and if the average market price per share of the New Common Stock during such 90-day period is greater than $.20, the shares of the New Common Stock to be issued to Copeland and PWI shall be valued at $.20 per share. For purposes of the above determination, the average market price of the New Common Stock shall be the arithmetic mean of the daily high and low sale prices (or if no sale prices are reported, the average of the

daily high and low bid prices) of the New Common Stock as reported by the principal national stock exchange on which the New Common Stock is listed, or if the New Common Stock is not listed on a national stock exchange, as reported by NASDAQ or the National Quotation Bureau Incorporated or otherwise in the over-the-counter market. In addition to the above consideration, Copeland shall also receive on the Effective Date 5.075 Warrants to purchase 7,000,000 shares of New Common Stock and 5.10 Warrants to purchase 7,000,000 shares of New Common Stock.

## ARTICLE IX

### PREFERENCES, FRAUDULENT CONVEYANCES AND OBJECTIONS TO CLAIMS

Crystal shall be the only party authorized to object to Claims and to pursue actions to recover preferences and fraudulent conveyances. Unless Crystal consents, or unless otherwise ordered by the Bankruptcy Court, no other party shall have the right or obligation to pursue any such actions. Any creditor determined to have received a preference or fraudulent conveyance pursuant to Sections 547 or 548 of the Bankruptcy Code or any other applicable law shall be required to remit to Crystal an amount equal to the difference between (i) the determined amount of the preference or fraudulent conveyance and (ii) the amount the creditor would have received had such creditor's Claim for such preference or fraudulent conveyance been Allowed. The determination of such amount shall be made based on a pro rata share of the distribution amount excluding Claims resulting from the collection of preferences and fraudulent conveyances. Except as provided above, all Claims against any creditor who may have received a preference or fraudulent conveyance shall be released and discharged upon Confirmation of the Plan.

## ARTICLE X

### PROVISIONS FOR THE RETENTION, ENFORCEMENT, SETTLEMENT, OR ADJUSTMENT OF CLAIMS BELONGING TO CRYSTAL OR TO THE ESTATE

10.01 *Crystal's Causes of Action.* All Claims recoverable under Section 550 of the Bankruptcy Code, all Claims against third parties on account of an indebtedness, and all other Claims owed to or in favor of Crystal to the extent not specifically compromised and released pursuant to this Plan or an agreement referred to and incorporated herein, are hereby preserved and retained for enforcement by the Reorganized Crystal subsequent to the Effective Date.

10.02 ***Legally Binding Effect; Discharge of Claims and Interests.*** Except for Classes which are not impaired, the provisions of this Plan shall (i) bind all creditors and interest holders, whether or not they accept this Plan, and (ii) discharge Crystal from all debts that arose before the Petition Date. The distributions provided for creditors and interest holders shall not be subject to any Claim by another creditor or interest holder by reason of any assertion of a contractual right of subordination. In addition, the distributions of cash and securities provided for under the Plan shall be in exchange for and in complete satisfaction, discharge, and release of all Claims against and Interests in Crystal or any of its assets or properties, including any Claim or Interest accruing after the Petition Date and prior to the Effective Date. On and after the Effective Date, all holders of impaired Claims and Interests shall be precluded from asserting any Claim against Reorganized Crystal or its assets or properties based on any transaction or other activity of any kind that occurred prior to the Petition Date.

## ARTICLE XI

### RETENTION OF JURISDICTION

11.01 *Jurisdiction.* Until this Reorganization Case is closed, the Bankruptcy Court shall retain such jurisdiction as is legally permissible, including that necessary to insure that the purpose and intent of this Plan are carried out and to hear and determine all Claims set forth in Article II above that could have been brought before the entry of the Confirmation Order. The Bankruptcy Court shall retain jurisdiction to hear and determine all Claims against Crystal and to enforce all causes of action which may exist on behalf of Crystal. Nothing herein contained shall prevent Reorganized Crystal from taking such action as may be necessary in the enforcement of any cause of action which may exist on behalf of Crystal and which may not have been enforced or prosecuted by the Debtor-in-Possession.

Following the Consummation Date, the Bankruptcy Court shall further retain jurisdiction for the purpose of classification of the Claim of any creditor and the re-examination of Claims which have been Allowed for purposes of voting, and the determination of such objections as may be Filed to creditors' claims. The failure by Crystal to object to, or examine, any claim for the purposes of voting, shall not be deemed a waiver of Crystal's or Reorganized Crystal's right to object to, or re-examine, the claim, in whole or part.

The Bankruptcy Court further shall retain jurisdiction after the Consummation Date for the purpose of determination of all questions and disputes regarding title to the assets of the Estate, and determination of all causes of action, controversies, disputes, or conflicts, whether or not subject to any pending action as of the Confirmation Date, between Crystal and any other party, including, but not limited to, any right of Crystal to recover assets pursuant to the provisions of the Bankruptcy Code.

The Bankruptcy Court shall retain jurisdiction for the following additional purposes after the Consummation Date:

(a) to modify this Plan after Confirmation pursuant to the Bankruptcy Rules in Title 11 of the Bankruptcy Code;

(b) to assure the performance by Reorganized Crystal of its obligations to make distributions under this Plan and with respect to the New Securities to be issued;

(c) to enforce and interpret the terms and conditions of this Plan;

(d) to enter such Orders, including injunctions, as are necessary to enforce the title, rights, and powers of Reorganized Crystal and to impose such limitations, restrictions, terms, and conditions on such title, rights, and powers as this Bankruptcy Court may deem necessary;

(e) to enter an Order concluding and terminating this Reorganization Case;

(f) to correct any defect, cure any omission, or reconcile any inconsistency in this Plan or the Order of Confirmation as may be necessary to carry out the purposes and intent of this Plan; and

(g) to decide issues concerning federal tax reporting and withholding which arise in connection with the Confirmation or Consummation of this Plan.

## ARTICLE XII

### ADDITIONAL ASSETS

The assets of all subsidiary corporations of Crystal which are not subject to this case, including Crystal Michigan, CEPCO, and Crystal Program Limited, Inc., a Texas corporation, shall be administered by the Board of Directors of Reorganized Crystal in accordance with the interests of Reorganized Crystal and its shareholders so long as the interests of the creditors, if any, of such subsidiary corporations are protected.

## ARTICLE XIII

### CONDITIONS TO CONFIRMATION

This Plan may not be confirmed by the Bankruptcy Court unless each of the following conditions is either met or waived, to the extent permitted by the Bankruptcy Court, by Crystal:

13.01 *Effective Date.* The Effective Date shall have occurred within 12 months following the Petition Date;

13.02 *Adequate Information.* The Bankruptcy Court by Final Order shall have found that the acceptances and rejections of this Plan from Crystal's impaired creditors pursuant to the Disclosure Statement were solicited after disclosure of adequate information to all such creditors in compliance with any applicable non-bankruptcy law, rule or regulation governing the adequacy of disclosure in connection with such solicitation, and that all solicitations for approval of this Plan were made in good faith and in compliance with the applicable provisions of the Bankruptcy Code;

13.03 *Confirmation of Plan.* All the requirements of Section 1129(a) of the Bankruptcy Code shall have been met;

13.04 *Claims.* All impaired Classes of Claims shall have voted to accept this Plan by at least two-thirds in amount and more than half in number of those voting;

13.05 *Interests.* All impaired Classes of Interest holders shall have voted to accept this Plan by at least two-thirds in amount of those voting or the Bankruptcy Court shall have found that such vote is not required or that, not withstanding such a vote being taken, the provisions of Section 1129(b) of the Bankruptcy Code with respect to the Common Stock have been met;

13.06 *Supplemental Loan Agreement.* Crystal and the Bank shall have entered into the Supplemental Loan Agreement;

13.07 *Supplemental Agreement.* Crystal, CEPCO, Crystal Michigan and Halliburton shall have entered into the Supplemental Agreement;

13.08 *Guarantee.* CEPCO and Crystal Michigan shall have guaranteed the payment of Crystal's obligations under the Supplemental Loan Agreement;

13.09 *Intercreditor Agreement.* The Bank and Halliburton shall have entered into the Intercreditor Agreement;

13.10 *Order of Priorities.* The Bankruptcy Court by Final Order shall have ordered that (i) the property that is subject to the lien securing the payment of Crystal's obligations with respect to the New Bank Note and the Letters of Credit is subject to no prior lien or security interest, (ii) the property that is subject to lien securing the payment of Crystal's obligations with respect to the New Halliburton Note is subject to no prior lien or security interest other than the lien and security interest securing the payment of Crystal's obligations with respect to the New Bank Note and the Letters of Credit and (iii) the property that is subject to the lien securing the payment of Crystal's obligations with respect to the New Convertible Secured Notes is subject to no prior lien or security interest other than the liens and security interests securing the payment of Crystal's obligations with respect to the New Bank Note, the Letters of Credit, and the New Halliburton Note;

13.11 *New Note Indenture.* The New Note Indenture shall have been qualified under the Trust Indenture Act of 1939, as amended; and

13.12 *Documentation.* The form of the Supplemental Loan Agreement, the Supplemental Agreement, the Intercreditor Agreement, the New Note Indenture, the New Securities, CEPCO's and Crystal Michigan's guarantees of the Supplemental Loan Agreement and all other agreements, instruments and documents necessary for the implementation of this Plan shall have been Filed and approved thereby.

## ARTICLE XIV

### Miscellaneous Provisions

14.01 *Cram-Down.* In the event any impaired Class shall fail to accept this Plan in accordance with Section 1129(a) of the Bankruptcy Code, Crystal reserves the right to request the Bankruptcy Court to confirm the Plan in accordance with the provisions of Section 1129(b) of the Bankruptcy Code.

14.02 *Reclamation Claims.* Pursuant to Section 546(c) of the Bankruptcy Code, entities who sold goods to Crystal in the ordinary course of Crystal's business after the date Crystal may have been deemed "Insolvent" under Section 546(c) may have a Claim against Crystal for the reclamation of such goods. Pursuant to Section 546(c) such Claimants must make a reclamation demand in writing within ten days after Crystal receives such goods.

14.03 *Compliance With Tax Requirements.* In connection with this Plan, Crystal shall comply with all withholding and reporting requirements imposed by federal, state and local taxing authorities and distributions hereunder shall be subject to such withholding and reporting requirements.

14.04 *Revocation.* Crystal reserves the right to revoke and withdraw this Plan at any time prior to the Confirmation Date.

14.05 *Effect of Withdrawal of Revocation.* If Crystal revokes or withdraws this Plan prior to the Confirmation Date, or if the Confirmation Date or the Effective Date does not occur, then this Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against Crystal or any other person or to prejudice in any manner the rights of Crystal or any person in any further proceedings involving Crystal.

14.06 *Headings.* Headings are utilized in this Plan for convenience and reference only, and shall not constitute a part of this Plan for any other purpose.

14.07 *Due Authorization by Creditors.* Each and every creditor who elects to participate in the distributions provided for herein warrants that he is authorized to accept in consideration of his Claim against Crystal the distributions provided for in the Plan and that there are not outstanding commitments, agreements, or understandings, expressed or implied, that may or can in any way defeat or modify the rights conveyed or obligations undertaken by him under this Plan.

14.08 *Entire Agreement.* This Plan, as described herein, and in the Disclosure Statement and Exhibits thereto, sets forth the entire agreement and understanding among the parties hereto relating to the subject matter hereof and supersedes all prior discussions and documents. No party hereto shall be bound by any terms, conditions, definitions, warranties, understandings, or representations with respect to the subject matter hereof, other than as expressly provided for herein or as may hereafter be agreed to by the parties in writing.

## ARTICLE XV

### Modification of the Plan

Crystal may propose amendments to or modifications of this Plan under Section 1127 of the Bankruptcy Code at any time prior to the Confirmation Date. After the Confirmation Date, Crystal may remedy any defects or omissions or reconcile any inconsistencies in this Plan or in the Final Order in such manner as may be necessary to carry out the purposes and intent of this Plan so long as the interest of claimants or interest holders are not materially and adversely affected.

## ARTICLE XVI

### EFFECTIVE DATE

This Plan takes effect on the 30th day following the Confirmation Order if the Confirmation Order has not been stayed on appeal by a court of competent jurisdiction. If the Confirmation Order is stayed on appeal, this Plan shall take effect 15 days after such stay is dissolved by Final Order.

CRYSTAL OIL COMPANY

By _____
J. N. Averett, Jr.
*President*

**Dated: September 29, 1986**



RAM00052

EXHIBIT A

# ARTICLES OF AMENDMENT TO THE ARTICLES OF INCORPORATION OF CRYSTAL OIL COMPANY

EXHIBIT A

# ARTICLES OF AMENDMENT TO THE ARTICLES OF INCORPORATION OF CRYSTAL OIL COMPANY

Pursuant to the provisions of Sections 12:32 and 12:162 of the Louisiana Business Corporation Law, Crystal Oil Company, a Louisiana corporation (the "Company"), adopts the following Articles of Amendment to its Articles of Incorporation:

FIRST: On ..... 1986, the United States Bankruptcy Court for the Western District of Louisiana, Shreveport Division (the "Bankruptcy Court"), pursuant to the provisions of Chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 1101 *et. seq.*, confirmed a Plan of Reorganization of the Company (the "Plan") in *In The Matter of Crystal Oil Company*, Case No. 86-..... (Chapter 11).

SECOND: The Plan provides that the Fourth Article of the Articles of Incorporation of the Company is to be amended in its entirety to read as follows:

"FOURTH: The aggregate number of shares which the corporation shall have the authority to issue is Two Billion Four Hundred and Fifty Million (2,450,000,000), consisting of two classes. The designation of each class, the number of shares of each class, and the par value of the shares of each class are as follows:

| Number of Shares | Class | Par Value Per Share |
|---|---|---|
| 2,300,000,000 | Common Stock | $.01 |
| 150,000,000 | Preferred Stock | $.01 |

The preferences, limitations and relative rights in respect of the shares of each class and the variations of the relative rights and preferences as between series of any preferred or special class in series, if any, as shall be provided for, are as follows:

## A. COMMON STOCK

1. *Voting Rights of Common Stock.* Each holder of Common Stock shall be entitled to one vote for each share of Common Stock held thereby on each matter submitted to a vote of the shareholders of the corporation. No shareholder shall be entitled to cumulate his votes in the election of directors of the corporation, but each share shall be entitled to one vote in the election of each director.

2. *Dividends on Common Stock.* The holders of Common Stock shall be entitled to receive dividends on shares of Common Stock when, if and as declared by the Board of Directors of the corporation.

3. *Distribution on Common Stock in the Event of Dissolution, Liquidation or Winding Up.* In the event of any voluntary or involuntary dissolution, liquidation or winding up of the corporation, after payment or provision for payment of the debts and other liabilities of the corporation and the amounts to which the holders of all classes of Preferred Stock may be entitled, the holders of the Common Stock shall be entitled to share ratably in the remaining assets of the corporation.

## B. PREFERRED STOCK

1. *Authority of the Board of Directors to Amend the Articles of Incorporation to Fix the Preferences, Limitations and Relative Rights of Preferred Stock.* There is hereby vested in the Board of Directors of the corporation the authority to amend these Articles of Incorporation by resolution of such Board of Directors to fix the preferences, limitations and relative rights of the shares of Preferred Stock, and to establish and fix variations in relative rights as between series of Preferred Stock. In such regard and subject only to the limitations set forth in paragraph 2 below and by law, the Board

of Directors of the corporation may by resolution from time to time classify or reclassify and issue in one or more series any unissued shares of Preferred Stock, and may fix or alter in any one or more respects, from time to time before issuance of such shares, the number and designation of any series or classification, liquidation and dividend rights, preferences, voting powers, redemption rights, conversion rights, and any other rights, restrictions and qualifications of and the terms of any purchase, retirement or sinking fund which may be provided for such shares of Preferred Stock.

2. *Restriction on Non-Voting Securities.* Notwithstanding the provisions of paragraph 1 above relating to the authority of the Board of Directors of the corporation to fix the preferences, limitations and relative rights of the shares of Preferred Stock, and to establish and fix variations in the relative rights as between series of Preferred Stock, the Board of Directors of the corporation (a) may not authorize the issuance of any class or series of Preferred Stock without voting rights and (b) shall provide with respect to each class or series of Preferred Stock for an appropriate distribution of the voting power of the corporation, including, in the case of any class or series of Preferred Stock having a preference over the Common Stock or any other class or series of Preferred Stock with respect to dividends, adequate provision for the election of directors representing such class or series of Preferred Stock in the event of default in the payment of such dividends."

THIRD: The filing of these Articles of Amendment to the Company's Articles of Incorporation is provided for in the Plan and in the order of the Bankruptcy Court confirming the Plan.

FOURTH: The preferences, limitations and relative rights in respect of the shares of each class of capital stock of the Company and the variations in the relative rights and preferences as between each series of preferred or special class of capital stock of the Company are described in the Second Article of these Articles of Amendment to the Company's Articles of Incorporation.

IN WITNESS WHEREOF, the Company, as authorized and directed by the order of the Bankruptcy Court confirming the Plan, has caused these Articles of Amendment to the Articles of Incorporation of the Company to be signed by J. N. Averett, Jr., its President, and L. G. Caskey, its Secretary, respectively, on this ..... day of ....., 1986.

CRYSTAL OIL COMPANY

By .....
J. N. AVERETT, JR.
*President*

By .....
L. G. CASKEY
*Secretary*

STATE OF LOUISIANA
PARISH OF CADDO } ss.:

**BEFORE ME**, ..... a Notary in and for the said State and Parish, this day personally appeared J. N. Averett, Jr., appearing herein in his capacity as President of Crystal Oil Company, to me personally known to be the identical person whose name is subscribed to the foregoing instrument as representing Crystal Oil Company and acknowledged to me in the presence of the undersigned witnesses, that he executed the same on the date hereof on behalf of said Corporation, and that it was executed for the uses, purposes and considerations therein expressed by authority of the United States Bankruptcy Court for the Western District of Louisiana, Shreveport Division, as the free act and deed of the Corporation.

**IN WITNESS WHEREOF**, I have hereunto signed this acknowledgment with the appearer and the two competent witnesses at Shreveport, Louisiana, on the ..... day of ..... 1986, after reading of the whole.

.....
J. N. AVERETT, JR.
*President*

WITNESSES:

.....

.....

.....
NOTARY

.....
My Commission expires



RAM00056

EXHIBIT B

# CERTIFICATE OF DESIGNATION, VOTING POWERS, PREFERENCES AND RIGHTS OF THE $.06 SENIOR CONVERTIBLE VOTING PREFERRED STOCK

EXHIBIT B

# CERTIFICATE OF DESIGNATION, VOTING POWERS, PREFERENCES AND RIGHTS OF THE $.06 SENIOR CONVERTIBLE VOTING PREFERRED STOCK OF CRYSTAL OIL COMPANY

Crystal Oil Company, a Louisiana corporation (the "Company"), pursuant to Sections 12:33 and 12:24B(6) of Louisiana Business Corporation Law, certifies that the Board of Directors of the Company at a meeting thereof duly called and held on [the Effective Date], at which a quorum was present and acting throughout, duly adopted the following resolutions providing for the issuance of a series of preferred stock, par value $.01 per share, to be designated the "$.06 Senior Convertible Voting Preferred Stock" and to consist of 50,062,000 shares:

RESOLVED, that pursuant to the authority expressly vested in the Board of Directors by Article Four of the Articles of Incorporation of the Company (which creates and authorizes 150,000,000 shares of Serial Preferred Stock having the par value of $.01 per share ("Serial Preferred Stock"), of which no shares are currently outstanding), there is hereby designated and authorized for issuance in connection with the confirmation of a Plan of Reorganization of the Company (the "Plan") under Chapter 11 of the United States Bankruptcy Code, a series of Serial Preferred Stock, par value $.01 per share, entitled "$.06 Senior Convertible Voting Preferred Stock" consisting of fifty million sixty-two thousand (50,062,000) shares (the "Senior Preferred Stock"); and

RESOLVED, that the Senior Preferred Stock shall have the following powers, preferences and relative, participating, voting, optional, conversion and other special rights, and the qualifications, limitations and restrictions thereof, in addition to those set forth in Article Four of the Articles of Incorporation of the Company:

(a) *Dividends.* The holders of shares of Senior Preferred Stock shall be entitled to receive, when, if, and as declared by the Board of Directors, noncumulative dividends out of funds legally available therefor in cash at the rate of $.06 per share per annum, and no more, payable annually on the fifteenth day of April in each year commencing [April after the Effective Date]. Dividends shall be payable to holders of record, as they appear on the stock transfer books of the Company, on such record dates as may be declared by the Board of Directors not more than sixty (60) days nor less than ten (10) days preceding the payment dates for such dividends. Notwithstanding the above, no dividends, whether in cash, stock or otherwise shall be paid or declared with respect to, nor shall any distribution be made on, the Senior Preferred Stock unless (i) there shall not be outstanding any Superior Indebtedness (as defined in the Indenture of Mortgage, Deed of Trust, Assignment and Security Agreement dated as of [the Effective Date], between the Company and J. Henry Schroder Bank & Trust Company pursuant to which the Company's Non-Interest Bearing Subordinated Convertible Secured Notes due [ten years after the Effective Date] (the "Notes"), were issued, (ii) any required sinking fund obligation of the Company with respect to the Notes shall have been made or provided for, (iii) after giving effect to such dividend or distribution the Company shall have at least $1.00 in consolidated retained earnings (calculated in accordance with generally accepted accounting principles then existing) and (iv) the declaration and payment of such dividends or the making of such distribution would not violate any applicable law or provision of any material contract to which the Company is a party. The determination of the amount of the Company's consolidated retained earnings shall be made as of the last day of the preceding month in which it is determined by the independent public accountants then engaged by the Company to audit the accounts of the Company generally, whose determination shall be conclusive.

(b) *Dividend Preference.* So long as any shares of Senior Preferred Stock are outstanding, no dividends whatsoever, whether in cash, stock or otherwise (except for dividends paid in shares of "junior stock" as defined below) shall be paid or declared, nor shall any distribution be made, on any junior stock, nor shall any shares of junior stock (other than junior stock acquired in exchange for junior stock, or out of proceeds of the issue of other junior stock for cash) be purchased, redeemed, retired or otherwise acquired

for valuable consideration by the Company, unless the circumstances described in (i) through (iv) of section (a) hereof under which the Company may declare and pay a dividend on the Senior Preferred Stock shall have been met and all required dividends, if any, on the Senior Preferred Stock for all past periods, including the dividend period immediately preceding such event, shall have been declared and paid or a sum sufficient for the payment thereof set apart for such payment. The term "junior stock" as used herein shall mean the common stock, $.01 par value per share ("Common Stock"), of the Company and all other shares of stock of the Company by their terms ranking junior to the Senior Preferred Stock as to dividends, rights to redemption (through sinking fund payments or otherwise) and distribution of assets upon a liquidation, dissolution or winding up of the Company.

(c) *Liquidation Preference.* Upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, the Senior Preferred Stock shall be entitled, before any distribution is made on the Common Stock or any other junior stock of the Company, to be paid $1.00 per share, plus all accrued and unpaid dividends to the date of such distribution. A consolidation or merger of the Company shall not be deemed to be a liquidation, dissolution or winding up of the Company.

(d) *Optional Redemption.* The Senior Preferred Stock shall be redeemable, in whole or in part, at the option of the Company, at any time or from time to time, at a redemption price of $1.00 per share plus any accrued and unpaid dividends thereon upon giving the notice provided below. Notice of redemption shall be mailed at least thirty (30) days but not more than sixty (60) days before the redemption date to each holder of record of shares of Senior Preferred Stock to be redeemed at the address shown on the stock transfer books of the Company (but no failure to mail such notice or any defect therein or in the mailing thereof shall affect the validity of the proceedings for such redemption except as to the holder to whom the Company has failed to mail such notice or except as to the holder whose notice was defective). The Company may not redeem less than all outstanding shares of Senior Preferred Stock unless all dividends, if any, on the Senior Preferred Stock for all past periods shall have been declared and paid or set apart for payment upon all outstanding shares of Senior Preferred Stock for the current dividend period. Shares of Senior Preferred Stock redeemed by the Company shall be restored to the status of authorized but unissued shares of Serial Preferred Stock, without designation as to series, and may thereafter be issued.

(e) *Restrictions on Dividends and Other Payments on Junior Stock.* So long as any shares of Senior Preferred Stock are outstanding, no dividends whatsoever, whether in cash, stock or otherwise, shall be paid or declared on, nor shall any distribution be made on, nor shall there be purchased, redeemed or retired or otherwise acquired for valuable consideration by the Company or any subsidiary of the Company, nor shall any distribution be made upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, on any junior stock unless (i) all dividends, if any, required to be paid on the Senior Preferred Stock for all past periods, including the dividend period immediately preceding such event, shall have been paid and declared or a sum sufficient for the payment thereof set apart and (ii) in the case of any voluntary or involuntary liquidation, dissolution or winding up of the Company, there shall have been distributed to the holders of Senior Preferred Stock all amounts to which they are entitled pursuant to section (c) hereof.

(f) *Conversion.* The holder of any shares of Senior Preferred Stock shall have the right at his option at any time, subject to the provisions of this section (f), to convert any such shares into Common Stock of the Company at the rate of four and one-half shares of fully paid and nonassessable Common Stock for each share of Senior Preferred Stock, as such rate may be adjusted from time to time, *provided, however,* that, with respect to any share of Senior Preferred Stock which shall be called for redemption, such right of conversion shall cease and terminate at the close of business on the day immediately preceding the date fixed for redemption of such share unless the Company shall default in payment or in providing for payment of the redemption price. The number of shares of Common Stock issuable at any time (and as adjusted from time to time) upon conversion of one share of Senior Preferred Stock is hereinafter called the "Conversion Rate".

The Conversion Rate shall be subject to the following adjustments:

(i) If the Company shall pay a dividend or make a distribution upon its Common Stock in shares of its Common Stock, then the Conversion Rate in effect immediately prior to the record date fixed for the determination of shareholders entitled to such dividend or distribution shall be increased in proportion to the increase in the number of outstanding shares of Common Stock effected through such stock dividend or distribution, such adjustment to become effective immediately after the opening of business on the day following such record date.

(ii) If the Company shall subdivide the outstanding shares of its Common Stock into a greater number of shares of Common Stock or combine the outstanding shares of Common Stock into a smaller number of shares of Common Stock, or issue by reclassification of its Common Stock any shares of the Company, then the Conversion Rate in effect immediately prior thereto shall be adjusted so that a holder of Senior Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number of shares that he would have owned or been entitled to receive after the happening of any of the events described above had such Senior Preferred Stock been converted immediately prior to the happening of such event, such adjustment to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination or reclassification, as the case may be, becomes effective.

(iii) If the Company shall issue rights or warrants (other than warrants issued pursuant to the Plan) to the holders of its Common Stock entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the current market price per share of Common Stock on the date of such issuance, then in each case the Conversion Rate in effect immediately prior thereto shall be adjusted so that the number of shares of Common Stock into which each share of Senior Preferred Stock shall thereafter be convertible shall be determined by multiplying the number of shares of Common Stock into which such share was theretofore convertible by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of additional shares of Common Stock offered for subscription or purchase, and the denominator of which shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of shares of Common Stock which the aggregate offering price of the total number of shares so offered would purchase at the current market price per share of Common Stock.

(iv) If the Company shall distribute to all holders of its Common Stock evidences of indebtedness or securities or assets (excluding those referred to in subsections (i), (ii) and (iii) of this section (f), those securities to be issued pursuant to the Plan and cash dividends payable out of consolidated retained earnings or dividends payable in shares of Common Stock), then the Conversion Rate in effect immediately prior to the record date for the determination of shareholders entitled thereto shall be adjusted by multiplying such Conversion Rate by a fraction, the numerator of which shall be the current market price per share of Common Stock on the date of such distribution and the denominator of which shall be such current market price per share of the Common Stock, less the fair market value (determined by the Board of Directors, whose determination shall be conclusive) of the portion of the assets or securities or evidences of indebtedness so distributed or of such subscription rights applicable to one share of Common Stock, such adjustment to become effective immediately after the opening of business on the day following the record date for the determination of shareholders entitled to receive such distribution. For purposes of this subsection (iv), consolidated retained earnings shall be determined by the independent public accountants then engaged by the Company to audit the accounts of the Company generally, whose determination shall be conclusive.

No adjustment in the Conversion Rate shall be made if, at the same time as the Company shall distribute property or issue securities of the Company as a dividend or distribution on the outstanding Common Stock, which would otherwise call for an adjustment in the Conversion Rate, the Company shall distribute such property or issue shares of such junior stock as a dividend or distribution on the outstanding Senior Preferred Stock equivalent to the amount of property or the number of shares distributable on the shares of Common Stock into which the Senior Preferred Stock is then convertible.

No adjustment in the Conversion Rate shall be made by reason of the issuance of shares of Common Stock or any security convertible into or exercisable for shares of Common Stock in exchange for cash, property or services.

If the Company shall be consolidated with or merged into any other company, then provisions shall be made as part of the terms of such consolidation or merger whereby the holders of any shares of Senior Preferred Stock outstanding immediately prior to such event shall thereafter be entitled to such conversion rights with respect to securities of the Company resulting from such consolidation or merger as shall be substantially equivalent to the conversion rights provided herein.

Notwithstanding anything in this section (f) to the contrary, the Company shall not be required, except as hereinafter provided, to make any adjustment of the Conversion Rate in any case in which the amount by which such Conversion Rate would be increased in accordance with the foregoing provisions would be less than one-hundredth of a share of Common Stock, but in such case any adjustment that would otherwise be required then to be made will be carried forward and made at the time at which the next subsequent adjustment which, together with any and all such adjustments so carried forward, shall amount to one-hundredth or more of a share of Common Stock, *provided, however*, that such adjustment shall be made in all events (regardless of whether or not the amount thereof or the cumulative amount thereof equals or exceeds one-hundredth of a share of Common Stock) not later than three years after the occurrence of the events specified in subsections (i) through (iv) of this section (f). In the event of any stock dividend, subdivision or other event referred to in subsection (i) or (ii) of this section (f) such amount of one-hundredth (as theretofore decreased or increased) shall be proportionately decreased or increased.

Whenever the Conversion Rate is adjusted, the Company shall as soon as practicable (but in any event not later than 30 days after the event causing the adjustment) send to the transfer agent for the Senior Preferred Stock and the holders of the Senior Preferred Stock at the names and addresses as then listed in the transfer records of the Company a statement signed by two officers of the Company, stating the adjusted Conversion Rate and sufficient facts to show the reason for and the manner of computing the adjustments.

The purchase or other acquisition by the Company of Common Stock or other securities of the Company shall not effect any adjustment of the Conversion Rate.

For the purposes of this section (f), the term "current market price" shall mean the average daily closing price for a share of Common Stock for the 10 consecutive trading days commencing 20 days before the date of issuance of securities or grant of options or other day in question. The closing price per share of Common Stock for each such day shall be the last reported sales price regular way or, in the case no such reported sale takes place on such day, the reported closing bid price regular way on the principal national or regional securities exchange on which the shares of Common Stock are listed or admitted to trading as determined by the Company, which determination shall be conclusive, or, if not listed or admitted to trading on any national or regional securities exchange, the bid price per share of Common Stock as reported by the National Association of Securities Dealers Automated Quotation System or the National Quotation Bureau Incorporated or otherwise in the over-the-counter market, and if the Common Stock is not traded, as determined by the Board of Directors of the Company in good faith to be the fair value of one share of the Common Stock.

The Company shall at all times reserve and keep available, free from preemptive rights, out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of shares of Senior Preferred Stock, the full number of whole shares of Common Stock then issuable upon the conversion or exchange of all shares of Senior Preferred Stock at the time outstanding. For the purpose of this paragraph, the full number of shares of Common Stock issuable upon the conversion of all outstanding shares of Senior Preferred Stock shall be computed as if at the time of computation of such number of shares of Common Stock all outstanding shares of Senior Preferred Stock were held by a single holder. The Company shall from time to time, in accordance with the laws of the State of Louisiana, use its best efforts to increase the authorized amount of its Common Stock if at any time the authorized amount

of its Common Stock remaining unissued shall not be sufficient to permit the conversion of all shares of Senior Preferred Stock at the time outstanding. If any shares of Common Stock required to be reserved for issuance upon conversion of shares of Senior Preferred Stock hereunder require registration with or approval of any governmental authority under any federal or state law before such shares may be issued upon such conversion, the Company shall in good faith and as expeditiously as possible endeavor to cause such shares to be so registered or approved.

The Company shall pay any and all taxes that may be payable in respect of the issue or delivery of shares of Common Stock on conversion of the shares of Senior Preferred Stock pursuant hereto. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue or transfer and delivery of shares of Common Stock in a name other than that in which the shares of Senior Preferred Stock so converted were registered, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Company the amount of any such tax or has established to the satisfaction of the Company that such tax has been paid.

Before any holder of shares of Senior Preferred Stock shall be entitled to convert the same into Common Stock, such holder shall surrender the certificate or certificates therefor, duly endorsed or assigned to the Company or in blank, at the office of any transfer agent for such stock or at such other place or places, if any, as the Board of Directors of the Company may have designated, and shall give written notice to the Company at such office or place that such holder elects to convert the same and shall state in writing therein the name or names (with addresses) in which such holder wishes the certificate or certificates for Common Stock to be issued. Shares of Senior Preferred Stock surrendered for conversion during the period from the close of business on any record date for the payment of a dividend on the shares of Senior Preferred Stock to the opening of business on the date for payment of such dividend shall (except in the case of shares of Senior Preferred Stock which have been called for redemption on a redemption date within such period) be accompanied by payment of an amount equal to the dividend payable on such dividend payment date on the shares of Senior Preferred Stock being surrendered for conversion. Except as provided in the preceding sentence, no payment or adjustment shall be made upon any conversion on account of any dividend accrued on the shares of Senior Preferred Stock surrendered for conversion or on account of any dividends on the Common Stock issued upon conversion. The Company will, as soon as practicable thereafter, issue and deliver at such office or place to such holder of shares of Senior Preferred Stock, or to such holder's nominee or nominees, certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid. Shares of Senior Preferred Stock shall be deemed to have been converted as of the close of business on the date of the surrender of such shares for conversion as provided above, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common Stock as of the close of business on such date.

(g) *Voting.* In addition to any voting rights which may be provided by law, holders of Senior Preferred Stock shall have the voting rights set forth below:

(i) Subject to the provision for adjustment hereinafter set forth, each share of Senior Preferred Stock shall entitle the holder thereof to two votes for the election of directors and on all other matters submitted to a vote of shareholders of the Company.

(ii) Except as otherwise provided herein or by law, the holders of shares of Senior Preferred Stock and the holders of shares of Common Stock and all other capital stock of the Company entitled to vote generally in the election of directors and on all matters submitted to a vote of shareholders ("Voting Stock") shall vote together as one class on all matters submitted to a vote of shareholders of the Company.

(iii) In the event the Company shall at any time declare or pay any dividend on the Common Stock payable in shares of any class or series of Voting Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock or a reclassification of the Common Stock (otherwise than by payment of a dividend in shares of any class or series of such Voting Stock) into a greater or lesser number of shares of Common Stock, then in each case the number of votes per share to which the holders of shares of Senior Preferred Stock were entitled immediately prior to such event

shall be adjusted by multiplying such number by a fraction the numerator of which shall be the number of votes which the holders of the outstanding Common Stock had immediately after such event and the denominator of which shall be the number of votes which such holders had immediately prior to such event.

(iv) If at any time there shall be payable dividends on the shares of Senior Preferred Stock pursuant to section (a) hereof and such dividends shall be unpaid for more than 180 days, then the holders of Senior Preferred Stock then outstanding (voting as a class) shall have the right to elect two members of the Board of Directors of the Company. Such voting power shall terminate when all unpaid dividends on all outstanding shares of Senior Preferred Stock shall have been paid or declared and set aside for payment. Whenever the holders of the Senior Preferred Stock shall have the right as a class to elect directors, the Board of Directors of the Company may be increased by two directors, subject to the limitations set forth below, and the holders of the Senior Preferred Stock shall have the exclusive right as a class to elect two directors at the next annual meeting of shareholders and at each subsequent annual meeting of shareholders unless such right shall have terminated. Such two directors to be elected may be in addition to the number of directors theretofore authorized to be elected by the holders of all the Voting Stock unless the authorized number of directors of the Company would be increased beyond the then maximum authorized number thereof, in which event the number of directors to be elected by the holders of all the Voting Stock shall be decreased so that two of the directors to be elected at such annual meeting of shareholders shall be elected by the holders of the Senior Preferred Stock and the remaining directors shall be elected by the holders of the Common Stock. Upon the termination of the right of the holders of the Senior Preferred Stock to vote for directors, the term of office of all directors then in office elected by the holders of the Senior Preferred Stock shall terminate immediately. If the office of any director elected by the holders of the Senior Preferred Stock shall become vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise the remaining director elected by such holders may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(v) So long as any shares of Senior Preferred Stock are outstanding, the Company shall not, without the affirmative vote or consent of the holders of at least a majority of the outstanding shares of Senior Preferred Stock, voting as a class (with each share of Senior Preferred Stock entitled to one vote), given in person or by proxy, either in writing or by vote at an annual meeting or a special meeting called for the purpose of such vote, (A) alter or amend the powers, designations, preferences and rights or qualifications, limitations or restrictions of the Senior Preferred Stock as set forth in this resolution in any way which would materially and adversely affect any right, preference or privilege of the Senior Preferred Stock or (B) authorize the merger or consolidation of the Company if the effect of such merger or consolidation would be to materially alter or change the powers, preferences or rights given to the holders of any shares of Senior Preferred Stock. Notwithstanding anything in this subsection (v) to the contrary, the issuance of additional shares of Common Stock or the creation and issuance of other series of preferred stock ranking junior to the Senior Preferred Stock with respect to distribution of assets upon liquidation, dissolution or winding up shall not be deemed to either materially or adversely affect any right, preference or privilege of the Senior Preferred Stock.

(vi) So long as any shares of Senior Preferred Stock are outstanding, the Company shall not, without the affirmative vote or consent of the holders of at least a majority of the outstanding shares of Senior Preferred Stock given in person or by proxy, either in writing or by vote at an annual meeting or a special meeting called for the purpose of such vote, issue any new shares of Senior Preferred Stock or authorize or create any class or series of capital stock of the Company ranking superior, either as to payment of dividends, rights to redemption (through operation of a sinking fund or otherwise) or as to amounts distributable upon liquidation, dissolution, distribution or sale of assets, equal or prior to the Senior Preferred Stock.

(vii) Except as set forth herein, holders of the Senior Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with the holders of Voting Stock as set forth herein) for taking any corporate action.

IN WITNESS WHEREOF, the Company has caused this Certificate to be executed by its President and its Secretary, thereunto duly authorized, this ..... day of ..... 1986, and its corporate seal to be thereunto affixed.

CRYSTAL OIL COMPANY

By _____
J. N. Averett, Jr.
*President*

Attest:

By _____
*Secretary*



RAM00064

EXHIBIT C

# CERTIFICATE OF DESIGNATION, VOTING POWERS, PREFERENCES AND RIGHTS OF THE SERIES A CONVERTIBLE VOTING PREFERRED STOCK

EXHIBIT C

# CERTIFICATE OF DESIGNATION, VOTING POWERS, PREFERENCES AND RIGHTS OF THE SERIES A CONVERTIBLE VOTING PREFERRED STOCK OF CRYSTAL OIL COMPANY

Crystal Oil Company, a Louisiana corporation (the "Company"), pursuant to Sections 12:33 and 12:24B(6) of Louisiana Business Corporation Law, certifies that the Board of Directors of the Company at a meeting thereof duly called and held on [the Effective Date], at which a quorum was present and acting throughout, duly adopted the following resolutions providing for the issuance of a series of preferred stock, par value $.01 per share, to be designated the "Series A Convertible Voting Preferred Stock" and to consist of 66,867,000 shares:

RESOLVED, that pursuant to the authority expressly vested in the Board of Directors by Article Four of the Articles of Incorporation of the Company (which creates and authorizes 150,000,000 shares of Serial Preferred Stock having the par value of $.01 per share ("Serial Preferred Stock"), of which 50,062,000 shares designated as the $.06 Senior Convertible Voting Preferred Stock (the "Senior Preferred Stock") are currently outstanding), there is hereby designated and authorized for issuance in connection with the confirmation of a Plan of Reorganization of the Company (the "Plan") under Chapter 11 of the United States Bankruptcy Code, a series of Serial Preferred Stock, par value $.01 per share, entitled "Series A Convertible Voting Preferred Stock" consisting of sixty-six million eight hundred and sixty-seven thousand (66,867,000) shares (the "Series A Preferred Stock"); and

RESOLVED, that the Series A Preferred Stock shall have the following powers, preferences and relative, participating, voting, optional, conversion and other special rights, and the qualifications, limitations and restrictions thereon, in addition to those set forth in Article Four of the Articles of Incorporation of the Company:

(a) *Dividends.* The holders of shares of Series A Preferred Stock shall not be entitled to receive any dividends as a class or in participation with the holders of the Common Stock, $.01 par value ("Common Stock"), of the Company.

(b) *Dividend Restriction.* So long as any shares of Series A Preferred Stock are outstanding, no dividends whatsoever, whether in cash, stock or otherwise (except for dividends paid in shares of "junior stock" as defined below) shall be paid or declared, nor shall any distribution be made, on any junior stock, nor shall any shares of junior stock (other than junior stock acquired in exchange for junior stock, or out of proceeds of the issue of other junior stock for cash) be purchased, redeemed, retired or otherwise acquired for valuable consideration by the Company, unless (i) there shall not be outstanding any Superior Indebtedness (as defined in the Indenture of Mortgage, Deed of Trust, Assignment and Security Agreement dated as of [the Effective Date], between the Company and J. Henry Schroder Bank & Trust Company pursuant to which the Company's Non-Interest Bearing Convertible Subordinated Secured Notes due [ten years after the Effective Date] (the "Notes"), were issued, (ii) any required sinking fund obligation of the Company with respect to the Notes shall have been made or provided for, (iii) after giving effect to such dividend, distribution, purchase, redemption, retirement or other acquisition, the Company shall have at least $1.00 in consolidated retained earnings (calculated in accordance with generally accepted accounting principles then existing) and (iv) the declaration and payment of such dividends or distributions or the purchase, redemption, retirement or acquisition would not violate any applicable law or provision of any material contract to which the Company is a party. The term "junior stock" as used herein shall mean the Common Stock and all other shares of stock of the Company by their terms ranking junior to the Series A Preferred Stock as to dividends, rights to redemption (through sinking fund payments or otherwise) and distribution of assets upon a liquidation, dissolution or winding up of the Company. The determination of the amount of the Company's consolidated retained earnings shall be made as of the last day of the preceding month in which it is determined by the independent public accountants then engaged by the Company to audit the accounts of the Company generally, whose determination shall be conclusive.

(c) *Liquidation Preference.* Subject to the rights of the holders of "senior stock", as defined below, upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of the Series A Preferred Stock shall be entitled, before any distribution is made on the Common Stock or any other junior stock of the Company, to be paid $1.00 per share of the Series A Preferred Stock held by them. The term "senior stock" as used herein shall mean the Senior Preferred Stock and all other shares of stock of the Company by their terms ranking senior to the Series A Preferred Stock as to dividends, rights to redemption (through sinking fund payments or otherwise) and distribution of assets upon a liquidation, dissolution or winding up of the Company. A consolidation or merger of the Company shall not be deemed to be a liquidation, dissolution or winding up of the Company.

(d) *Optional Redemption.* The Series A Preferred Stock shall be redeemable, in whole or in part, at the option of the Company, at any time or from time to time, at a redemption price of $1.00 per share upon giving the notice provided below. Notice of redemption shall be mailed at least thirty (30) days but not more than sixty (60) days before the redemption date to each holder of record of shares of Series A Preferred Stock to be redeemed at the address shown on the stock transfer books of the Company (but no failure to mail such notice or any defect therein or in the mailing thereof shall affect the validity of the proceedings for such redemption except as to the holder to whom the Company has failed to mail such notice or except as to the holder whose notice was defective). Shares of Series A Preferred Stock redeemed by the Company shall be restored to the status of authorized but unissued shares of Serial Preferred Stock, without designation as to series, and may thereafter be issued.

(e) *Restrictions on Payments on Liquidation.* So long as any shares of Series A Preferred Stock are outstanding, no distribution may be made upon any voluntary or involuntary liquidation, dissolution or winding up of the Company on any junior stock unless there shall have been distributed to the holders of Series A Preferred Stock all amounts to which they are entitled pursuant to section (c) hereof.

(f) *Conversion.* The holder of any shares of Series A Preferred Stock shall have the right at his option at any time, subject to the provision of this section (f), to convert any such shares into Common Stock of the Company at the rate of four shares of fully paid and nonassessable Common Stock for each share of Series A Preferred Stock, as such rate may be adjusted from time to time, *provided, however*, that, with respect to any share of Series A Preferred Stock which shall be called for redemption, such right of conversion shall cease and terminate at the close of business on the day immediately preceding the date fixed for redemption of such share unless the Company shall default in payment or in providing for payment of the redemption price. The number of shares of Common Stock issuable at any time (and as adjusted from time to time) upon conversion of one share of Series A Preferred Stock is hereinafter called the "Conversion Rate".

The Conversion Rate shall be subject to the following adjustments:

(i) If the Company shall pay a dividend or make a distribution upon its Common Stock in shares of its Common Stock, then the Conversion Rate in effect immediately prior to the record date fixed for the determination of shareholders entitled to such dividend or distribution shall be increased in proportion to the increase in the number of outstanding shares of Common Stock effected through such stock dividend or distribution, such adjustment to become effective immediately after the opening of business on the day following such record date.

(ii) If the Company shall subdivide the outstanding shares of its Common Stock into a greater number of shares of Common Stock or combine the outstanding shares of Common Stock into a smaller number of shares of Common Stock, or issue by reclassification of its Common Stock any shares of the Company, then the Conversion Rate in effect immediately prior thereto shall be adjusted so that a holder of Series A Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number of shares that he would have owned or been entitled to receive after the happening of any of the events described above had such Series A Preferred Stock been converted immediately prior to the happening of such event, such adjustment to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination or reclassification, as the case may be, becomes effective.

(iii) If the Company shall issue rights or warrants (other than warrants issued pursuant to the Plan) to the holders of Common Stock entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the current market price per share of Common Stock on the date of such issuance, then in each case the Conversion Rate in effect immediately prior thereto shall be adjusted so that the number of shares of Common Stock into which each share of Series A Preferred Stock shall thereafter be convertible shall be determined by multiplying the number of shares of Common Stock into which such share was theretofore convertible by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of additional shares of Common Stock offered for subscription or purchase, and the denominator of which shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of shares of Common Stock which the aggregate offering price of the total number of shares so offered would purchase at the current market price per share of Common Stock.

(iv) If the Company shall distribute to all holders of Common Stock evidences of indebtedness or securities or assets (excluding those referred to in subsections (i), (ii) and (iii) of this section (f), those securities to be issued pursuant to the Plan and cash dividends payable out of consolidated retained earnings or dividends payable in shares of Common Stock), then the Conversion Rate in effect immediately prior to the record date for the determination of shareholders entitled thereto shall be adjusted by multiplying such Conversion Rate by a fraction, the numerator of which shall be the current market price per share of Common Stock on the date of such distribution and the denominator of which shall be such current market price per share of the Common Stock, less the fair market value (determined by the Board of Directors, whose determination shall be conclusive) of the portion of the assets or securities or evidences of indebtedness so distributed or of such subscription rights applicable to one share of Common Stock, such adjustment to become effective immediately after the opening of business on the day following the record date for the determination of shareholders entitled to receive such distribution. For purposes of this subsection (iv), consolidated retained earnings shall be determined as of the last day of the preceding month for which it is determined by the independent public accountants then engaged by the Company to audit the accounts of the Company generally, whose determination shall be conclusive.

No adjustment in the Conversion Rate shall be made if, at the same time as the Company shall distribute property or issue securities of the Company as a dividend or distribution on the outstanding Common Stock, which would otherwise call for an adjustment in the Conversion Rate, the Company shall distribute such property or issue shares of such junior stock as a dividend or distribution on the outstanding Series A Preferred Stock equivalent to the amount of property or the number of shares distributable on the shares of Common Stock into which the Series A Preferred Stock is then convertible.

No adjustment in the Conversion Rate shall be made by reason of the issuance of shares of Common Stock or any security convertible into or exercisable for shares of Common Stock in exchange for cash, property or services.

If the Company shall be consolidated with or merged into any other company, then provisions shall be made as part of the terms of such consolidation or merger whereby the holders of any shares of Series A Preferred Stock outstanding immediately prior to such event shall thereafter be entitled to such conversion rights with respect to securities of the Company resulting from such consolidation or merger as shall be substantially equivalent to the conversion rights provided herein.

Notwithstanding anything in this section (f) to the contrary, the Company shall not be required, except as hereinafter provided, to make any adjustment of the Conversion Rate in any case in which the amount by which such Conversion Rate would be increased in accordance with the foregoing provisions would be less than one-hundredth of a share of Common Stock, but in such case any adjustment that would otherwise be required then to be made will be carried forward and made at the time at which the next subsequent adjustment which, together with any and all such adjustments so carried forward, shall amount to one-hundredth or more of a share of Common Stock, *provided, however*, that such adjustment shall be made in all events (regardless of whether or not the amount thereof or the cumulative amount thereof equals or exceeds one-hundredth of a share of Common Stock) not later than three years after the occurrence of the events specified in subsections (i) through (iv) of this section (f). In the event of any

stock dividend, subdivision or other event referred to in subsection (i) or (ii) of this section (f), said amount of one-hundredth (as theretofore decreased or increased) shall be proportionately decreased or increased.

No fraction of a share of Common Stock shall be issued upon conversion, but in lieu thereof the Company shall, notwithstanding any other provision of this section (f), pay therefor cash equal to such fraction multiplied by the current market price per share of the Common Stock at the date of conversion.

Whenever the Conversion Rate is adjusted, the Company shall as soon as practicable (but in any event not later than thirty (30) days after the event causing the adjustment) send to the transfer agent for the Series A Preferred Stock and the holders of the Series A Preferred Stock at the names and addresses as then listed in the transfer records of the Company a statement signed by two officers of the Company, stating the adjusted Conversion Rate and sufficient facts to show the reason for and the manner of computing the adjustments.

The purchase or other acquisition by the Company of Common Stock or other securities of the Company shall not effect any adjustment of the Conversion Rate.

For the purposes of this section (f), the term "current market price" shall mean the average daily closing price for a share of Common Stock for the 10 consecutive trading days commencing 20 days before the date of issuance of securities or grant of options or other day in question. The closing price per share of Common Stock for each such day shall be the last reported sales price regular way or, in the case no such reported sale takes place on such day, the reported closing bid price regular way on the principal national or regional securities exchange on which the shares of Common Stock are listed or admitted to trading as determined by the Company, which determination shall be conclusive, or, if not listed or admitted to trading on any national or regional securities exchange, the bid price per share of Common Stock as reported by the National Association of Securities Dealers Automated Quotation System or the National Quotation Bureau Incorporated or otherwise in the over-the-counter market, and if the Common Stock is not traded, as determined by the Board of Directors of the Company in good faith to be the fair value of one share of the Common Stock.

The Company shall at all times reserve and keep available, free from preemptive rights, out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of shares of Series A Preferred Stock, the full number of whole shares of Common Stock then issuable upon the conversion or exchange of all shares of Series A Preferred Stock at the time outstanding. For the purpose of this paragraph, the full number of shares of Common Stock issuable upon the conversion of all outstanding shares of Series A Preferred Stock shall be computed as if at the time of computation of such number of shares of Common Stock all outstanding shares of Series A Preferred Stock were held by a single holder. The Company shall from time to time, in accordance with the laws of the State of Louisiana, use its best efforts to increase the authorized amount of its Common Stock if at any time the authorized amount of its Common Stock remaining unissued shall not be sufficient to permit the conversion of all shares of Series A Preferred Stock at the time outstanding. If any shares of Common Stock required to be reserved for issuance upon conversion of shares of Series A Preferred Stock hereunder require registration with or approval of any governmental authority under any federal or state law before such shares may be issued upon such conversion, the Company shall in good faith and as expeditiously as possible endeavor to cause such shares to be so registered or approved.

The Company shall pay any and all taxes that may be payable in respect of the issue or delivery of shares of Common Stock on conversion of the shares of Series A Preferred Stock pursuant hereto. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue or transfer and delivery of shares of Common Stock in a name other than that in which the shares of Series A Preferred Stock so converted were registered, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Company the amount of any such tax or has established to the satisfaction of the Company that such tax has been paid.

Before any holder of shares of Series A Preferred Stock shall be entitled to convert the same into Common Stock, such holder shall surrender the certificate or certificates therefor, duly endorsed or assigned to the Company or in blank, at the office of any transfer agent for such stock or at such other

place or places, if any, as the Board of Directors of the Company may have designated, and shall give written notice to the Company at such office or place that such holder elects to convert the same and shall state in writing therein the name or names (with addresses) in which such holder wishes the certificate or certificates for Common Stock to be issued. No payment or adjustment shall be made upon any conversion on account of any dividends on the Common Stock issued upon conversion. The Company will, as soon as practicable thereafter, issue and deliver at such office or place to such holder of shares of Series A Preferred Stock, or to such holder's nominee or nominees, certificates for the number of whole shares of Common Stock to which such holder shall be entitled as aforesaid, together with cash in lieu of any fraction of a share. Shares of Series A Preferred Stock shall be deemed to have been converted as of the close of business on the date of the surrender of such shares for conversion as provided above, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common Stock as of the close of business on such date.

(g) *Voting.* In addition to any voting rights which may be provided by law, holders of Series A Preferred Stock shall have the voting rights set forth below:

(i) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to one vote for the election of directors and on all other matters submitted to a vote of shareholders of the Company.

(ii) Except as otherwise provided herein or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock and all other capital stock of the Company entitled to vote generally in the election of directors and on all matters submitted to a vote of shareholders ("Voting Stock") shall vote together as one class on all matters submitted to a vote of shareholders of the Company.

(iii) In the event the Company shall at any time declare or pay any dividend on the Common Stock payable in shares of any class or series of Voting Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock or a reclassification of the Common Stock (otherwise than by payment of a dividend in shares of any class or series of such Voting Stock) into a greater or lesser number of shares of Common Stock, then in each case the number of votes per share to which the holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which shall be the number of votes which the holders of the outstanding Common Stock had immediately after such event and the denominator of which shall be the number of votes which such holders had immediately prior to such event.

(iv) So long as any shares of Series A Preferred Stock are outstanding, the Company shall not, without the affirmative vote or consent of the holders of at least a majority of the outstanding shares of Series A Preferred Stock, voting as a class (with each share of Series A Preferred Stock entitled to one vote), given in person or by proxy, either in writing or by vote at an annual meeting or a special meeting called for the purpose of such vote, (A) alter or amend the powers, designations, preferences and rights or qualifications, limitations or restrictions of the Series A Preferred Stock as set forth in this resolution in any way which would materially and adversely affect any right, preference or privilege of the Series A Preferred Stock or (B) authorize the merger or consolidation of the Company if the effect of such merger or consolidation would be to materially alter or change the powers, preferences or rights given to the holders of any shares of Series A Preferred Stock. Notwithstanding anything in this subsection (iv) to the contrary, the issuance of additional shares of Common Stock or the creation and issuance of other series of preferred stock ranking junior to the Series A Preferred Stock with respect to distribution of assets upon liquidation, dissolution or winding up shall not be deemed to either materially or adversely affect any right, preference or privilege of the Series A Preferred Stock.

(v) So long as any shares of Series A Preferred Stock are outstanding, the Company shall not, without the affirmative vote or consent of the holders of at least a majority of the outstanding shares of Series A Preferred Stock given in person or by proxy, either in writing or by vote at an annual meeting or a special meeting called for the purpose of such vote, issue any new shares of Series A Preferred

Stock or authorize or create any class or series of capital stock of the Company ranking superior, either as to payment of dividends, rights to redemption (through operation of a sinking fund or otherwise) or as to amounts distributable upon liquidation, dissolution, distribution or sale of assets, equal or prior to the Series A Preferred Stock.

(vi) Except as set forth herein, holders of the Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with the holders of Voting Stock as set forth herein) for taking any corporate action.

IN WITNESS WHEREOF, the Company has caused this Certificate to be executed by its President and its Secretary, thereunto duly authorized, this ..... day of ..... 1986, and its corporate seal to be thereunto affixed.

CRYSTAL OIL COMPANY

By _____
J. N. Averett, Jr.
*President*

Attest:

By _____
*Secretary*

EXHIBIT D

# FORM OF WARRANT CERTIFICATE

EXHIBIT D

[FORM OF FACE OF WARRANT CERTIFICATE]

..... Warrants

CUSIP .....

# CRYSTAL OIL COMPANY

Incorporated Under the Laws of the State of Louisiana

This Warrant Certificate certifies that ....., or registered assigns, is the registered holder of ..... Warrants (the "Warrants") to purchase Common Stock, par value $.01 per share (the "Common Stock"), of Crystal Oil Company, a Louisiana corporation (the "Company"). Each Warrant entitles the holder to purchase from the Company on or before the earlier of 5:00 p.m., New York City time, [twelve years after the Effective Date], and 5:00 p.m., New York City time, on the Call Date (as defined below) ..... fully paid and nonassessable share(s) of Common Stock of the Company at a per share exercise price (the "Warrant Price") of $..... upon surrender of this Warrant Certificate and payment of the Warrant Price at the principal corporate trust office of ..... (the "Warrant Agent") in ....., or such other office as may be designated pursuant to the terms of the Warrant Agreement dated as of ..... 198.... (the "Warrant Agreement"), duly executed and delivered by the Company to the Warrant Agent, but only subject to the conditions set forth herein and in the Warrant Agreement.

Payment of the Warrant Price shall be made (i) in cash in United States dollars or by certified or official bank check or bank draft or money order payable in United States dollars to the order of the Company, (ii) subject to certain restrictions described below, by surrendering for payment all or any portion of the principal amount of and accrued and unpaid interest, if any, on any of (A) the Company's promissory note dated ..... 1986, to Bankers Trust Company in the initial principal amount of $..... (the "Bank Note"), (B) the Company's promissory note dated ..... 1986, to Halliburton Company in the initial principal amount of $..... (the "Halliburton Note") or (C) the Company's Non-Interest Bearing Convertible Subordinated Secured Notes due [ten years after the Effective Date] (the "Convertible Notes"), in each case valued at 110% of the sum of the amount of the principal and accrued and unpaid interest surrendered for payment (the "Surrendered Note Value"), (iii) subject to certain restrictions described below, by surrendering for payment shares of the Company's $.06 Senior Convertible Voting Preferred Stock, $.01 par value (the "Senior Preferred Stock"), valued at 100% of the liquidation preference with respect to such shares or (iv) by any combination of the payment methods set forth in (i), (ii) and (iii) hereof. The number of Warrants that may be exercised at any one time by surrender of any principal amount of and accrued and unpaid interest, if any, on the Bank Note, the Halliburton Note or the Convertible Notes (collectively, the "Notes") and/or by surrender of any shares of the Senior Preferred Stock shall have an aggregate Warrant Price closest to, but not greater than, the sum of the Surrendered Note Value attributable to that portion of the principal of and accrued and unpaid interest, if any, on the Notes so surrendered and the aggregate liquidation preference of the shares of Senior Preferred Stock so surrendered, with the difference between the aggregate Warrant Price and the sum of the Surrendered Note Value and the aggregate liquidation preference of the shares of Senior Preferred Stock surrendered to be paid in cash or by certified or official bank check or bank draft or money order payable in United States dollars to the order of the Company. Convertible Notes may be surrendered for payment of the Warrant Price with respect to any Warrants only in denominations of $500 and integral multiples thereof. As used herein, the term "Warrant Shares" refers to the Common Stock and, where appropriate, to the other securities or property issuable upon exercise of a Warrant as provided for in the Warrant Agreement upon the happening of certain events. The Warrant Price and the number of Warrant Shares purchasable upon exercise of the Warrants are subject to adjustment upon the occurrence of certain events set forth in the Warrant Agreement.

The Warrants are subject to call for early termination by the Company at any time during which the Average Monthly Market Price (as defined below) for the Common Stock for each month during the immediately preceding six-month period has been in excess of [$.125 and] 150% of the then effective Warrant Price. The term "Average Monthly Market Price" means, with respect to any given month, the arithmetic mean of the high and low sale prices (or if no sale prices are reported, the average of the high and low bid prices) of the Common Stock on each trading day during such month as reported by the principal national or regional stock exchange on which the Common Stock is listed, or if the Common Stock is not listed on a national or regional stock exchange, as reported by the National Association of Securities Dealers Automated Quotation System or the National Quotation Bureau Incorporated or otherwise in the over-the-counter market. The Company will cause notice of the call for early termination to be mailed to the registered holder not less than 30 days nor more than 60 days prior to the date designated as the call date (the "Call Date") and to be published not less than 10 days nor more than 20 days prior to the Call Date at least once in one or more newspapers printed in the English language and in general circulation in the City of New York, New York.

Reference is hereby made to the further provisions of this Warrant Certificate set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as though fully set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed under its corporate seal.

CRYSTAL OIL COMPANY

By _____
J. N. Averett, Jr.,
*President*

Attest:

By _____
L. G. Caskey,
*Secretary*

Countersigned:

_____
as Warrant Agent

By: _____
*Authorized Signature*

**THIS WARRANT CERTIFICATE SHALL NOT BE VALID UNLESS MANUALLY COUNTERSIGNED BY THE ABOVE-NAMED WARRANT AGENT.**

[FORM OF REVERSE OF WARRANT CERTIFICATE]

# CRYSTAL OIL COMPANY

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of ..... Warrants issued pursuant to the Warrant Agreement, which is hereby incorporated herein by reference and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties, and immunities thereunder of the Warrant Agent, the Company and the holders' (the words "holders" or "holder" meaning the registered holders or registered holder) of the Warrants.

Warrants may be exercised to purchase Warrant Shares from the Company [at any time after one year after the Effective Date and] on or before the earlier of 5:00 p.m., New York City time, on [twelve years after the Effective Date], and 5:00 p.m., New York City time on the Call Date at the Warrant Price set forth on the face hereof, subject to adjustment as referred to below. The holder of Warrants evidenced by this Warrant Certificate may exercise such Warrants by surrendering this Warrant Certificate, with the form of election to purchase set forth hereon properly completed and executed, together with payment of the Warrant Price and any applicable transfer taxes at the principal corporate trust office of the Warrant Agent in ..... or such other office as may be designated. In the event that upon any exercise of Warrants evidenced hereby the number of Warrants exercised shall be less than the total number of Warrants evidenced hereby, there shall be issued to the holder hereof or his assignee a new Warrant Certificate evidencing the number of Warrants not exercised. No adjustment shall be made for any dividends on any Warrant Shares issuable upon exercise of this Warrant.

The Warrant Agreement provides that, upon the occurrence of certain events, the Warrant Price set forth on the face hereof may, subject to certain conditions, be adjusted. If the Warrant Price is adjusted, the Warrant Agreement provides that, at the election of the Company, either (i) the number of Warrants Shares purchasable upon the exercise of each Warrant shall be adjusted or (ii) each outstanding Warrant shall be adjusted to become a different number of Warrants. In the case of (ii), the Company will cause to be distributed to registered holders of Warrant Certificates either Warrant Certificates representing the additional Warrants issuable pursuant to the adjustment or substitute Warrant Certificates to replace all outstanding Warrant Certificates. No fractions of a Warrant will be issued upon any such adjustment but the persons entitled to such fractional interest will be paid, as provided in the Warrant Agreement, an amount in cash equal to the current market value of such fractional Warrant. The holder of a Warrant, by the acceptance of the Warrant, expressly waives his right to receive any fractional Warrant or any fractional share of Common Stock upon exercise of a Warrant.

Warrant Certificates, when surrendered at the principal corporate trust office of the Warrant Agent in ..... ..... or such other office as may be designated, by the registered holder thereof in person or by a legal representative duly authorized in writing, may be exchanged, in the manner and subject to the limitations provided for in the Warrant Agreement, but without payment of any service charge, for another Warrant Certificate or Warrant Certificates of like tenor evidencing in the aggregate a like number of Warrants.

Upon due presentment for registration of transfer of this Warrant Certificate at the principal corporate trust office of the Warrant Agent in ..... ....., or such other office as may be designated, a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided in the Warrant Agreement, without charge except for any tax or other governmental charge imposed in connection therewith.

The Company and the Warrant Agent may deem and treat the registered holder(s) hereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, and of any distribution to the holder(s) hereof, and for all other purposes, and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary.

All terms used in this Warrant Certificate which are defined in the Warrant Agreement shall have the meanings assigned to them in the Warrant Agreement.

## ELECTION TO PURCHASE

**(To be executed upon exercise of Warrant)**

The undersigned hereby irrevocably elects to exercise the right, represented by this Warrant Certificate, to purchase ..... Warrant Shares and herewith tenders in payment for such Warrant Shares (i) cash or a certified or official bank check or bank draft or money order payable to the order of Crystal Oil Company in the amount of $..... (ii), if applicable, a Note in the principal amount of $..... of which $..... principal and $..... accrued and unpaid interest having a Surrendered Note Value of $..... is being applied for payment for the Warrant Shares, and (iii) if applicable, ..... shares of Senior Preferred Stock having an aggregate liquidation preference of $..... all in accordance with the terms hereof. The undersigned requests that a certificate for such Warrant Shares be registered in the name of _____ whose address is _____ and that such certificate be delivered to _____ whose address is _____. If such number of Warrant Shares is less than all of the Warrant Shares purchasable hereunder, the undersigned requests that a new Warrant Certificate representing the right to purchase the remaining balance of the Warrant Shares be registered in the name of _____ whose address is _____ and that such Warrant Certificate be delivered to _____ whose address is _____. If the undersigned has tendered for payment a Note, the Surrendered Note Value of which is greater than the aggregate Warrant Price of the Warrant Shares purchasable hereunder, the undersigned requests that a new Note of the same issue representing the portion of the Note not applied to the purchase be issued in the name of _____ whose address is _____ and that such new Note be delivered to _____ whose address is _____. If the undersigned has tendered for payment shares of Senior Preferred Stock and the certificate(s) representing such shares is for a greater number of shares than is being tendered, the undersigned requests that a certificate for the shares of Senior Preferred Stock not being applied to the purchase be issued in the name of _____ whose address is _____ and that such shares be delivered to _____, whose address is _____

Dated: _____

_____

(Insert Social Security or Other Identifying Number of Holder)

Signature Guarantee
(required if an assignment on exercise, or an assignment of Warrants remaining after exercise, is made upon exercise):

Signature _____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

## ASSIGNMENT

**(To be signed only upon assignment of Warrant)**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____

_____

_____

(Name and Address of Assignee
Must be Printed or Typewritten)

_____

_____

Insert Social Security No. of Assignee

the within Warrant, hereby irrevocably constituting and appointing _____

_____

attorney to transfer said Warrant on the books of the Company, with full power of substitution in the premises.

DATED: _____, 19__

_____

Signature of Registered Holder

Signature Guaranteed

NOTE: The above signature must correspond with the name as written on the face of this Warrant Certificate in every particular, without alteration or enlargement or any change whatever.

FILED
UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

IN THE MATTER OF

CRYSTAL OIL COMPANY,

a Louisiana corporation,

DEBTOR.

NO. 586-02834

IN PROCEEDING UNDER CHAPTER 11

# FIRST AMENDED AND RESTATED PLAN OF REORGANIZATION

Crystal Oil Company, a Louisiana corporation ("Crystal"), proposes the following First Amended and Restated Plan of Reorganization pursuant to the provisions of Chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 1101 *et. seq.*

## ARTICLE I

## DEFINITIONS

Unless the context otherwise requires, the following terms shall have the following meanings when used in initially capitalized form in this Plan. Such meanings shall be equally applicable to both the singular and plural forms of such terms. Any term used in initially capitalized form in this Plan that is not defined herein but that is used in Title 11, United States Code, Bankruptcy, as amended (the "Bankruptcy Code"), shall have the meaning assigned to such term in the Bankruptcy Code.

1.01 *Administrative Expense* or *Administrative Claim* means an administrative expense or Claim under Section 503 of the Bankruptcy Code that is entitled to priority under Section 507(a)(1) of the Bankruptcy Code.

1.02 *Allowed* or *Allowed Amount* means the amount of any Allowed Claim or Allowed Interest.

1.03 *Allowed Claim* or *Allowed Interest* means a Claim against or Interest in Crystal allowable under Section 502 of the Bankruptcy Code to the extent that (i) a proof of claim or proof of interest was timely Filed, deemed Filed, or, with leave of the Bankruptcy Court or without objection by the Debtor-in-Possession, late Filed, and (ii) as to which either (a) a party in interest, including the Debtor-in-Possession, does not timely File an objection or (b) is Allowed by a Final Order; unless otherwise provided hereinafter in this Plan. The only Allowed Interest is one in the Common Stock.

1.04 *Available Cash Flow* for any given period means (i) the sum of (a) the net cash received by Reorganized Crystal from the sale of capital assets pledged or mortgaged to secure the payment of either or both of Reorganized Crystal's obligations under the Supplemental Loan Agreement or the New Halliburton Note as appropriate and (b) all cash from Reorganized Crystal's consolidated operations after lease operating costs and general and administrative expenses and after capital expenditures approved by the Bank (or Halliburton once the New Bank Note has been paid in full and an amount equal to the total amount of the then outstanding Remaining Letter of Credit Obligations is on deposit in the Letter of Credit Escrow Account), less (ii) any amounts necessary for Reorganized Crystal to maintain a cash account equal to the sum of (a) $4,000,000 and (b) such amount as may be reasonably necessary for Reorganized Crystal to cover all security deposits, payments and accruals for operating and general administrative expenses (including but not limited to matured Safe Harbor Lease payments and matured

Remaining Letter of Credit Obligations, taxes and insurance). For purposes hereof, operating costs and general administrative expenses shall be subject to limits to be provided for in the Supplement Loan Agreement, which limits shall continue to be applicable so long as any amount is owed under the New Halliburton Note.

1.05 *Bank* means Bankers Trust Company, a New York banking corporation.

1.06 *Bank Note* means the promissory note dated July 28, 1982, from Crystal to the Bank issued pursuant to the Loan Agreement.

1.07 *Bankruptcy Code* means Title 11, United States Code, Bankruptcy, as amended.

1.08 *Bankruptcy Court* means the United States Bankruptcy Court for the Western District of Louisiana, Shreveport Division, or such other court that may have jurisdiction with respect to the reorganization of Crystal under Chapter 11 of the Bankruptcy Code.

1.09 *CEPCO* means Crystal Exploration and Production Company, a Florida corporation and wholly-owned subsidiary of Crystal.

1.10 *Charter Amendments* means the amendments to the Articles of Incorporation of Crystal to be effected under this Plan pursuant to Section 6.07 hereof.

1.11 *Claim* means (i) a right of payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or (ii) a right to an equitable remedy for breach of performance if such breach gives rise to a right of payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

1.12 *Claimant* means a holder of a Claim.

1.13 *Class* means a category of holders of Claims or Interests that are substantially similar to the other Claims or Interests in such Class.

1.14 *Common Stock* means the Common Stock, $.01 par value, of Crystal.

1.15 *Confirmation* or *Confirmation of the Plan* means the entry by the Bankruptcy Court of an Order confirming this Plan.

1.16 *Confirmation Date* means the date on which the Order confirming this Plan becomes a Final Order.

1.17 *Confirmation Hearing* means the hearing which will be held before the Bankruptcy Court in which Crystal will seek Confirmation of this Plan.

1.18 *Confirmation Order* means the Order confirming this Plan.

1.19 *Consummation* means the accomplishment of all things contained or provided for in this Plan and the entry of an Order of Consummation finally closing the Reorganization Case.

1.20 *Consummation Date* means the date on which the Order of Consummation becomes a Final Order.

1.21 *Copeland* means Copeland, Wickersham, Wiley & Co., Incorporated.

1.22 *Credit Agreement* means the Credit Agreement dated as of April 24, 1985, between Crystal, Crystal Michigan, CEPCO and Halliburton, pursuant to which the Halliburton Note was initially issued.

1.23 *Crystal* means Crystal Oil Company, a Louisiana corporation

1.24 *Crystal Michigan* means Crystal Exploration Company, a Michigan corporation and a wholly-owned subsidiary of Crystal.

1.25 *Debentures* means the 11¾% Debentures, the 14¾% Debentures, the 9% Debentures, the 12¾% Debentures due 1990, the 12¾% Debentures due 2001 and the 13¾% Debentures.

1.26 *Debenture Indentures* means the 11¾% Debenture Indenture, the 14¾% Debenture Indenture, the 9% Debenture Indenture, the 1990 12¾% Debenture Indenture, the 13¾% Debenture Indenture and the 2001 12¾% Debenture Indenture.



RAM00079

1.27 *Debtor-in-Possession* means Crystal, when acting in its capacity as a representative of the Estate.

1.28 *Disbursing Agent* means a national bank designated by Crystal, with approval of the Bankruptcy Court, which will be appointed as agent of the Bankruptcy Court to hold and distribute the consideration to be distributed to holders of Allowed Claims and Allowed Interests pursuant to the provisions of this Plan and Orders.

1.29 *Disclosure Statement* means the Disclosure Statement dated July 9, 1986, including Exhibits A through I and Annexes A and B attached thereto, as supplemented by the Supplement dated August 15, 1986, including Exhibit A attached thereto, which was provided to Claimants holding impaired Claims under this Plan pursuant to Sections 1125(a) and 1126(b) of the Bankruptcy Code and Bankruptcy Rule 3018(b) in connection with Crystal's solicitation of ballots for acceptance of this Plan from such Claimants.

1.30 *Effective Date* means the 30th day following the Confirmation Order if the Confirmation Order has not been stayed on appeal by a court of competent jurisdiction. If the Confirmation Order is stayed on appeal, the Effective Date shall be 15 days after such stay is dissolved by the Final Order.

1.31 *Estate* means the estate created by Section 541 of the Bankruptcy Code upon the commencement of this case under Chapter 11 of the Bankruptcy Code with respect to Crystal.

1.32 *Filed* means filed with the Bankruptcy Court.

1.33 *Final Order* means an Order as to which any appeal that has been or may be taken has been resolved or as to which the time for appeal has expired.

1.34 *First Mortgage Obligations* means the obligations of Crystal designated as First Mortgage Obligations in the 15% Senior Note Indenture.

1.35 *Halliburton* means Halliburton Company and Otis Engineering Corporation, a wholly-owned subsidiary of Halliburton Company.

1.36 *Halliburton Note* means the promissory note dated April 24, 1985, from Crystal to Halliburton.

1.37 *Initial Payment Date* means the date on which the required payments described in Section 3.07 hereof on the New Halliburton Note are to begin.

1.38 *Interests* means the rights of the owners of the issued shares of the Common Stock.

1.39 *Letters of Credit* means the Letters of Credit issued by the Bank pursuant to the Loan Agreement and the Letter of Credit Agreements.

1.40 *Letter of Credit Agreements* shall mean the Application and Agreement for Irrevocable Letter of Credit agreements executed by Crystal in connection with the Letters of Credit and pursuant to the Loan Agreement.

1.41 *Letter of Credit Obligations* means the face amount of the Letters of Credit which (according to the terms of the Letter of Credit Agreements) have become due and payable at the option of the Bank.

1.42 *Letter of Credit Escrow Account* means an escrow account to be opened by Reorganized Crystal with the Bank, pursuant to which Reorganized Crystal's obligations with respect to the Remaining Letter of Credit Obligations are to be provided for in accordance with Section 3.06 hereof.

1.43 *Letter of Credit Escrow Agreement* means the Escrow Agreement between Reorganized Crystal and the Bank to be entered into pursuant to Section 3.06 hereof and pursuant to which the Letter of Credit Escrow Account is to be created.

1.44 *Letter Agreement* means the letter agreement dated August 24, 1985, as supplemented on August 28, 1985, and September 9, 1985, between Crystal and Halliburton.

1.45 *Loan Agreement* means the Loan Agreement dated July 28, 1982, as amended, between the Bank and Crystal.

1.46 *Minimum Payment* means the minimum monthly payment on the New Bank Note required pursuant to Section 3.06 hereof.

1.47 *New Bank Note* means the New Bank Note described in Section 3.06 hereof to be issued under the Plan to the Claimant in Class 6.

1.48 *New Long-Term Bank Note* means the New Long-Term Bank Note described in Section 3.06 hereof to be issued by Reorganized Crystal to the Claimant in Class 6.



RAM00080

1.49 *New Common Stock* means the common stock of Reorganized Crystal on the Effective Date after giving effect to the Charter Amendments.

1.50 *New Convertible Secured Notes* means Reorganized Crystal's Non-Interest Bearing Convertible Subordinated Secured Notes due ten years after the Effective Date to be issued under this Plan to the Claimants in Class 8.

1.51 *New Halliburton Note* means the promissory note to be issued under this Plan to the Claimant in Class 7.

1.52 *New Note Indenture* means the Indenture of Mortgage, Deed of Trust, Assignment and Security Agreement with respect to the New Convertible Secured Notes to be dated as of the Effective Date, the form of which is to be filed with and approved by the Bankruptcy Court prior to Confirmation or at such later date prior to the Consummation Date as the Bankruptcy Court shall determine to be appropriate.

1.53 *New Notes* means the New Bank Note, the New Long-Term Bank Note, the New Halliburton Note and the New Convertible Secured Notes.

1.54 *New Securities* means the New Notes, the Preferred Stock, the New Common Stock and the Warrants.

1.55 *Order* means an order of the Bankruptcy Court.

1.56 *Petition Date* means October 1, 1986.

1.57 *Plan* means this First Amended and Restated Plan of Reorganization of Crystal under Chapter 11 of the Bankruptcy Code, as it may be amended or modified from time to time.

1.58 *Preferred Stock* means the Senior Preferred Stock and the Series A Preferred Stock.

1.59 *Pro Rata* means the same proportion an Allowed Claim or an Allowed Interest in a particular Class bears to the aggregate amount of all Allowed Claims or the aggregate number of Allowed Interests in such Class.

1.60 *PWI* means PaineWebber Incorporated.

1.61 *Remaining Letter of Credit Obligations* for any given time means the sum of Crystal's and subsequently Reorganized Crystal's remaining possible liability to the Bank in accordance with the terms of the Loan Agreement, the Supplemental Loan Agreement and the Letter of Credit Agreements with respect to the then outstanding Letters of Credit, such amount being at October 1, 1986, $32,342,578.51 (such sum not to be reduced except for automatic reductions as the drawing rights under the Letters of Credit decline pursuant to the terms thereof).

1.62 *Reorganized Crystal* means Crystal as of the Effective Date.

1.63 *Reorganization Case* means the above captioned case in the Bankruptcy Court.

1.64 *Security* means a 15% Senior Note, a Debenture or a share of Common Stock.

1.65 *Safe Harbor Leases* means various tax benefit sale/leaseback transactions heretofore effected by Crystal pursuant to Section 168(f)(8) of the Internal Revenue Code of 1954 and in connection with which the Letters of Credit have been issued and are outstanding.

1.66 *Senior Indebtedness* means, with respect to any issue of the Debentures, the definition of Senior Indebtedness as contained in the Indenture relating to such issue of Debentures.

1.67 *Senior Preferred Stock* means the $.06 Senior Convertible Voting Preferred Stock, $.01 par value. The Certificate of Designation, Voting Powers, Preferences and Rights with respect to the Senior Preferred Stock will be substantially in the form attached hereto as Exhibit B.

1.68 *Series A Preferred Stock* means the Series A Convertible Voting Preferred Stock, $.01 par value. The Certificate of Designation, Voting Powers, Preferences and Rights with respect to the Series A Preferred Stock will be substantially in the form attached hereto as Exhibit C.

1.69 *Subordinated Debentures* means the 11¾% Debentures, the 9% Debentures, the 13¾% Debentures, the 12¾% Debentures due 1990 and the 12¾% Debentures due 2001.



RAM00081

1.70 *Superior Indebtedness* means Reorganized Crystal's obligations under, or with respect to, the Supplemental Loan Agreement (including all obligations with respect to the New Bank Note, the New Long-Term Bank Note and the Remaining Letter of Credit Obligations), the New Halliburton Note and any and all extensions, renewals or modifications of any of the foregoing obligations.

1.71 *Supplemental Loan Agreement* means the Restated Renewal and Supplemental Loan Agreement to the Loan Agreement to be entered into between Reorganized Crystal and the Bank with respect to the issuance of the New Bank Note, the New Long-Term Bank Note and the continuing obligation of Reorganized Crystal with respect to the Remaining Letter of Credit Obligations and containing terms to be negotiated to the satisfaction of Crystal and the Bank.

1.72 *Trustee* means the trustee under the New Note Indenture.

1.73 *Warrants* means the $.075 Warrants, the $.10 Warrants, the $.125 Warrants, the $.15 Warrants and the $.25 Warrants.

1.74 *9% Debenture Indenture* means the Indenture dated as of May 1, 1981, between Crystal and Texas Commerce Bank National Association, as successor trustee.

1.75 *9% Debentures* means Crystal's 9% Convertible Subordinated Debentures due 1991.

1.76 *11⅛% Debenture Indenture* means the Indenture dated as of April 15, 1980, between Crystal and Texas Commerce Bank National Association, as successor trustee.

1.77 *11⅛% Debentures* means Crystal's 11⅛% Convertible Subordinated Debentures due 2000.

1.78 *12⅛% Debentures due 1990* means Crystal's 12⅛% Subordinated Debentures due June 15, 1990.

1.79 *12⅛% Debentures due 2001* means Crystal's 12⅛% Subordinated Debentures due December 15, 2001.

1.80 *13¼% Debenture Indenture* means the Indenture dated as of June 14, 1980, between Crystal and Texas Commerce Bank National Association, as successor trustee.

1.81 *13¼% Debentures* means Crystal's 13¼% Subordinated Debentures due July 15, 2000.

1.82 *14⅛% Debenture Indenture* means the Indenture dated as of December 15, 1983, between Crystal and Texas American Bank/Dallas, as successor trustee.

1.83 *14⅛% Debentures* means Crystal's 14⅛% Senior Subordinated Debentures due December 15, 1998.

1.84 *15% Senior Note Indenture* means the Indenture of Mortgage, Deed of Trust, Assignment and Security Agreement dated as of June 15, 1985, between Crystal and J. Henry Schroder Bank & Trust Company, as trustee.

1.85 *15% Senior Notes* means Crystal's 15% Senior Subordinated Secured Notes due June 15, 1995.

1.86 *1990 12¾% Debenture Indenture* means the Indenture dated as of June 15, 1978, between Crystal and Texas Commerce Bank National Association, as successor trustee.

1.87 *2001 12¾% Debenture Indenture* means the Indenture dated as of December 15, 1981, between Crystal and Texas Commerce Bank National Association, as successor trustee.

1.88 *$.075 Warrants* means Reorganized Crystal's $.075 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.

1.89 *$.10 Warrants* means Reorganized Crystal's $.10 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.

1.90 *$.125 Warrants* means Reorganized Crystal's $.125 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.

1.91 *$.15 Warrants* means Reorganized Crystal's $.15 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.

1.92 *$.25 Warrants* means Reorganized Crystal's $.25 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.

## ARTICLE II

### CLASSIFICATION OF CLAIMS AND INTERESTS

The Claims against and Interests in Crystal to the extent Allowed are classified as set forth in this Article II. A Claim or Interest is in a particular Class designated herein only to the extent such Claim or Interest fits within the description of such Class and is in such other and different Class or Classes to the extent that the remainder thereof fits within the description of such other Class or Classes.

2.01 *Class 1—Administrative Expenses.* All Claims for Administrative Expenses or Administrative Claims under Section 503(b) of the Bankruptcy Code, if any, and all fees and charges assessed against the Estate under Chapter 123 of Title 28, United States Code.

2.02 *Class 2—Wage Related Claims.* All Claims under Section 507(a)(3) of the Bankruptcy Code for accrued wages, salaries or commissions, including vacation, severance and sick leave pay, if any, to the extent such items were earned within 90 days prior to the Petition Date up to a maximum of $2,000 per employee.

2.03 *Class 3—Employee Benefit Plan Claims.* All Claims under Section 507(a)(4) of the Bankruptcy Code for contributions to employee benefit plans arising within 180 days prior to the Petition Date, up to a maximum of $2,000 per employee covered by such plans and less the aggregate amount paid to such employees as Claimants under Class 2.

2.04 *Class 4—Tax Claims.* All Claims of governmental units that are entitled to priority in accordance with Section 507(a)(7) of the Bankruptcy Code.

2.05 *Class 5—Additional Priority Claims.* All other Claims that are entitled to priority under the Bankruptcy Code.

2.06 *Class 6—The Bank's Secured Claim.* All secured Claims of the Bank against Crystal pursuant to the Loan Agreement, including the Remaining Letter of Credit Obligations, the unpaid principal of and accrued and unpaid interest on the Bank Note, and all costs, including attorneys' fees, actually paid or incurred by the Bank under the Loan Agreement relating to its efforts to collect the amounts owed it under the Loan Agreement.

2.07 *Class 7—Halliburton Claim.* All secured Claims of Halliburton against Crystal pursuant to the Letter Agreement and the Credit Agreement.

2.08 *Class 8—15% Senior Note Claims.* All Claims of the holders and beneficial owners of the 15% Senior Notes with respect to the 15% Senior Notes. The payment of the 15% Senior Notes is secured by a lien on certain of Crystal's crude oil and natural gas properties, which lien is junior to the liens securing the payment of the Claims in Classes 6 and 7. Because the estimated liquidation value of the collateral securing the payment of the 15% Senior Notes, after giving effect to all prior mortgages and security interests in such collateral, is substantially less than the estimated amount of the estimated Class 8 Claims, such Claims are considered under this Plan to be partially secured and partially unsecured. Pursuant to Section 506 of the Bankruptcy Code, because the Class 8 Claims are considered partially unsecured, the Claims in Class 8 are divided into two subclasses, "Class 8A" and "Class 8B", which Classes represent the secured and unsecured portions, respectively, of such Claims. In the event it shall be determined by the Bankruptcy Court that the Class 8 Claims are fully secured or the holders of the Class 8 Claims shall elect under Section 1111(b) of the Bankruptcy Code to have their Claims treated as fully secured, Class 8 shall not be divided into Class 8A and Class 8B and the Claims of the holders and beneficial owners of the 15% Senior Notes shall be treated as a single Class and the Claimants in Class 8 shall receive the distributions provided for under Section 3.08(c) hereof.

2.09 *Class 9—Mechanic's and Materialmen Lien Claims.* All Claims to the extent such Claims are secured by valid, perfected and enforceable mechanics, materialmen or operators liens on the properties of Crystal, together with interest thereon, if any, to the extent the value of property securing such Claims is found by the Bankruptcy Court to be sufficient to pay such interest.

2.10 *Class 10—Secured Trustee Claim.* All secured Claims of Texas American Bank/Dallas with respect to its fee and reimbursable expenses, including attorneys' fees, as trustee with respect to the 14¼% Debentures.

2.11 *Class 11—Unsecured Claims.* All unsecured Claims of nonpriority creditors against Crystal that are not subordinated in right of payment to Senior Indebtedness or First Mortgage Obligations, all claims for deficiency on partially secured debt (other than Claimants in Class 8B), all Claims of unsecured noteholders and all Claims of unsecured royalty holders and holders of trade debt.

2.12 *Class 12—14¾% Debenture Claims.* All unsecured Claims of the holders and beneficial owners of the 14¾% Debentures with respect to the 14¾% Debentures, which Claims are by their terms subordinate to Senior Indebtedness.

2.13 *Class 13—Subordinated Debenture Claims.* All unsecured Claims of the holders and beneficial owners of the Subordinated Debentures with respect to the Subordinated Debentures, which Claims are by their terms subordinate to Senior Indebtedness.

2.14 *Class 14—Intercompany Claims.* All unsecured Claims of CEPCO against Crystal.

2.15 *Class 15—Shareholder Claims of Interest.* All Claims of Interest of the holders and beneficial owners of the issued and outstanding shares of Common Stock.

## ARTICLE III

### Provisions For Satisfaction of Claims and Interests

The Allowed Claims and Allowed Interests as classified in Article II hereof shall be satisfied in the manner set forth in this Article III.

3.01 *Class 1—Administrative Expenses.* The Class 1 Claims and expenses, to the extent not previously paid during the Reorganization Case by Order, shall be paid in full in cash on the Effective Date, or provided for by escrow payment if not then determined; provided, however, that any current trade or other payables incurred after the Petition Date by the Debtor-In-Possession in the ordinary course of its business shall be paid in cash in full in the ordinary course of business.

3.02 *Class 2—Wage Related Claims.* The Class 2 Claims shall be paid in cash in full on the Effective Date, or provided for by escrow payment if not then determined.

3.03 *Class 3—Employee Benefit Plan Claims.* The Class 3 Claims shall be paid in cash in full on the Effective Date, or provided for by escrow payment if not then determined.

3.04 *Class 4—Tax Claims.* The Class 4 Claims shall be paid, in Crystal's sole discretion, either (i) in cash in full on the Effective Date, or provided for by escrow payment if not then determined, or (ii) pursuant to the provisions of Section 1129(a)(9)(C) of the Bankruptcy Code in cash in full over a six year period from the earlier of the date of assessment of such tax or the Effective Date, together with interest thereon equal to the six month United States Treasury Bill rate from and after the Effective Date.

3.05 *Class 5—Additional Priority Claims.* The Class 5 Claims shall be paid in cash in full on the Effective Date, or provided for by escrow payment if not then determined.

3.06 *Class 6—The Bank's Secured Claims.* The Class 6 Claimant shall (i) receive on the Effective Date a promissory note (the "New Long-Term Bank Note") in the principal amount of $10,000, (ii) receive on the Effective Date a promissory note (the "New Bank Note") in the principal amount of the Allowed Amount of the Class 6 Claimant's Class 6 Claim with respect to the Bank Note (less the amount of the New Long-Term Bank Note and all payments made on the Bank Note subsequent to the Petition Date and prior to the Effective Date), (iii) be paid in cash in full on the Effective Date the Allowed Amount of its Class 6 Claim with respect to its reimbursable expenses under the Loan Agreement and (iv) agree to waive all rights it may have to accelerate the Letter of Credit Obligations and retain full rights against Reorganized Crystal with respect to the Remaining Letter of Credit Obligations and with respect to any and all security therefor under the Loan Agreement.

The New Long-Term Bank Note and the New Bank Note shall be issued to the Class 6 Claimant pursuant to the terms of the Supplemental Loan Agreement. The New Long-Term Bank Note shall bear



RAM00084

interest at a variable rate equal to ¼% per annum above the prime lending rate at the Bank, shall be due and payable on December 31, 1997, and shall not be subject to prepayment. The New Bank Note shall bear interest at a variable rate equal to ¼% per annum above the prime lending rate at the Bank, be due on December 1, 1993, and be payable in (i) variable monthly installments (the "Minimum Payment") consisting of accrued and unpaid interest plus a fixed principal amount determined pursuant to the schedule set forth below and (ii) quarterly installments of principal equal to the amount, if any, by which Reorganized Crystal's estimated Available Cash Flow for the preceding quarter exceeds the sum of the Minimum Payments made by Reorganized Crystal during such quarter. The minimum monthly principal payments with respect to the New Bank Note shall be determined pursuant to the following payment schedule:

| Period Ending December 31, | Applicable Monthly Principal Payment |
|---|---|
| 1987 | $875,000 |
| 1988 | 791,667 |
| 1989 | 416,667 |
| 1990 | 416,666 |
| 1991 | 250,000 |
| 1992 | 250,000 |
| 1993 | 174,055 |

Once each year, based on Reorganized Crystal's audited consolidated financial statements for the preceding year, the payments by Reorganized Crystal on the New Bank Note shall be adjusted to reflect any over-payment or under-payment of principal by Reorganized Crystal on the New Bank Note during the preceding year as a result of any difference between Reorganized Crystal's actual Available Cash Flow for such year and Reorganized Crystal's estimated Available Cash Flow for such year, as estimated from time to time on a quarterly basis.

The payment of Reorganized Crystal's obligations under the Supplemental Loan Agreement, which shall include the payment of the New Long-Term Bank Note, the New Bank Note and the Remaining Letter of Credit Obligations, shall be secured by a lien on substantially all Reorganized Crystal's proved crude oil and natural gas properties and refinery assets. Such lien will be a continuation of the lien currently securing the payment of Crystal's obligations under the Loan Agreement. The holder of the New Halliburton Note and the holders of the New Convertible Secured Notes will have junior and subordinate liens on substantially all of such properties (the terms of such subordination to be no less favorable to the Bank than the subordination provisions currently existing in the 15% Senior Note Indenture and in the liens currently securing payment of the Halliburton Note), except that the holders of the New Convertible Secured Notes will not have a lien on any refinery assets. As additional security for the payment of Reorganized Crystal's obligations with respect to the Remaining Letter of Credit Obligations, Reorganized Crystal shall open a Letter of Credit Escrow Account with the Bank pursuant to which funds deposited in such account in accordance with the following provisions shall be made available to the Bank for payment of any matured Remaining Letter of Credit Obligations. The Supplemental Loan Agreement shall provide that to the extent the sums in the Letter of Credit Escrow Account are insufficient to satisfy any matured Remaining Letter of Credit Obligations, Crystal shall have 60 days to pay such matured obligation (together with interest thereon at the prematurity New Bank Note rate) prior to Bank's right to declare a default and pursue its remedies under its security and otherwise. Once the New Bank Note has been paid in full, Reorganized Crystal shall be required to deposit in the Letter of Credit Escrow Account (i) a monthly payment equal to the Minimum Payment of principal that would have been required to have been made on the New Bank Note had the New Bank Note been outstanding and (ii) a quarterly payment equal to the amount, if any, by which Reorganized Crystal's estimated Available Cash Flow for the preceding quarter exceeds the sum of the Minimum Payments, if any, made by Reorganized Crystal on the New Bank Note during such quarter and the deposits made by Reorganized Crystal in the Letter of Credit Escrow Account during such quarter. Such deposits shall be required to be made by Reorganized Crystal until such time that the funds in the Letter of Credit Escrow Account are equal to or greater than the total amount of the then outstanding Remaining Letter of Credit Obligations. Once each year, based on

Reorganized Crystal's audited consolidated financial statements for the preceding year, the required payments by Reorganized Crystal to the Letter of Credit Escrow Account shall be adjusted to reflect any over-payments or under-payments during the preceding year as a result of any difference between Reorganized Crystal's actual Available Cash Flow for such year and Reorganized Crystal's estimated Available Cash Flow for such year, as estimated from time to time on a quarterly basis. If, at any time, the amount of funds in the Letter of Credit Escrow Account exceeds the total amount of the Remaining Letter of Credit Obligations, such excess shall be payable (on a quarterly basis) to the holder of the New Halliburton Note to the extent there are outstanding amounts due under the New Halliburton Note, with the remainder, if any, to be made immediately available to Reorganized Crystal. In addition, notwithstanding the above provisions of this Section 3.06, once Reorganized Crystal's obligations with respect to the New Halliburton Note have been paid in full, the funds, if any, in the Letter of Credit Escrow Account shall be made available to Reorganized Crystal to the extent such funds, plus the loan value of Reorganized Crystal's proved producing crude oil and natural gas reserves that are subject to the liens securing the Remaining Letter of Credit Obligations (as determined by the Bank in accordance with its credit policies relating to secured oil and gas loans in effect at the time of each determination), exceeds the amount of the Remaining Letter of Credit Obligations.

3.07 *Class 7—Halliburton Claim.* The Class 7 Claimant shall receive on the Effective Date the New Halliburton Note in the Allowed Amount of its Class 7 Claim.

The New Halliburton Note shall bear interest at a variable rate equal to ¼% per annum above the prime lending rate at the Bank (or such other rate as the Bankruptcy Court determines appropriate to provide Halliburton on account of its Allowed Claim deferred cash payments of a value as of the Effective Date equal to the Allowed Amount of its Allowed Claim), be due on December 31, 1993, and be payable in installments beginning only after the New Bank Note shall have been paid in full and there shall have been placed on deposit in the Letter of Credit Escrow Account an amount equal to or greater than the Remaining Letter of Credit Obligations, at which time (the "Initial Payment Date") the New Halliburton Note shall become payable in (i) monthly installments of interest (with the first installment to be due on the first day of the first month following the Initial Payment Date) equal to the amount of accrued and unpaid interest on the New Halliburton Note since the Initial Payment Date and (ii) quarterly installments of principal (which shall be deemed to include accrued and unpaid interest on the New Halliburton Note from the Effective Date to the Initial Payment Date) equal to the amount, if any, by which Reorganized Crystal's estimated Available Cash Flow for the preceding quarter exceeds the sum of all payments, if any, by Reorganized Crystal of interest on the New Halliburton Note and all payments, if any, to the Letter of Credit Escrow Account during such quarter. Once each year, based on Reorganized Crystal's audited consolidated financial statements for the preceding year, the required payments by Reorganized Crystal on the New Halliburton Note shall be adjusted to reflect any over-payment or under-payment of principal on the New Halliburton Note during the preceding year as a result of any difference between Reorganized Crystal's actual Available Cash Flow for such year and Reorganized Crystal's estimated Available Cash Flow for such year, as estimated from time to time on a quarterly basis. In addition to the above payments, until paid in full, the holder of the New Halliburton Note shall be entitled to receive on a quarterly basis funds theretofore deposited in the Letter of Credit Escrow Account in an amount equal to the excess, if any, by which the funds in the Letter of Credit Escrow Account exceed the total amount of the Remaining Letter of Credit Obligations. The payment of Reorganized Crystal's obligations with respect to the New Halliburton Note will also be secured by a lien on substantially all of Reorganized Crystal's crude oil and natural gas properties and refinery assets. Such lien will be a continuation of the lien currently securing the payment of Crystal's obligations with respect to the Halliburton Note and will be subject and subordinated to the Bank's prior lien securing the payment of Reorganized Crystal's obligations under the Supplemental Loan Agreement (on terms no less favorable to the Bank than the subordination provisions contained in the liens currently securing the Halliburton Note) and will be senior to the lien securing the payment of the New Convertible Secured Notes to the same extent that the liens securing the payment of the Halliburton Note are senior to the liens securing the payment of the 15% Senior Notes.

3.08 *Class 8—15% Senior Note Claims.*

(a) *Class 8A—15% Senior Note Secured Claims.* Each Class 8A Claimant shall receive on the Effective Date a Pro Rata distribution (based on the aggregate of the Class 8A and Class 8B Claims) of $75,093,000 in face amount of the New Convertible Secured Notes. The New Convertible Secured Notes shall be issued pursuant to the New Note Indenture. The New Convertible Secured Notes shall have the following basic characteristics and terms:

(i) *Interest.* The New Convertible Secured Notes will be non-interest bearing.

(ii) *Conversion Rights.* The New Convertible Secured Notes will be convertible into shares of New Common Stock at a conversion price of $.1429 per share. The conversion price will be subject to adjustment upon the occurrence of any of the following events: the subdivision, combination or reclassification of the then outstanding shares of the New Common Stock; the payment of shares of the New Common Stock as a dividend on Reorganized Crystal's capital stock; the issuance of rights or warrants (other than the Warrants to be issued under the Plan) to all holders of the New Common Stock entitling them to acquire shares of such stock at less than the current market price of shares of such New Common Stock at the date of issue of such Warrants; or the distribution to all holders of the New Common Stock of any other shares of capital stock of Reorganized Crystal, of evidences of indebtedness or securities of Reorganized Crystal or of assets of Reorganized Crystal (excluding cash dividends or distributions from retained earnings).

(iii) *Redemption.* All or a portion of the New Convertible Secured Notes may be redeemed by Reorganized Crystal at 100% of the principal amount thereof upon the mailing of notice of redemption not less than 30 days nor more than 60 days prior to the date fixed for redemption.

(iv) *Sinking Fund.* Reorganized Crystal will be required to provide for the retirement, by redemption at the principal amount thereof, of $10,000,000 principal amount of the New Convertible Secured Notes on or before June 15 in each of 1994 and 1995 through the operation of a sinking fund. Reorganized Crystal will be entitled, at its option, to receive credit against the required sinking fund payments for the principal amount of (a) New Convertible Secured Notes acquired by Reorganized Crystal and surrendered for cancellation and (b) New Convertible Secured Notes redeemed or called for redemption otherwise than through the operation of the sinking fund.

(v) *Subordination to Superior Indebtedness.* Payments under the New Convertible Secured Notes will be subordinated (upon terms no less favorable to the senior debt holders than the subordination provisions contained in the 15% Senior Note Indenture) in right of payment to the prior payment in full of all Superior Indebtedness. Upon the maturity of any Superior Indebtedness by lapse of time, acceleration or otherwise, no payments, including sinking fund payments, may be made on the New Convertible Secured Notes and no New Convertible Secured Notes may be acquired by Reorganized Crystal until all principal of, and premium, if any, and accrued interest on, the Superior Indebtedness shall have been paid in full.

(vi) *Due Date.* The New Convertible Secured Notes will be due ten years after the Effective Date.

(vii) *Security.* The payment of the New Convertible Secured Notes will be secured by a lien on certain of Reorganized Crystal's crude oil and natural gas properties. The properties that shall be subject to this lien shall consist of those properties currently securing the payment of the 15% Senior Notes. The Bank and Halliburton will have prior liens on the same properties. The New Note Indenture will permit various liens on the property mortgaged to secure the payment of the New Convertible Secured Notes that may be superior to the lien of the New Note Indenture provided that such liens are necessary or incidental to the ownership and operation by Reorganized Crystal of such properties. In addition, Reorganized Crystal will be permitted under the New Note Indenture to remove property from the lien of the New Note Indenture to effect the sale thereof as long as the proceeds of such sale are used to reduce outstanding amounts of Superior Indebtedness or to redeem or otherwise acquire New Convertible Secured Notes. The lien shall be subordinated on terms no less favorable to the prior lien holders than the subordination provisions contained in the 15% Senior Note Indenture.

(viii) *Events of Default.* The following events will constitute an event of default with respect to the New Convertible Secured Notes: (a) failure to pay principal, including any sinking fund payments, on any of the New Convertible Secured Notes when due, whether at their maturity, upon acceleration or upon redemption; (b) failure on the part of Reorganized Crystal to perform any other covenant contained in the New Note Indenture for a period of 60 days after written notice specifying such failure and requesting its remedy; (c) the filing of a voluntary petition in bankruptcy or reorganization; (d) the entry by a court of a decree or order, unstayed on appeal or otherwise, in effect for 90 days adjudicating Reorganized Crystal a bankrupt or insolvent, appointing a receiver of Reorganized Crystal or of any substantial part of its property or ordering or approving certain other similar matters; and (e) certain other events of bankruptcy, insolvency or reorganization.

(b) *Class 8B—15% Senior Note Unsecured Claims.* Each Class 8B Claimant shall receive on the Effective Date a Pro Rata distribution (based on the aggregate of the Class 8A and Class 8B Claims) of (i) 50,062,000 shares of Senior Preferred Stock, (ii) $.075 Warrants to purchase 87,609,000 shares of the New Common Stock, (iii) $.10 Warrants to purchase 75,093,000 shares of the New Common Stock and (iv) 40,050,000 shares of the New Common Stock.

(c) *Alternative Treatment of Class 8 Claims.* In the event the Class 8 Claims are found by the Bankruptcy Court to be fully secured or the holders thereof elect under Section 1111(b) of the Bankruptcy Code to have their Claims treated as fully secured, Class 8 shall not be divided into Class 8A and Class 8B and the distributions to be provided to the Claimants in Class 8A and Class 8B pursuant to Sections 3.08(a) and (b) hereof shall, in lieu of such distributions, be distributed Pro Rata to the Claimants in Class 8 on the Effective Date. In the event the treatment of the Class 8 Claimants pursuant to this Section 3.08(c) shall by Final Order be invalidated, Crystal reserves the right to amend or modify this Plan to provide for an appropriate distribution to such Claimants consistent with Section 1111(b). Any such amendment or modification shall be subject to such acceptance by the Claimants in Class 8 as may be required by the Bankruptcy Code.

3.09 *Class 9—Mechanic's and Materialmen Lien Claims.* Each Class 9 Claimant shall be paid the Allowed Amount of such Claimant's Class 9 Claim in cash in full when Allowed by Order, but not later than the first day of the first month beginning not less than 30 days after the Effective Date, or provided for by escrow payment if not then determined. If the sum of the Allowed Amounts of the Class 9 Claims exceeds $3,000,000, Crystal reserves the right to amend or modify this Plan to provide for a Pro Rata distribution to such Claimants of $3,000,000 or such other distribution as may be appropriate. Any such amendment or modification shall be subject to such acceptance by the Claimants in Class 9 as may be required under the Bankruptcy Code.

3.10 *Class 10—Secured Trustee Claim.* The Class 10 Claimant shall be paid the Allowed Amount of its Class 10 Claim in cash in full when Allowed by Final Order, but not later than the first day of the first month beginning not later than 30 days after the Effective Date, or provided for by escrow payment if not then determined.

3.11 *Class 11—Unsecured Claims.* Each Class 11 Claimant, to the extent the name and location of such Claimant is known to Crystal, shall be paid the Allowed Amount of such Claimant's Class 11 Claim in cash in full when Allowed by Order, but not later than the first day of the first month beginning not later than 30 days after the Effective Date, or provided for by escrow payment if not then determined, and, to the extent the name and location of such Claimant is not known to Crystal, an appropriate arrangement shall be made for the payment of such Claim. If the sum of the Allowed Amounts of Class 11 Claims exceeds $9,000,000, Crystal reserves the right to amend this Plan to provide for a Pro Rata distribution to such Claimants of $9,000,000 or such other distribution as may be appropriate. Any such amendment or modification shall be subject to such acceptance by the Claimants in Class 11 as may be required under the Bankruptcy Code.

3.12 *Class 12—14½% Debenture Claims.* Each Class 12 Claimant shall receive on the Effective Date a Pro Rata distribution of (i) 13,186,000 shares of Series A Preferred Stock, (ii) $.10 Warrants to purchase 15,022,000 shares of the New Common Stock, (iii) $.125 Warrants to purchase 11,684,000 shares of the New Common Stock and (iv) 5,591,000 shares of the New Common Stock.

3.13 *Class 13—Subordinated Debenture Claims.* Each Class 13 Claimant shall receive on the Effective Date a Pro Rata distribution of (i) 53,681,000 shares of Series A Preferred Stock, (ii) $.10 Warrants to purchase 59,608,000 shares of the New Common Stock, (iii) $.125 Warrants to purchase 59,608,000 shares of the New Common Stock and (iv) 23,101,000 shares of the New Common Stock.

3.14 *Class 14—Intercompany Claims.* The Class 14 Claimant shall receive no distributions.

3.15 *Class 15—Shareholder Claims of Interest.* Each Class 15 Claimant shall receive on the Effective Date a Pro Rata distribution of (i) 51,705,723 shares of the New Common Stock, (ii) $.125 Warrants to purchase 200,000,000 shares of the New Common Stock, (iii) $.15 Warrants to purchase 200,000,000 shares of the New Common Stock and (iv) $.25 Warrants to purchase 200,000,000 shares of the New Common Stock.

## ARTICLE IV

### Claims and Interests Not Impaired Under the Plan

Classes 1, 2, 3, 4, 5, 9, 10 and 11 shall be paid in cash, or provided for, on the Effective Date, and are not impaired by this Plan.

## ARTICLE V

### Subordination

In consideration for the distributions to be provided to them under this Plan and the fulfillment of the other terms of this Plan, the creditors in Classes 8 (including, if applicable, Class 8A and Class 8B) and 12 shall each be deemed as of the Effective Date to have agreed to limit the enforcement of the subordination agreements of which they may be the beneficiaries to their right to receive the consideration to be provided to them under this Plan and to have agreed to allow the creditors in Classes 12 and 13, as the case may be, to receive the consideration to be provided to them under this Plan, free of any subordination Claims.

## ARTICLE VI

### Means for Execution of Plan

6.01 *Revesting.* Except as otherwise provided, property of the Estate shall revest in Reorganized Crystal on the Effective Date. After the Effective Date, Reorganized Crystal may operate its business and buy, use, acquire, and dispose of its property, free of any restrictions contained in the Bankruptcy Code. As of the Effective Date, all property of Reorganized Crystal shall be free and clear of all Claims and Interests of creditors and equity security holders, except the obligations that are imposed in this Plan.

6.02 *Initial Board of Directors.* Subject to Bankruptcy Court approval under Section 1129(a)(5) of the Bankruptcy Code, Crystal shall designate either the initial Board of Directors or the method for determining the composition for such Board of Directors. The Board of Directors shall take such action as is necessary to implement this Section 6.02, which action shall be deemed to be authorized and ratified by the shareholders of Reorganized Crystal. The initial Board of Directors shall continue to serve in such capacity until the next annual meeting of shareholders or until their successors are duly elected and qualified in accordance with the provisions governing election of directors contained in the Articles of Incorporation and Bylaws of Reorganized Crystal. The initial Board of Directors of Reorganized Crystal shall call the first meeting of the holders of New Common Stock within 12 months after the Effective Date. Any vacancy on the Board of Directors may be filled by the majority vote of the remaining directors, though less than a quorum.

6.03 *Management of Reorganized Crystal.* Upon the Effective Date, the operation of Reorganized Crystal shall be and become the general responsibility of the Board of Directors, who shall, thereafter, have the responsibility for the management, control, and operation of Reorganized Crystal. Such directors shall have the responsibility, *inter alia*, for the following: (i) selection of the officers of Reorganized Crystal; (ii) carrying out such changes as are necessary in the Articles of Incorporation and the By-Laws of

Crystal to accomplish the requirements of this Plan; and (iii) the authorization and approval of the preparation, execution, and issuance of the New Bank Note, the New Long-Term Bank Note, the New Halliburton Note, the New Convertible Secured Notes, the Senior Preferred Stock, the Series A Preferred Stock, the Warrants, the New Common Stock, the Supplemental Loan Agreement, the Letter of Credit Escrow Agreement, and such other notes, securities and documents of Reorganized Crystal as may be necessary to carry out this Plan.

6.04 *New Entities.* Reorganized Crystal may create additional new subsidiaries or partnerships in accordance with the laws of the state of incorporation or formation.

6.05 *Issuance of New Securities and Obligations.* Reorganized Crystal shall authorize and issue the following securities pursuant to this Plan: the New Bank Note, the New Long-Term Bank Note, the New Halliburton Note, the New Convertible Secured Notes, the Preferred Stock, the New Common Stock and the Warrants. Reorganized Crystal shall also issue such other securities and obligations, if any, as are required elsewhere in this Plan. The New Securities shall be deemed to have been issued as of the date of the entry of the Confirmation Order.

6.06 *Cancellation of Existing Indentures and Note Agreements.* Except for the lien created by the 15% Senior Note Indenture, which is to be carried forward to the New Note Indenture, upon the Effective Date, the rights and obligations of Crystal and the holders of the 15% Senior Notes and the Debentures under the following indentures and related instruments, including the debt instruments issued pursuant thereto, shall be terminated and cancelled:

(a) 15% Senior Note Indenture;

(b) 14¾% Debenture Indenture;

(c) 1990 12¾% Debenture Indenture;

(d) 9% Debenture Indenture;

(e) 11¾% Debenture Indenture;

(f) 13¼% Debenture Indenture; and

(g) 2001 12¾% Debenture Indenture.

6.07 *Charter Amendments.* The Articles of Incorporation of Crystal shall be amended as necessary to (i) increase in the authorized number of shares of common stock of Crystal from 90,000,000 to 2,300,000,000, (ii) increase the authorized number of shares of preferred stock of Crystal from 1,000,000 to 150,000,000, (iii) decrease the par value of the preferred stock from $5.00 to $.01 per share, (iv) create the Senior Preferred Stock and the Series A Preferred Stock through the filing of a Certificate of Designation, Voting Powers, Preferences and Rights with respect to each series of the Preferred Stock, (v) prohibit the issuance by Reorganized Crystal of any shares of nonvoting equity securities in accordance with the provisions of Section 1123 of the Bankruptcy Code, and (vi) satisfy any other provisions of this Plan. The Charter Amendments shall become effective on the Effective Date. The Charter Amendments shall be substantially as set forth in Exhibits A, B, and C hereto.

6.08 *Distribution of Consideration.*

(a) *Disbursing Agent.* A national bank designated by Crystal with approval of the Bankruptcy Court, and such other entities as the Bankruptcy Court designates, such as an indenture trustee or stock transfer agent for securities to be distributed pursuant to this Plan, shall serve as Disbursing Agent or Agents and shall distribute all property to be distributed under this Plan. A Disbursing Agent may employ or contract with other entities to assist in or perform the distribution of the property to be distributed. Each Disbursing Agent shall serve without bond.

(b) *Fractional Shares and Interests.* The New Common Stock, the Preferred Stock and the Warrants shall be distributed only in whole units. No fractional shares of New Common Stock or Preferred Stock or interests in Warrants shall be distributed to the holders of Allowed Claims or Allowed Interests. No New Convertible Secured Notes will be distributed in integral multiples less than $10 to the holders of Allowed

Claims. Each time a distribution is to be made under this Plan to the holder of an Allowed Claim or Allowed Interest, all fractional shares or Warrants or New Convertible Secured Notes in principal amounts of less than $10 that would otherwise have been distributed to such holder shall be aggregated in a separate pool for the holders of Claims or Interests in such holder's Class. Holders of Allowed Claims or Allowed Interests who would otherwise be entitled to receive fractional shares or Warrants or New Convertible Secured Notes in principal amounts of less than $10 shall be ranked within each Class according to the size of the fractional share or Warrant or the principal amount of the New Convertible Secured Note to which such holder would otherwise be entitled. If two or more such holders are entitled to the same fractional share or Warrant or principal amount (as rounded to the sixth decimal place), the ranking of such holder shall be determined by lot. Based on such ranking within each Class a whole share of the New Common Stock or the Preferred Stock, a whole Warrant or a New Convertible Secured Note in the principal amount of $10, as the case may be, shall be distributed, on a Class by Class basis from the pool with respect to such Class, to those holders entitled to the largest fractions of each such security in each such class until all the shares of the New Common Stock and the Preferred Stock, all Warrants and the entire principal amount of the New Convertible Secured Notes shall have been distributed.

(c) *Disputed, Unliquidated and Contingent Claims or Interests.*

(i) *Escrow.* Notwithstanding any provisions of this Plan to the contrary, the Disbursing Agent shall withhold from the property to be distributed under this Plan, and shall place in escrow, a sufficient amount thereof to be distributed on the account of the Claims or Interests that are disputed and have not become Allowed Claims or Allowed Interests as of the date of the initial distribution under this Plan. As to any unliquidated or contingent Claim or Interest, the Bankruptcy Court shall determine what amount, if any, should be withheld. The Disbursing Agent shall also place in the same escrow any distributions or obligations arising from the securities to be distributed under this Plan and still in the escrow at the time the distributions are made or the obligations arise. To the extent practicable, the Disbursing Agent may invest the cash in the escrow in a manner that will yield a reasonable net return taking into account the safety of the investment.

(ii) *Distribution.* The property in the escrow, including the allocable portion of the net return yielded from the investment in escrow, shall be distributed to the extent such Claims or Interests are Allowed by the Final Order. Any property in the escrow remaining after disputes over Claims or Interests of a particular Class have been resolved shall be retained by Reorganized Crystal. Reorganized Crystal shall also retain any cash previously reserved in escrow for disputed claims of a kind specified in Bankruptcy Code Section 507(a) that are disallowed and the allocable portion of the net return yielded from investment of the cash in the escrow.

(d) *Surrender of Securities.* As a condition to participation under this Plan, (i) a holder of a Security that desires to receive the property on account of such holder's Allowed Claim or Allowed Interest with respect to that Security shall surrender such Security, or evidence thereof satisfactory to Reorganized Crystal, to the Disbursing Agent or its designee, and (ii) the holder of a note, debenture or other evidence of indebtedness of Crystal (other than a Security) that desires to receive the property to be distributed on account of an Allowed Claim based on such note, debenture or other evidence of indebtedness shall surrender such note, debenture or other evidence of indebtedness to the Disbursing Agent or its designee, and shall execute and deliver such other documents as are necessary to effectuate this Plan. On the Effective Date, the Bank shall surrender to Reorganized Crystal the Bank Note and shall receive therefor the New Bank Note and the New Long-Term Bank Note, in the principal amounts as provided in Section 3.06 hereof and Reorganized Crystal shall execute and deliver to the Bank the Supplemental Loan Agreement and such instruments, if any, as may be necessary to continue the Bank's existing liens as security for the New Bank Note, the New Long-Term Bank Note and the Remaining Letter of Credit Obligations. On the Effective Date, Halliburton shall surrender the Halliburton Note and all related instruments evidencing the Halliburton Note and shall receive therefor the New Halliburton Note in the principal amount as provided in Section 3.07 hereof and Reorganized Crystal shall execute and deliver to Halliburton such instruments, if any, as may be necessary to continue Halliburton's existing liens as security for the New Halliburton Note. All other Claims shall be paid according to the Allowed Amounts shown on the claims register of the Bankruptcy Court and proofs of interest maintained by the Bankruptcy

Court. If no surrender of Securities or evidences of indebtedness occurs, no distributions may be made to the holders thereof. The Disbursing Agent shall make subsequent distributions only to the persons who surrender the Securities for exchange (or their assignees) and the Disbursing Agent shall record such holders of such Securities as of the Effective Date.

(e) *Unclaimed Property and Unissued Securities.* Any property to be distributed under this Plan shall become the property of Reorganized Crystal if it is not claimed by the person entitled thereto before the later of (i) 3 years after Confirmation and (ii) 60 days after an Order allowing the Claim or Interest of that person becomes a Final Order. Securities to be issued by Reorganized Crystal which are reserved pursuant to this Plan and which are not issued prior to Consummation shall be issued at Consummation to Reorganized Crystal. Such securities shall be held in Reorganized Crystal's treasury, free of restrictions upon transfer or cancellation (except those imposed by the securities laws), and all dividends, distributions, interest, or other payments which were made by Reorganized Crystal or which it became obligated to make with respect to any such securities prior to Consummation shall be paid to or retained by Reorganized Crystal. Dividends, distributions, interest, and other payments which Reorganized Crystal becomes obligated to make with respect to any security or obligation reserved pursuant to this Plan and distributed prior to Consummation in accordance with the terms of this Plan or with respect to any other obligation created by this Plan shall be retained by Reorganized Crystal prior to such distribution, and Reorganized Crystal shall be obligated to pay or distribute the same to the distributee of such security or obligation at the time of distribution thereof, without interest.

(f) *Funds Held as Operator.* Undistributed funds held by Crystal as operator for distribution to third party interest owners shall be distributed to such interest owners after Crystal offsets such funds against Crystal's claims against such interest owners.

## ARTICLE VII

### Treatment of Executory Contracts and Unexpired Leases

7.01 *Assumption of Executory Contracts and Unexpired Leases.* Except for Crystal's crude oil and natural gas leases, the treatment of which is set forth in Section 7.02 hereof, as of the Confirmation Date, Crystal shall assume each executory contract and unexpired lease to which it is a party.

7.02 *Assumption of Crude Oil and Natural Gas Leases.* If Crystal's crude oil and natural gas leases constitute executory contracts within Section 365 of the Bankruptcy Code, all crude oil and natural gas leases to which Crystal is a party are hereby expressly assumed.

## ARTICLE VIII

### Compensation for Services Rendered in Connection with This Plan and Certain Employment Agreements

8.01 *Management.*

(a) *New Common Stock and Warrants.* Upon the Effective Date, 4,500,000 shares of the New Common Stock and 5,075 Warrants to purchase 16,000,000 shares of New Common Stock and 5,10) Warrants to purchase 15,000,000 shares of the New Common Stock shall be issued, or reserved for issuance, to certain key employees of Crystal in consideration for such employees' agreement to remain or become employees of the Debtor-in-Possession during the Reorganization Case or as additional incentive for them to continue or become employees of Reorganized Crystal after Confirmation of this Plan. The number of shares of the New Common Stock and Warrants proposed to be granted to members of management will be determined prior to Confirmation by the Board of Directors of Crystal based on various factors including (i) recognition of the efforts of each of such persons on behalf of Crystal and in connection with its reorganization, (ii) recognition of the current compensation levels of such persons, (iii) the length of time which such persons have served and (iv) negotiations with new key members of management, if any. To the extent the shares of the New Common Stock and the Warrants to be issued to

members of management on the Effective Date are less than the number contemplated to be issued under this Plan, such Warrants may be issued to future members of management in the discretion of the Board of Directors of Reorganized Crystal.

(b) *Employment Agreements.* Crystal hereby expressly assumes (i) the Employment Agreement dated as of July 1, 1986, between Crystal and Joe N. Averett, Jr., (ii) the Employment Agreement dated as of July 1, 1986, between Crystal and Robert F. Roberts, and (iii) the Severance and Consulting Agreement dated as of July 1, 1986, between Crystal and Mark A. Roberts. Pursuant to such agreements, as of the Effective Date, (i) Joe N. Averett shall receive 500,000 shares of the New Common Stock, 1,000,000 $.075 Warrants and 2,000,000 $.10 Warrants, (ii) Robert F. Roberts shall receive 400,000 $.25 Warrants and (iii) Mark A. Roberts shall receive 400,000 $.25 Warrants. In addition to the above, Robert F. Roberts will also receive within 105 days after the Confirmation Date a number of shares (not to exceed 400,000) of the New Common Stock equal to the quotient resulting from the division of $100,000 by the average market price (as defined below) of the New Common Stock during the 90 day period commencing on the date after the Confirmation Date. Further, on the first anniversary of the Confirmation Date, Robert F. Roberts shall receive a number of shares (not to exceed 400,000) of New Common Stock equal to the quotient resulting from the division of $100,000 by the average market price of the New Common Stock during the 90 day period immediately preceding such anniversary date. Such shares shall be issued to Mr. Roberts within 15 days following such first anniversary date. For purposes of determining the number of shares of the New Common Stock to be issued to Mr. Roberts, the term "average market price" for any period shall mean the arithmetic mean, for all days during which the New Common Stock shall have been traded during such period, of the last reported sale price regular way or, in case no reported sale price takes place on such day, the average of the closing bid and asked prices regular way for such day, in either case, on the principal national or regional securities exchange on which the shares are listed or admitted to trading, or if the shares are not listed or admitted to trading on any national or regional securities exchange, but are traded in the over-the-counter market, the closing sale price of the New Common Stock or, in the case no sale is publicly reported, the average of the closing bid and asked quotations for the New Common Stock as reported by the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or the National Quotation Bureau Incorporated, or if the New Common Stock is not quoted by NASDAQ or the National Quotation Bureau Incorporated, the closing sale price of the New Common Stock or, in case no sale is publicly reported, the average of the closing bid and asked prices of the New Common Stock as furnished by two members of the National Association of Securities Dealers, Inc. selected from time to time by the Board of Directors of Reorganized Crystal for that purpose. In case of the general unavailability of published prices from any source with respect to the New Common Stock, then the average market price for the New Common Stock shall mean the fair value of one share of the New Common Stock as determined by the Board of Directors of Reorganized Crystal.

(c) *Options in Lieu of Warrants.* In lieu of the issuance of the 16,000,000 $.075 Warrants and the 15,000,000 $.10 Warrants to be issued, or reserved for issuance, to management pursuant to Section 8.01(a) hereof and the issuance of 1,000,000 $.075 Warrants and 2,000,000 $.10 Warrants to Mr. Averett pursuant to Section 8.01(b) hereof, Reorganized Crystal may issue to management (including Mr. Averett) tax-benefited options to purchase an equivalent number of shares of the New Common Stock at equivalent purchase prices to such Warrants if, in the opinion of the Board of Directors of Crystal, the grant of options in lieu of Warrants would be more beneficial to management and Reorganized Crystal.

(d) *Employee Benefit Plans.* In addition to the compensation arrangements set forth above, except for Crystal's Incentive Bonus Plan, which was terminated as of the Petition Date, Reorganized Crystal shall continue in effect all of Crystal's current compensation, incentive and benefit arrangements for the benefit of its directors, executive officers and employees, including Crystal's Employees' Thrift Plan and Phantom Stock Plan.

8.02 *Copeland and PWI.* In consideration for their assistance to Crystal in developing and implementing the Plan, Copeland and PWI shall receive $350,000 and $150,000, respectively, in cash and $540,000 and $300,000, respectively, in shares of New Common Stock. The cash fee to be paid to Copeland and PWI shall be paid within 15 days of the date of the Confirmation Order. The shares of New

Common Stock to be issued to Copeland and PWI shall be issued within 120 days after the Confirmation Date and will be valued based on the average market price per share of the New Common Stock for the 90 days immediately following the Effective Date; provided, however, that if the average market price per share of the New Common Stock during such 90-day period is less than $.125, the shares of the New Common Stock to be issued to Copeland and PWI shall be valued at $.125 per share, and if the average market price per share of the New Common Stock during such 90-day period is greater than $.20, the shares of the New Common Stock to be issued to Copeland and PWI shall be valued at $.20 per share. For purposes of the above determination, the average market price of the New Common Stock shall be the arithmetic mean of the daily high and low sale prices (or if no sale prices are reported, the average of the daily high and low bid prices) of the New Common Stock as reported by the principal national stock exchange on which the New Common Stock is listed, or if the New Common Stock is not listed on a national stock exchange, as reported by NASDAQ or the National Quotation Bureau Incorporated or otherwise in the over-the-counter market. In addition to the above consideration, Copeland shall also receive on the Effective Date $.075 Warrants to purchase 7,000,000 shares of New Common Stock and $.10 Warrants to purchase 7,000,000 shares of New Common Stock.

## ARTICLE IX

### Preferences, Fraudulent Conveyances and Objections to Claims

Crystal shall be the only party authorized to object to Claims and to pursue actions to recover preferences and fraudulent conveyances. Unless Crystal consents, or unless otherwise ordered by the Bankruptcy Court, no other party shall have the right or obligation to pursue any such actions. Any creditor determined to have received a preference or fraudulent conveyance pursuant to Sections 547 or 548 of the Bankruptcy Code or any other applicable law shall be required to remit to Crystal an amount equal to the difference between (i) the determined amount of the preference or fraudulent conveyance and (ii) the amount the creditor would have received had such creditor's Claim for such preference or fraudulent conveyance been Allowed. The determination of such amount shall be made based on a pro rata share of the distribution amount excluding Claims resulting from the collection of preferences and fraudulent conveyances. Except as provided above, all Claims against any creditor who may have received a preference or fraudulent conveyance shall be released and discharged upon Confirmation of the Plan.

## ARTICLE X

### Provisions for the Retention, Enforcement, Settlement, or Adjustment of Claims Belonging to Crystal or to the Estate

10.01 *Crystal's Causes of Action.* All Claims recoverable under Section 550 of the Bankruptcy Code, all Claims against third parties on account of any indebtedness, and all other Claims owed to or in favor of Crystal to the extent not specifically compromised and released pursuant to this Plan or an agreement referred to and incorporated herein, are hereby preserved and retained for enforcement by Reorganized Crystal subsequent to the Effective Date.

10.02 *Legally Binding Effect; Discharge of Claims and Interests.* Except for Classes which are not impaired, the provisions of this Plan shall (i) bind all creditors and interest holders, whether or not they accept this Plan, and (ii) discharge Crystal from all debts that arose before the Petition Date. The distributions provided for creditors and interest holders shall not be subject to any Claim by another creditor or interest holder by reason of any assertion of a contractual right of subordination. In addition, the distributions of cash and securities provided for under the Plan shall be in exchange for and in complete satisfaction, discharge, and release of all Claims against and Interests in Crystal or any of its assets or properties, including any Claim or Interest accruing after the Petition Date and prior to the Effective Date. On and after the Effective Date, all holders of impaired Claims and Interests shall be precluded from asserting any Claim against Reorganized Crystal or its assets or properties based on any transaction or other activity of any kind that occurred prior to the Petition Date.



RAM00094

## ARTICLE XI

### Retention of Jurisdiction

11.01 *Jurisdiction.* Until this Reorganization Case is closed, the Bankruptcy Court shall retain such jurisdiction as is legally permissible, including that necessary to insure that the purpose and intent of this Plan are carried out and to hear and determine all Claims set forth in Article II above that could have been brought before the entry of the Confirmation Order. The Bankruptcy Court shall retain jurisdiction to hear and determine all Claims against Crystal and to enforce all causes of action which may exist on behalf of Crystal. Nothing herein contained shall prevent Reorganized Crystal from taking such action as may be necessary in the enforcement of any cause of action which may exist on behalf of Crystal and which may not have been enforced or prosecuted by the Debtor-in-Possession.

Following the Consummation Date, the Bankruptcy Court shall further retain jurisdiction for the purpose of classification of the Claim of any creditor and the re-examination of Claims which have been Allowed for purposes of voting, and the determination of such objections as may be Filed to creditors' claims. The failure by Crystal to object to, or examine, any claim for the purposes of voting, shall not be deemed a waiver of Crystal's or Reorganized Crystal's right to object to, or re-examine, the claim, in whole or part.

The Bankruptcy Court further shall retain jurisdiction after the Consummation Date for the purpose of determination of all questions and disputes regarding title to the assets of the Estate, and determination of all causes of action, controversies, disputes, or conflicts, whether or not subject to any pending action as of the Confirmation Date, between Crystal and any other party, including, but not limited to, any right of Crystal to recover assets pursuant to the provisions of the Bankruptcy Code.

The Bankruptcy Court shall retain jurisdiction for the following additional purposes after the Consummation Date:

(a) to modify this Plan after Confirmation pursuant to the Bankruptcy Rules in Title 11 of the Bankruptcy Code;

(b) to assure the performance by Reorganized Crystal of its obligations to make distributions under this Plan and with respect to the New Securities to be issued;

(c) to enforce and interpret the terms and conditions of this Plan;

(d) to enter such Orders, including injunctions, as are necessary to enforce the title, rights, and powers of Reorganized Crystal and to impose such limitations, restrictions, terms, and conditions on such title, rights, and powers as this Bankruptcy Court may deem necessary;

(e) to enter an Order concluding and terminating this Reorganization Case;

(f) to correct any defect, cure any omission, or reconcile any inconsistency in this Plan or the Order of Confirmation as may be necessary to carry out the purposes and intent of this Plan; and

(g) to decide issues concerning federal tax reporting and withholding which arise in connection with the Confirmation or Consummation of this Plan.

## ARTICLE XII

### Additional Assets

The assets of all subsidiary corporations of Crystal which are not subject to this case, including Crystal Michigan, CEPCO, and Crystal Program Limited, Inc., a Texas corporation, shall be administered by the Board of Directors of Reorganized Crystal in accordance with the interests of Reorganized Crystal and its shareholders so long as the interests of the creditors, if any, of such subsidiary corporations are protected.

## ARTICLE XIII

### CONDITIONS TO CONFIRMATION

This Plan may not be confirmed by the Bankruptcy Court unless each of the following conditions is either met or waived, to the extent permitted by the Bankruptcy Court, by Crystal:

13.01 *Effective Date.* The Effective Date shall have occurred within 12 months following the Petition Date;

13.02 *Adequate Information.* The Bankruptcy Court by Final Order shall have found that (i) the acceptances and rejections of this Plan from Crystal's impaired creditors pursuant to the Disclosure Statement were solicited after disclosure of adequate information to all such creditors in compliance with any applicable non-bankruptcy law, rule or regulation governing the adequacy of disclosure in connection with such solicitation, (ii) all disclosure statements provided to Crystal's creditors or interest holders contained adequate information with respect to this Plan and (iii) all solicitations for approval of this Plan were made in good faith and in compliance with the applicable provisions of the Bankruptcy Code;

13.03 *Confirmation of Plan.* All the requirements of Section 1129(a) of the Bankruptcy Code (except the provisions of Section 1129(a)(8) with respect to class acceptance) shall have been met;

13.04 *Claims.* All impaired Classes of Claims shall have voted to accept this Plan by at least two-thirds in amount and more than one-half in number of those voting or the provisions of Section 1129(b) of the Bankruptcy Code shall have been found by the Bankruptcy Court to have been met with respect to any non-accepting Class of Claims;

13.05 *Interests.* All impaired Classes of Interest holders shall have voted to accept this Plan by at least two-thirds in amount of those voting or the Bankruptcy Court shall have found that such vote is not required or that, notwithstanding such a vote being taken, the provisions of Section 1129(b) of the Bankruptcy Code with respect to the Common Stock have been met;

13.06 *Guarantees.* CEPCO and Crystal Michigan shall have agreed to guarantee the payment of Reorganized Crystal's obligations under the Supplemental Loan Agreement and the New Halliburton Note;

13.07 *Documentation.* The form of the Supplemental Loan Agreement, the Letter of Credit Escrow Agreement, the New Note Indenture, the New Securities, CEPCO's and Crystal Michigan's guarantees of Reorganized Crystal's obligations under the Supplemental Loan Agreement and the New Halliburton Note and all other agreements, instruments and documents necessary for the implementation of this Plan shall have been Filed and approved by the Bankruptcy Court;

13.08 *Order of Priorities.* The Bankruptcy Court by Final Order shall have ordered that (i) the property that is subject to the lien securing the payment of Reorganized Crystal's obligations with respect to the New Bank Note, the New Long-Term Bank Note and the Remaining Letter of Credit Obligations is subject to no prior lien or security interest, (ii) the property that is subject to lien securing the payment of Reorganized Crystal's obligations with respect to the New Halliburton Note is subject to no prior lien or security interest other than the lien and security interest securing the payment of Reorganized Crystal's obligations with respect to the New Bank Note, the New Long-Term Bank Note and the Remaining Letter of Credit Obligations and (iii) the property that is subject to the lien securing the payment of Reorganized Crystal's obligations with respect to the New Convertible Secured Notes is subject to no prior lien or security interest other than the liens and security interests securing the payment of Reorganized Crystal's obligations with respect to the New Bank Note, the New Long-Term Bank Note, the Remaining Letter of Credit Obligations, and the New Halliburton Note;

13.09 *New Note Indenture.* The New Note Indenture shall have been qualified under the Trust Indenture Act of 1939, as amended; and

13.10 *Letter of Credit.* The Remaining Letter of Credit Obligations as set forth in Section 1.61 hereof shall have been allowed and treated as provided in Section 3.06 hereof.



RAM00096

## ARTICLE XIV

### MISCELLANEOUS PROVISIONS

14.01 *Cram-Down.* In the event any impaired Class shall fail to accept this Plan in accordance with Section 1129(a) of the Bankruptcy Code, Crystal reserves the right to request the Bankruptcy Court to confirm the Plan in accordance with the provisions of Section 1129(b) of the Bankruptcy Code.

14.02 *Reclamation Claims.* Pursuant to Section 546(c) of the Bankruptcy Code, entities who sold goods to Crystal in the ordinary course of Crystal's business after the date Crystal may have been deemed "Insolvent" under Section 546(c) may have a Claim against Crystal for the reclamation of such goods. Pursuant to Section 546(c) such Claimants must make a reclamation demand in writing within ten days after Crystal receives such goods.

14.03 *Compliance With Tax Requirements.* In connection with this Plan, Crystal shall comply with all withholding and reporting requirements imposed by federal, state and local taxing authorities and distributions hereunder shall be subject to such withholding and reporting requirements.

14.04 *Revocation.* Crystal reserves the right to revoke and withdraw this Plan at any time prior to the Confirmation Date.

14.05 *Effect of Withdrawal of Revocation.* If Crystal revokes or withdraws this Plan prior to the Confirmation Date, or if the Confirmation Date or the Effective Date does not occur, then this Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against Crystal or any other person or to prejudice in any manner the rights of Crystal or any person in any further proceedings involving Crystal.

14.06 *Headings.* Headings are utilized in this Plan for convenience and reference only, and shall not constitute a part of this Plan for any other purpose.

14.07 *Due Authorization by Creditors.* Each and every creditor who elects to participate in the distributions provided for herein warrants that he is authorized to accept in consideration of his Claim against Crystal the distributions provided for in this Plan and that there are not outstanding commitments, agreements, or understandings, express or implied, that may or can in any way defeat or modify the rights conveyed or obligations undertaken by him under this Plan.

14.08 *Entire Agreement.* This Plan, as described herein, in the Disclosure Statement and Exhibits thereto, and in any other disclosure statement approved by the Bankruptcy Court with respect to this Plan sets forth the entire agreement and understanding among the parties hereto relating to the subject matter hereof and supersedes all prior discussions and documents. No party hereto shall be bound by any terms, conditions, definitions, warranties, understandings, or representations with respect to the subject matter hereof, other than as expressly provided for herein or as may hereafter be agreed to by the parties in writing.

## ARTICLE XV

### MODIFICATION OF THE PLAN

Crystal may propose amendments to or modifications of this Plan under Section 1127 of the Bankruptcy Code at any time prior to the Confirmation Date. After the Confirmation Date, Crystal may remedy any defects or omissions or reconcile any inconsistencies in this Plan or in the Final Order in such manner as may be necessary to carry out the purposes and intent of this Plan so long as the interest of claimants or interest holders are not materially and adversely affected.

## ARTICLE XVI

### Effective Date

This Plan takes effect on the 30th day following the entry of the Confirmation Order if the Confirmation Order has not been stayed on appeal by a court of competent jurisdiction. If the Confirmation Order is stayed on appeal, this Plan shall take effect 15 days after such stay is dissolved by Final Order.

CRYSTAL OIL COMPANY

By _____
J. N. Averett, Jr.
*President*

Dated: December 1, 1986



RAM00098

EXHIBIT A

# ARTICLES OF AMENDMENT TO THE ARTICLES OF INCORPORATION OF CRYSTAL OIL COMPANY

EXHIBIT A

# ARTICLES OF AMENDMENT TO THE ARTICLES OF INCORPORATION OF CRYSTAL OIL COMPANY

Pursuant to the provisions of Sections 12:32 and 12:162 of the Louisiana Business Corporation Law, Crystal Oil Company, a Louisiana corporation (the "Company"), adopts the following Articles of Amendment to its Articles of Incorporation:

FIRST: On ..... 1986, the United States Bankruptcy Court for the Western District of Louisiana, Shreveport Division (the "Bankruptcy Court"), pursuant to the provisions of Chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 1101 *et. seq.*, confirmed a Plan of Reorganization of the Company (the "Plan") in *In The Matter of Crystal Oil Company*, Case No. 86-586-02834 (Chapter 11).

SECOND: The Plan provides that the Fourth Article of the Articles of Incorporation of the Company is to be amended in its entirety to read as follows:

"FOURTH: The aggregate number of shares which the corporation shall have the authority to issue is Two Billion Four Hundred and Fifty Million (2,450,000,000), consisting of two classes. The designation of each class, the number of shares of each class, and the par value of the shares of each class are as follows:

| Number of Shares | Class | Par Value Per Share |
|---|---|---|
| 2,300,000,000 | Common Stock | $.01 |
| 150,000,000 | Preferred Stock | $.01 |

The preferences, limitations and relative rights in respect of the shares of each class and the variations of the relative rights and preferences as between series of any preferred or special class in series, if any, as shall be provided for, are as follows:

A. COMMON STOCK

1. *Voting Rights of Common Stock.* Each holder of Common Stock shall be entitled to one vote for each share of Common Stock held thereby on each matter submitted to a vote of the shareholders of the corporation. No shareholder shall be entitled to cumulate his votes in the election of directors of the corporation, but each share shall be entitled to one vote in the election of each director.

2. *Dividends on Common Stock.* The holders of Common Stock shall be entitled to receive dividends on shares of Common Stock when, if and as declared by the Board of Directors of the corporation.

3. *Distribution on Common Stock in the Event of Dissolution, Liquidation or Winding Up.* In the event of any voluntary or involuntary dissolution, liquidation or winding up of the corporation, after payment or provision for payment of the debts and other liabilities of the corporation and the amounts to which the holders of all classes of Preferred Stock may be entitled, the holders of the Common Stock shall be entitled to share ratably in the remaining assets of the corporation.

B. PREFERRED STOCK

1. *Authority of the Board of Directors to Amend the Articles of Incorporation to Fix the Preferences, Limitations and Relative Rights of Preferred Stock.* There is hereby vested in the Board of Directors of the corporation the authority to amend these Articles of Incorporation by resolution of such Board of Directors to fix the preferences, limitations and relative rights of the shares of Preferred Stock, and to establish and fix variations in relative rights as between series of Preferred Stock. In such regard and subject only to the limitations set forth in paragraph 2 below and by law, the Board

of Directors of the corporation may by resolution from time to time classify or reclassify and issue in one or more series any unissued shares of Preferred Stock, and may fix or alter in any one or more respects, from time to time before issuance of such shares, the number and designation of any series or classification, liquidation and dividend rights, preferences, voting powers, redemption rights, conversion rights, and any other rights, restrictions and qualifications of and the terms of any purchase, retirement or sinking fund which may be provided for such shares of Preferred Stock.

2. *Restriction on Non-Voting Securities.* Notwithstanding the provisions of paragraph 1 above relating to the authority of the Board of Directors of the corporation to fix the preferences, limitations and relative rights of the shares of Preferred Stock, and to establish and fix variations in the relative rights as between series of Preferred Stock, the Board of Directors of the corporation (a) may not authorize the issuance of any class or series of Preferred Stock without voting rights and (b) shall provide with respect to each class or series of Preferred Stock for an appropriate distribution of the voting power of the corporation, including, in the case of any class or series of Preferred Stock having a preference over the Common Stock or any other class or series of Preferred Stock with respect to dividends, adequate provision for the election of directors representing such class or series of Preferred Stock in the event of default in the payment of such dividends."

THIRD: The filing of these Articles of Amendment to the Company's Articles of Incorporation is provided for in the Plan and in the order of the Bankruptcy Court confirming the Plan.

FOURTH: The preferences, limitations and relative rights in respect of the shares of each class of capital stock of the Company and the variations in the relative rights and preferences as between each series of preferred or special class of capital stock of the Company are described in the Second Article of these Articles of Amendment to the Company's Articles of Incorporation.

IN WITNESS WHEREOF, the Company, as authorized and directed by the order of the Bankruptcy Court confirming the Plan, has caused these Articles of Amendment to the Articles of Incorporation of the Company to be signed by J. N. Averett, Jr., its President, and L. G. Caskey, its Secretary, respectively, on this ..... day of ..... 1986.

CRYSTAL OIL COMPANY

By .....
J. N. AVERETT, JR.
*President*

By .....
L. G. CASKEY
*Secretary*



RAM00101

STATE OF LOUISIANA
PARISH OF CADDO } SS.:

BEFORE ME, ..... a Notary in and for the said State and Parish, this day personally appeared J. N. Averett, Jr., appearing herein in his capacity as President of Crystal Oil Company, to me personally known to be the identical person whose name is subscribed to the foregoing instrument as representing Crystal Oil Company and acknowledged to me in the presence of the undersigned witnesses, that he executed the same on the date hereof on behalf of said Corporation, and that it was executed for the uses, purposes and considerations therein expressed by authority of the United States Bankruptcy Court for the Western District of Louisiana, Shreveport Division, as the free act and deed of the Corporation.

IN WITNESS WHEREOF, I have hereunto signed this acknowledgment with the appearer and the two competent witnesses at Shreveport, Louisiana, on the ..... day of ..... 1986, after reading of the whole.

.....
J. N. AVERETT, JR.
*President*

WITNESSES:

.....

.....

.....
NOTARY

.....
My Commission expires



RAM00102

EXHIBIT B

# CERTIFICATE OF DESIGNATION, VOTING POWERS, PREFERENCES AND RIGHTS OF THE $.06 SENIOR CONVERTIBLE VOTING PREFERRED STOCK

EXHIBIT B

# CERTIFICATE OF DESIGNATION, VOTING POWERS, PREFERENCES AND RIGHTS OF THE $.06 SENIOR CONVERTIBLE VOTING PREFERRED STOCK OF CRYSTAL OIL COMPANY

Crystal Oil Company, a Louisiana corporation (the "Company"), pursuant to Sections 12:33 and 12:24B(6) of Louisiana Business Corporation Law, certifies that the Board of Directors of the Company at a meeting thereof duly called and held on [the Effective Date], at which a quorum was present and acting throughout, duly adopted the following resolutions providing for the issuance of a series of preferred stock, $.01 par value, to be designated the "$.06 Senior Convertible Voting Preferred Stock" and to consist of 50,062,000 shares:

RESOLVED, that pursuant to the authority expressly vested in the Board of Directors by Article Four of the Articles of Incorporation of the Company (which creates and authorizes 150,000,000 shares of Serial Preferred Stock having the par value of $.01 per share ("Serial Preferred Stock"), of which no shares are currently outstanding), there is hereby designated and authorized for issuance in connection with the confirmation of a Plan of Reorganization of the Company (the "Plan") under Chapter 11 of the United States Bankruptcy Code, a series of Serial Preferred Stock, $.01 par value, entitled "$.06 Senior Convertible Voting Preferred Stock" consisting of fifty million sixty-two thousand (50,062,000) shares (the "Senior Preferred Stock"); and

RESOLVED, that the Senior Preferred Stock shall have the following powers, preferences and relative, participating, voting, optional, conversion and other special rights, and the qualifications, limitations and restrictions thereon, in addition to those set forth in Article Four of the Articles of Incorporation of the Company:

(a) *Dividends.* The holders of shares of Senior Preferred Stock shall be entitled to receive, when, if, and as declared by the Board of Directors, noncumulative dividends out of funds legally available therefor in cash at the rate of $.06 per share per annum, and no more, payable annually on the fifteenth day of April in each year commencing [April after the Effective Date]. Dividends shall be payable to holders of record, as they appear on the stock transfer books of the Company, on such record dates as may be declared by the Board of Directors not more than sixty (60) days nor less than ten (10) days preceding the payment dates for such dividends. Notwithstanding the above, no dividends, whether in cash, stock or otherwise shall be paid or declared with respect to, nor shall any distribution be made on, the Senior Preferred Stock unless (i) there shall not be outstanding any Superior Indebtedness (as defined in the Indenture of Mortgage, Deed of Trust, Assignment and Security Agreement dated as of [the Effective Date], between the Company and J. Henry Schroder Bank & Trust Company pursuant to which the Company's Non-Interest Bearing Subordinated Convertible Secured Notes due [ten years after the Effective Date] (the "Notes"), were issued, (ii) any required sinking fund obligation of the Company with respect to the Notes shall have been made or provided for, (iii) after giving effect to such dividend or distribution the Company shall have at least $1.00 in consolidated retained earnings (calculated in accordance with generally accepted accounting principles then existing) and (iv) the declaration and payment of such dividends or the making of such distribution would not violate any applicable law or provision of any material contract to which the Company is a party. The determination of the amount of the Company's consolidated retained earnings shall be made as of the last day of the preceding month in which it is determined by the independent public accountants then engaged by the Company to audit the accounts of the Company generally, whose determination shall be conclusive.

(b) *Dividend Preference.* So long as any shares of Senior Preferred Stock are outstanding, no dividends whatsoever, whether in cash, stock or otherwise (except for dividends paid in shares of "junior stock" as defined below) shall be paid or declared, nor shall any distribution be made, on any junior stock, nor shall any shares of junior stock (other than junior stock acquired in exchange for junior stock, or out of proceeds of the issue of other junior stock for cash) be purchased, redeemed, retired or otherwise acquired

for valuable consideration by the Company, unless the circumstances described in (i) through (iv) of section (a) hereof under which the Company may declare and pay a dividend on the Senior Preferred Stock shall have been met and all required dividends, if any, on the Senior Preferred Stock for all past periods, including the dividend period immediately preceding such event, shall have been declared and paid or a sum sufficient for the payment thereof set apart for such payment. The term "junior stock" as used herein shall mean the common stock, $.01 par value ("Common Stock"), of the Company and all other shares of stock of the Company by their terms ranking junior to the Senior Preferred Stock as to dividends, rights to redemption (through sinking fund payments or otherwise) and distribution of assets upon a liquidation, dissolution or winding up of the Company.

(c) *Liquidation Preference.* Upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, the Senior Preferred Stock shall be entitled, before any distribution is made on the Common Stock or any other junior stock of the Company, to be paid $1.00 per share, plus all accrued and unpaid dividends to the date of such distribution. A consolidation or merger of the Company shall not be deemed to be a liquidation, dissolution or winding up of the Company.

(d) *Optional Redemption.* The Senior Preferred Stock shall be redeemable, in whole or in part, at the option of the Company, at any time or from time to time, at a redemption price of $1.00 per share plus any accrued and unpaid dividends thereon upon giving the notice provided below. Notice of redemption shall be mailed at least thirty (30) days but not more than sixty (60) days before the redemption date to each holder of record of shares of Senior Preferred Stock to be redeemed at the address shown on the stock transfer books of the Company (but no failure to mail such notice or any defect therein or in the mailing thereof shall affect the validity of the proceedings for such redemption except as to the holder to whom the Company has failed to mail such notice or except as to the holder whose notice was defective). The Company may not redeem less than all outstanding shares of Senior Preferred Stock unless all dividends, if any, on the Senior Preferred Stock for all past periods shall have been declared and paid or set apart for payment upon all outstanding shares of Senior Preferred Stock for the current dividend period. Shares of Senior Preferred Stock redeemed by the Company shall be restored to the status of authorized but unissued shares of Serial Preferred Stock, without designation as to series, and may thereafter be issued.

(e) *Restrictions on Dividends and Other Payments on Junior Stock.* So long as any shares of Senior Preferred Stock are outstanding, no dividends whatsoever, whether in cash, stock or otherwise, shall be paid or declared on, nor shall any distribution be made on, nor shall there be purchased, redeemed or retired or otherwise acquired for valuable consideration by the Company or any subsidiary of the Company, nor shall any distribution be made upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, on any junior stock unless (i) all dividends, if any, required to be paid on the Senior Preferred Stock for all past periods, including the dividend period immediately preceding such event, shall have been paid and declared or a sum sufficient for the payment thereof set apart and (ii) in the case of any voluntary or involuntary liquidation, dissolution or winding up of the Company, there shall have been distributed to the holders of Senior Preferred Stock all amounts to which they are entitled pursuant to section (c) hereof.

(f) *Conversion.* The holder of any shares of Senior Preferred Stock shall have the right at his option at any time, subject to the provisions of this section (f), to convert any such shares into Common Stock of the Company at the rate of four and one-half shares of fully paid and nonassessable Common Stock for each share of Senior Preferred Stock, as such rate may be adjusted from time to time, *provided, however,* that, with respect to any share of Senior Preferred Stock which shall be called for redemption, such right of conversion shall cease and terminate at the close of business on the day immediately preceding the date fixed for redemption of such share unless the Company shall default in payment or in providing for payment of the redemption price. The number of shares of Common Stock issuable at any time (and as adjusted from time to time) upon conversion of one share of Senior Preferred Stock is hereinafter called the "Conversion Rate".

The Conversion Rate shall be subject to the following adjustments:

(i) If the Company shall pay a dividend or make a distribution upon its Common Stock in shares of its Common Stock, then the Conversion Rate in effect immediately prior to the record date fixed for the determination of shareholders entitled to such dividend or distribution shall be increased in proportion to the increase in the number of outstanding shares of Common Stock effected through such stock dividend or distribution, such adjustment to become effective immediately after the opening of business on the day following such record date.

(ii) If the Company shall subdivide the outstanding shares of its Common Stock into a greater number of shares of Common Stock or combine the outstanding shares of Common Stock into a smaller number of shares of Common Stock, or issue by reclassification of its Common Stock any shares of the Company, then the Conversion Rate in effect immediately prior thereto shall be adjusted so that a holder of Senior Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number of shares that he would have owned or have been entitled to receive after the happening of any of the events described above had such Senior Preferred Stock been converted immediately prior to the happening of such event, such adjustment to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination or reclassification, as the case may be, becomes effective.

(iii) If the Company shall issue rights or warrants (other than warrants issued or to be issued pursuant to the Plan) to all holders of its Common Stock entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the current market price per share of Common Stock on the date of such issuance, then in each case the Conversion Rate in effect immediately prior thereto shall be adjusted so that the number of shares of Common Stock into which each share of Senior Preferred Stock shall thereafter be convertible shall be determined by multiplying the number of shares of Common Stock into which such share was theretofore convertible by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of additional shares of Common Stock offered for subscription or purchase, and the denominator of which shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of shares of Common Stock which the aggregate offering price of the total number of shares so offered would purchase at the current market price per share of Common Stock.

(iv) If the Company shall distribute to all holders of its Common Stock evidences of indebtedness or securities or assets (excluding those referred to in subsections (i), (ii) and (iii) of this section (f), those securities to be issued pursuant to the Plan and cash dividends payable out of consolidated retained earnings or dividends payable in shares of Common Stock), then the Conversion Rate in effect immediately prior to the record date for the determination of shareholders entitled thereto shall be adjusted by multiplying such Conversion Rate by a fraction, the numerator of which shall be the current market price per share of Common Stock on the date of such distribution and the denominator of which shall be such current market price per share of the Common Stock, less the fair market value (determined by the Board of Directors, whose determination shall be conclusive) of the portion of the assets or securities or evidences of indebtedness so distributed applicable to one share of Common Stock, such adjustment to become effective immediately after the opening of business on the day following the record date for the determination of shareholders entitled to receive such distribution. For purposes of this subsection (iv), consolidated retained earnings shall be determined by the independent public accountants then engaged by the Company to audit the accounts of the Company generally, whose determination shall be conclusive.

No adjustment in the Conversion Rate shall be made if, at the same time as the Company shall distribute property or issue securities of the Company as a dividend or distribution on the outstanding Common Stock, which would otherwise call for an adjustment in the Conversion Rate, the Company shall distribute such property or issue shares of such junior stock as a dividend or distribution on the outstanding Senior Preferred Stock equivalent to the amount of property or the number of shares distributable on the shares of Common Stock into which the Senior Preferred Stock is then convertible.



RAM00106

No adjustment in the Conversion Rate shall be made by reason of the issuance of shares of Common Stock or any security convertible into or exercisable for shares of Common Stock in exchange for cash, property or services.

If the Company shall be consolidated with or merged into any other company, then provisions shall be made as part of the terms of such consolidation or merger whereby the holders of any shares of Senior Preferred Stock outstanding immediately prior to such event shall thereafter be entitled to such conversion rights with respect to securities of the Company resulting from such consolidation or merger as shall be substantially equivalent to the conversion rights provided herein.

Notwithstanding anything in this section (f) to the contrary, the Company shall not be required, except as hereinafter provided, to make any adjustment of the Conversion Rate in any case in which the amount by which such Conversion Rate would be increased in accordance with the foregoing provisions would be less than one-hundredth of a share of Common Stock, but in such case any adjustment that would otherwise be required then to be made will be carried forward and made at the time at which the next subsequent adjustment which, together with any and all such adjustments so carried forward, shall amount to one-hundredth or more of a share of Common Stock, *provided, however*, that such adjustment shall be made in all events (regardless of whether or not the amount thereof or the cumulative amount thereof equals or exceeds one-hundredth of a share of Common Stock) not later than three years after the occurrence of the events specified in subsections (i) through (iv) of this section (f). In the event of any stock dividend, subdivision or other event referred to in subsection (i) or (ii) of this section (f) such amount of one-hundredth (as theretofore decreased or increased) shall be proportionately decreased or increased.

If more than one share of Senior Preferred Stock shall be surrendered for conversion at one time by the same holder, the number of full shares which shall be issuable upon conversion shall be determined on the basis of the aggregate number of shares so surrendered. No fraction of a share of Common Stock shall be issued upon conversion, but in lieu thereof the Company shall, notwithstanding any other provision of this section (f), pay cash equal to such fraction multiplied by the current market price per share of the Common Stock at the date of conversion.

Whenever the Conversion Rate is adjusted, the Company shall as soon as practicable (but in any event not later than 30 days after the event causing the adjustment) send to the transfer agent for the Senior Preferred Stock and the holders of the Senior Preferred Stock at the names and addresses as then listed in the transfer records of the Company a statement signed by two officers of the Company, stating the adjusted Conversion Rate and sufficient facts to show the reason for and the manner of computing the adjustments.

The purchase or other acquisition by the Company of Common Stock or other securities of the Company shall not effect any adjustment of the Conversion Rate.

For the purposes of this section (f), the term "current market price" shall mean the average daily closing price for a share of Common Stock for the 10 consecutive trading days commencing 20 days before the date of issuance of securities or grant of options or other day in question. The closing price per share of Common Stock for each such day shall be the last reported sales price regular way or, in the case no such reported sale takes place on such day, the reported closing bid price regular way on the principal national or regional securities exchange on which the shares of Common Stock are listed or admitted to trading as determined by the Company, which determination shall be conclusive, or, if not listed or admitted to trading on any national or regional securities exchange, the bid price per share of Common Stock as reported by the National Association of Securities Dealers Automated Quotation System or the National Quotation Bureau Incorporated or otherwise in the over-the-counter market, and if the Common Stock is not traded, as determined by the Board of Directors of the Company in good faith to be the fair value of one share of the Common Stock.

The Company shall at all times reserve and keep available, free from preemptive rights, out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of shares of Senior Preferred Stock, the full number of whole shares of Common Stock then issuable upon the conversion or exchange of all shares of Senior Preferred Stock at the time outstanding. For the purpose of



RAM00107

this paragraph, the full number of shares of Common Stock issuable upon the conversion of all outstanding shares of Senior Preferred Stock shall be computed as if at the time of computation of such number of shares of Common Stock all outstanding shares of Senior Preferred Stock were held by a single holder. The Company shall from time to time, in accordance with the laws of the State of Louisiana, use its best efforts to increase the authorized amount of its Common Stock if at any time the authorized amount of its Common Stock remaining unissued shall not be sufficient to permit the conversion of all shares of Senior Preferred Stock at the time outstanding. If any shares of Common Stock required to be reserved for issuance upon conversion of shares of Senior Preferred Stock hereunder require registration with or approval of any governmental authority under any federal or state law before such shares may be issued upon such conversion, the Company shall in good faith and as expeditiously as possible endeavor to cause such shares to be so registered or approved.

The Company shall pay any and all taxes that may be payable in respect of the issue or delivery of shares of Common Stock on conversion of the shares of Senior Preferred Stock pursuant hereto. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue or transfer and delivery of shares of Common Stock in a name other than that in which the shares of Senior Preferred Stock so converted were registered, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Company the amount of any such tax or has established to the satisfaction of the Company that such tax has been paid.

Before any holder of shares of Senior Preferred Stock shall be entitled to convert the same into Common Stock, such holder shall surrender the certificate or certificates therefor, duly endorsed or assigned to the Company or in blank, at the office of any transfer agent for such stock or at such other place or places, if any, as the Board of Directors of the Company may have designated, and shall give written notice to the Company at such office or place that such holder elects to convert the same and shall state in writing therein the name or names (with addresses) in which such holder wishes the certificate or certificates for Common Stock to be issued. Shares of Senior Preferred Stock surrendered for conversion during the period from the close of business on any record date for the payment of a dividend on the shares of Senior Preferred Stock to the opening of business on the date for payment of such dividend shall (except in the case of shares of Senior Preferred Stock which have been called for redemption on a redemption date within such period) be accompanied by payment of an amount equal to the dividend payable on such dividend payment date on the shares of Senior Preferred Stock being surrendered for conversion. Except as provided in the preceding sentence, no payment or adjustment shall be made upon any conversion on account of any dividend accrued on the shares of Senior Preferred Stock surrendered for conversion or on account of any dividends on the Common Stock issued upon conversion. The Company will, as soon as practicable thereafter, issue and deliver at such office or place to such holder of shares of Senior Preferred Stock, or to such holder's nominee or nominees, certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid. Shares of Senior Preferred Stock shall be deemed to have been converted as of the close of business on the date of the surrender of such shares for conversion as provided above, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common Stock as of the close of business on such date.

(g) *Voting.* In addition to any voting rights which may be provided by law, holders of Senior Preferred Stock shall have the voting rights set forth below:

(i) Subject to the provision for adjustment hereinafter set forth, each share of Senior Preferred Stock shall entitle the holder thereof to two votes for the election of directors and on all other matters submitted to a vote of shareholders of the Company.

(ii) Except as otherwise provided herein or by law, the holders of shares of Senior Preferred Stock and the holders of shares of Common Stock and all other capital stock of the Company entitled to vote generally in the election of directors and on all matters submitted to a vote of shareholders ("Voting Stock") shall vote together as one class on all matters submitted to a vote of shareholders of the Company.

(iii) In the event the Company shall at any time declare or pay any dividend on the Common Stock payable in shares of any class or series of Voting Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock or a reclassification of the Common Stock (otherwise than by payment of a dividend in shares of any class or series of such Voting Stock) into a greater or lesser number of shares of Common Stock, then in each case the number of votes per share to which the holders of shares of Senior Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which shall be the number of votes which the holders of the outstanding Common Stock had immediately after such event and the denominator of which shall be the number of votes which such holders had immediately prior to such event.

(iv) If at any time there shall be payable dividends on the shares of Senior Preferred Stock pursuant to section (a) hereof and such dividends shall be unpaid for more than 180 days, then the holders of Senior Preferred Stock then outstanding (voting as a class) shall have the right to elect two members of the Board of Directors of the Company. Such voting power shall terminate when all unpaid dividends on all outstanding shares of Senior Preferred Stock shall have been paid or declared and set aside for payment. Whenever the holders of the Senior Preferred Stock shall have the right as a class to elect directors, the Board of Directors of the Company may be increased by two directors, subject to the limitations set forth below, and the holders of the Senior Preferred Stock shall have the exclusive right as a class to elect two directors at the next annual meeting of shareholders and at each subsequent annual meeting of shareholders unless such right shall have terminated. Such two directors to be elected may be in addition to the number of directors theretofore authorized to be elected by the holders of all the Voting Stock unless the authorized number of directors of the Company would be increased beyond the then maximum authorized number thereof, in which event the number of directors to be elected by the holders of all the Voting Stock shall be decreased so that two of the directors to be elected at such annual meeting of shareholders shall be elected by the holders of the Senior Preferred Stock and the remaining directors shall be elected by the holders of the Common Stock. Upon the termination of the right of the holders of the Senior Preferred Stock to vote for directors, the term of office of all directors then in office elected by the holders of the Senior Preferred Stock shall terminate immediately. If the office of any director elected by the holders of the Senior Preferred Stock shall become vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise the remaining directors elected by such holders may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(v) So long as any shares of Senior Preferred Stock are outstanding, the Company shall not, without the affirmative vote or consent of the holders of at least a majority of the outstanding shares of Senior Preferred Stock, voting as a class (with each share of Senior Preferred Stock entitled to one vote), given in person or by proxy, either in writing or by vote at an annual meeting or a special meeting called for the purpose of such vote, (A) alter or amend the powers, designations, preferences and rights or qualifications, limitations or restrictions of the Senior Preferred Stock as set forth in this resolution in any way which would materially and adversely affect any right, preference or privilege of the Senior Preferred Stock or (B) authorize the merger or consolidation of the Company if the effect of such merger or consolidation would be to materially alter or change the powers, preferences or rights given to the holders of any shares of Senior Preferred Stock. Notwithstanding anything in this subsection (v) to the contrary, the issuance of additional shares of Common Stock or the creation and issuance of other series of preferred stock ranking junior to the Senior Preferred Stock with respect to distribution of assets upon liquidation, dissolution or winding up shall not be deemed to either materially or adversely affect any right, preference or privilege of the Senior Preferred Stock.

(vi) So long as any shares of Senior Preferred Stock are outstanding, the Company shall not, without the affirmative vote or consent of the holders of at least a majority of the outstanding shares of Senior Preferred Stock given in person or by proxy, either in writing or by vote at an annual meeting or a special meeting called for the purpose of such vote, issue any new shares of Senior Preferred Stock or authorize or create any class or series of capital stock of the Company ranking superior, either

as to payment of dividends, rights to redemption (through operation of a sinking fund or otherwise) or as to amounts distributable upon liquidation, dissolution, distribution or sale of assets, equal or prior to the Senior Preferred Stock.

(vii) Except as set forth herein, holders of the Senior Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with the holders of Voting Stock as set forth herein) for taking any corporate action.

IN WITNESS WHEREOF, the Company has caused this Certificate to be executed by its President and its Secretary, thereunto duly authorized, this ..... day of ....., 1986, and its corporate seal to be thereunto affixed.

CRYSTAL OIL COMPANY

By _____
J. N. Averett, Jr.
*President*

Attest:

By _____
*Secretary*

EXHIBIT C

# CERTIFICATE OF DESIGNATION, VOTING POWERS, PREFERENCES AND RIGHTS OF THE SERIES A CONVERTIBLE VOTING PREFERRED STOCK

EXHIBIT C

# CERTIFICATE OF DESIGNATION, VOTING POWERS, PREFERENCES AND RIGHTS OF THE SERIES A CONVERTIBLE VOTING PREFERRED STOCK OF CRYSTAL OIL COMPANY

Crystal Oil Company, a Louisiana corporation (the "Company"), pursuant to Sections 12:33 and 12:24B(6) of Louisiana Business Corporation Law, certifies that the Board of Directors of the Company at a meeting thereof duly called and held on [the Effective Date], at which a quorum was present and acting throughout, duly adopted the following resolutions providing for the issuance of a series of preferred stock, $.01 par value, to be designated the "Series A Convertible Voting Preferred Stock" and to consist of 66,867,000 shares:

RESOLVED, that pursuant to the authority expressly vested in the Board of Directors by Article Four of the Articles of Incorporation of the Company (which creates and authorizes 150,000,000 shares of Serial Preferred Stock having the par value of $.01 per share ("Serial Preferred Stock"), of which 50,062,000 shares designated as the $.06 Senior Convertible Voting Preferred Stock (the "Senior Preferred Stock") are currently outstanding), there is hereby designated and authorized for issuance in connection with the confirmation of a Plan of Reorganization of the Company (the "Plan") under Chapter 11 of the United States Bankruptcy Code, a series of Serial Preferred Stock, $.01 par value, entitled "Series A Convertible Voting Preferred Stock" consisting of sixty-six million eight hundred and sixty-seven thousand (66,867,000) shares (the "Series A Preferred Stock"); and

RESOLVED, that the Series A Preferred Stock shall have the following powers, preferences and relative, participating, voting, optional, conversion and other special rights, and the qualifications, limitations and restrictions thereon, in addition to those set forth in Article Four of the Articles of Incorporation of the Company:

(a) *Dividends.* The holders of shares of Series A Preferred Stock shall not be entitled to receive any dividends as a class or in participation with the holders of the Common Stock, $.01 par value ("Common Stock"), of the Company.

(b) *Dividend Restriction.* So long as any shares of Series A Preferred Stock are outstanding, no dividends whatsoever, whether in cash, stock or otherwise (except for dividends paid in shares of "junior stock" as defined below) shall be paid or declared, nor shall any distribution be made, on any junior stock, nor shall any shares of junior stock (other than junior stock acquired in exchange for junior stock, or out of proceeds of the issue of other junior stock for cash) be purchased, redeemed, retired or otherwise acquired for valuable consideration by the Company, unless (i) there shall not be outstanding any Superior Indebtedness (as defined in the Indenture of Mortgage, Deed of Trust, Assignment and Security Agreement dated as of [the Effective Date], between the Company and J. Henry Schroder Bank & Trust Company pursuant to which the Company's Non-Interest Bearing Convertible Subordinated Secured Notes due [ten years after the Effective Date] (the "Notes"), were issued, (ii) any required sinking fund obligation of the Company with respect to the Notes shall have been made or provided for, (iii) after giving effect to such dividend, distribution, purchase, redemption, retirement or other acquisition, the Company shall have at least $1.00 in consolidated retained earnings (calculated in accordance with generally accepted accounting principles then existing) and (iv) the declaration and payment of such dividends or distributions or the purchase, redemption, retirement or acquisition would not violate any applicable law or provision of any material contract to which the Company is a party. The term "junior stock" as used herein shall mean the Common Stock and all other shares of stock of the Company by their terms ranking junior to the Series A Preferred Stock as to dividends, rights to redemption (through sinking fund payments or otherwise) and distribution of assets upon a liquidation, dissolution or winding up of the Company. The determination of the amount of the Company's consolidated retained earnings shall be made as of the last day of the preceding month in which it is determined by the independent public accountants then engaged by the Company to audit the accounts of the Company generally, whose determination shall be conclusive.

(c) *Liquidation Preference.* Subject to the rights of the holders of "senior stock", as defined below, upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of the Series A Preferred Stock shall be entitled, before any distribution is made on the Common Stock or any other junior stock of the Company, to be paid $1.00 per share of the Series A Preferred Stock held by them. The term "senior stock" as used herein shall mean the Senior Preferred Stock and all other shares of stock of the Company by their terms ranking senior to the Series A Preferred Stock as to dividends, rights to redemption (through sinking fund payments or otherwise) and distribution of assets upon a liquidation, dissolution or winding up of the Company. A consolidation or merger of the Company shall not be deemed to be a liquidation, dissolution or winding up of the Company.

(d) *Optional Redemption.* The Series A Preferred Stock shall be redeemable, in whole or in part, at the option of the Company, at any time or from time to time, at a redemption price of $1.00 per share upon giving the notice provided below. Notice of redemption shall be mailed at least thirty (30) days but not more than sixty (60) days before the redemption date to each holder of record of shares of Series A Preferred Stock to be redeemed at the address shown on the stock transfer books of the Company (but no failure to mail such notice or any defect therein or in the mailing thereof shall affect the validity of the proceedings for such redemption except as to the holder to whom the Company has failed to mail such notice or except as to the holder whose notice was defective). Shares of Series A Preferred Stock redeemed by the Company shall be restored to the status of authorized but unissued shares of Serial Preferred Stock, without designation as to series, and may thereafter be issued.

(e) *Restrictions on Payments on Liquidation.* So long as any shares of Series A Preferred Stock are outstanding, no distribution may be made upon any voluntary or involuntary liquidation, dissolution or winding up of the Company on any junior stock unless there shall have been distributed to the holders of Series A Preferred Stock all amounts to which they are entitled pursuant to section (c) hereof.

(f) *Conversion.* The holder of any shares of Series A Preferred Stock shall have the right at his option at any time, subject to the provision of this section (f), to convert any such shares into Common Stock of the Company at the rate of four shares of fully paid and nonassessable Common Stock for each share of Series A Preferred Stock, as such rate may be adjusted from time to time, *provided, however*, that, with respect to any share of Series A Preferred Stock which shall be called for redemption, such right of conversion shall cease and terminate at the close of business on the day immediately preceding the date fixed for redemption of such share unless the Company shall default in payment or in providing for payment of the redemption price. The number of shares of Common Stock issuable at any time (and as adjusted from time to time) upon conversion of one share of Series A Preferred Stock is hereinafter called the "Conversion Rate".

The Conversion Rate shall be subject to the following adjustments:

(i) If the Company shall pay a dividend or make a distribution upon its Common Stock in shares of its Common Stock, then the Conversion Rate in effect immediately prior to the record date fixed for the determination of shareholders entitled to such dividend or distribution shall be increased in proportion to the increase in the number of outstanding shares of Common Stock effected through such stock dividend or distribution, such adjustment to become effective immediately after the opening of business on the day following such record date.

(ii) If the Company shall subdivide the outstanding shares of its Common Stock into a greater number of shares of Common Stock or combine the outstanding shares of Common Stock into a smaller number of shares of Common Stock, or issue by reclassification of its Common Stock any shares of the Company, then the Conversion Rate in effect immediately prior thereto shall be adjusted so that a holder of Series A Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number of shares that he would have owned or have been entitled to receive after the happening of any of the events described above had such Series A Preferred Stock been converted immediately prior to the happening of such event, such adjustment to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination or reclassification, as the case may be, becomes effective.

(iii) If the Company shall issue rights or warrants (other than warrants issued or to be issued pursuant to the Plan) to all holders of Common Stock entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the current market price per share of Common Stock on the date of such issuance, then in each case the Conversion Rate in effect immediately prior thereto shall be adjusted so that the number of shares of Common Stock into which each share of Series A Preferred Stock shall thereafter be convertible shall be determined by multiplying the number of shares of Common Stock into which such share was theretofore convertible by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of additional shares of Common Stock offered for subscription or purchase, and the denominator of which shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of shares of Common Stock which the aggregate offering price of the total number of shares so offered would purchase at the current market price per share of Common Stock.

(iv) If the Company shall distribute to all holders of Common Stock evidences of indebtedness or securities or assets (excluding those referred to in subsections (i), (ii) and (iii) of this section (f), those securities to be issued pursuant to the Plan and cash dividends payable out of consolidated retained earnings or dividends payable in shares of Common Stock), then the Conversion Rate in effect immediately prior to the record date for the determination of shareholders entitled thereto shall be adjusted by multiplying such Conversion Rate by a fraction, the numerator of which shall be the current market price per share of Common Stock on the date of such distribution and the denominator of which shall be such current market price per share of the Common Stock, less the fair market value (determined by the Board of Directors, whose determination shall be conclusive) of the portion of the assets or securities or evidences of indebtedness so distributed applicable to one share of Common Stock, such adjustment to become effective immediately after the opening of business on the day following the record date for the determination of shareholders entitled to receive such distribution. For purposes of this subsection (iv), consolidated retained earnings shall be determined as of the last day of the preceding month for which it is determined by the independent public accountants then engaged by the Company to audit the accounts of the Company generally, whose determination shall be conclusive.

No adjustment in the Conversion Rate shall be made if, at the same time as the Company shall distribute property or issue securities of the Company as a dividend or distribution on the outstanding Common Stock, which would otherwise call for an adjustment in the Conversion Rate, the Company shall distribute such property or issue shares of such junior stock as a dividend or distribution on the outstanding Series A Preferred Stock equivalent to the amount of property or the number of shares distributable on the shares of Common Stock into which the Series A Preferred Stock is then convertible.

No adjustment in the Conversion Rate shall be made by reason of the issuance of shares of Common Stock or any security convertible into or exercisable for shares of Common Stock in exchange for cash, property or services.

If the Company shall be consolidated with or merged into any other company, then provisions shall be made as part of the terms of such consolidation or merger whereby the holders of any shares of Series A Preferred Stock outstanding immediately prior to such event shall thereafter be entitled to such conversion rights with respect to securities of the Company resulting from such consolidation or merger as shall be substantially equivalent to the conversion rights provided herein.

Notwithstanding anything in this section (f) to the contrary, the Company shall not be required, except as hereinafter provided, to make any adjustment of the Conversion Rate in any case in which the amount by which such Conversion Rate would be increased in accordance with the foregoing provisions would be less than one-hundredth of a share of Common Stock, but in such case any adjustment that would otherwise be required then to be made will be carried forward and made at the time at which the next subsequent adjustment which, together with any and all such adjustments so carried forward, shall amount to one-hundredth or more of a share of Common Stock, *provided, however*, that such adjustment shall be made in all events (regardless of whether or not the amount thereof or the cumulative amount thereof equals or exceeds one-hundredth of a share of Common Stock) not later than three years after the occurrence of the events specified in subsections (i) through (iv) of this section (f). In the event of any

stock dividend, subdivision or other event referred to in subsection (i) or (ii) of this section (f) said amount of one-hundredth (as theretofore decreased or increased) shall be proportionately decreased or increased.

If more than one share of Series A Preferred Stock shall be surrendered for conversion at one time by the same holder, the number of full shares which shall be issuable upon conversion shall be determined on the basis of the aggregate number of shares so surrendered. No fraction of a share of Common Stock shall be issued upon conversion, but in lieu thereof the Company shall, notwithstanding any other provision of this section (f), pay therefor cash equal to such fraction multiplied by the current market price per share of the Common Stock at the date of conversion.

Whenever the Conversion Rate is adjusted, the Company shall as soon as practicable (but in any event not later than 30 days after the event causing the adjustment) send to the transfer agent for the Series A Preferred Stock and the holders of the Series A Preferred Stock at the names and addresses as then listed in the transfer records of the Company a statement signed by two officers of the Company, stating the adjusted Conversion Rate and sufficient facts to show the reason for and the manner of computing the adjustments.

The purchase or other acquisition by the Company of Common Stock or other securities of the Company shall not effect any adjustment of the Conversion Rate.

For the purposes of this section (f), the term "current market price" shall mean the average daily closing price for a share of Common Stock for the 10 consecutive trading days commencing 20 days before the date of issuance of securities or grant of options or other day in question. The closing price per share of Common Stock for each such day shall be the last reported sales price regular way or, in the case no such reported sale takes place on such day, the reported closing bid price regular way on the principal national or regional securities exchange on which the shares of Common Stock are listed or admitted to trading as determined by the Company, which determination shall be conclusive, or, if not listed or admitted to trading on any national or regional securities exchange, the bid price per share of Common Stock as reported by the National Association of Securities Dealers Automated Quotation System or the National Quotation Bureau Incorporated or otherwise in the over-the-counter market, and if the Common Stock is not traded, as determined by the Board of Directors of the Company in good faith to be the fair value of one share of the Common Stock.

The Company shall at all times reserve and keep available, free from preemptive rights, out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of shares of Series A Preferred Stock, the full number of whole shares of Common Stock then issuable upon the conversion or exchange of all shares of Series A Preferred Stock at the time outstanding. For the purpose of this paragraph, the full number of shares of Common Stock issuable upon the conversion of all outstanding shares of Series A Preferred Stock shall be computed as if at the time of computation of such number of shares of Common Stock all outstanding shares of Series A Preferred Stock were held by a single holder. The Company shall from time to time, in accordance with the laws of the State of Louisiana, use its best efforts to increase the authorized amount of its Common Stock if at any time the authorized amount of its Common Stock remaining unissued shall not be sufficient to permit the conversion of all shares of Series A Preferred Stock at the time outstanding. If any shares of Common Stock required to be reserved for issuance upon conversion of shares of Series A Preferred Stock hereunder require registration with or approval of any governmental authority under any federal or state law before such shares may be issued upon such conversion, the Company shall in good faith and as expeditiously as possible endeavor to cause such shares to be so registered or approved.

The Company shall pay any and all taxes that may be payable in respect of the issue or delivery of shares of Common Stock on conversion of the shares of Series A Preferred Stock pursuant hereto. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue or transfer and delivery of shares of Common Stock in a name other than that in which the shares of Series A Preferred Stock so converted were registered, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Company the amount of any such tax or has established to the satisfaction of the Company that such tax has been paid.

Before any holder of shares of Series A Preferred Stock shall be entitled to convert the same into Common Stock, such holder shall surrender the certificate or certificates therefor, duly endorsed or assigned to the Company or in blank, at the office of any transfer agent for such stock or at such other place or places, if any, as the Board of Directors of the Company may have designated, and shall give written notice to the Company at such office or place that such holder elects to convert the same and shall state in writing therein the name or names (with addresses) in which such holder wishes the certificate or certificates for Common Stock to be issued. No payment or adjustment shall be made upon any conversion on account of any dividends on the Common Stock issued upon conversion. The Company will, as soon as practicable thereafter, issue and deliver at such office or place to such holder of shares of Series A Preferred Stock, or to such holder's nominee or nominees, certificates for the number of whole shares of Common Stock to which such holder shall be entitled as aforesaid, together with cash in lieu of any fraction of a share. Shares of Series A Preferred Stock shall be deemed to have been converted as of the close of business on the date of the surrender of such shares for conversion as provided above, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common Stock as of the close of business on such date.

(g) *Voting.* In addition to any voting rights which may be provided by law, holders of Series A Preferred Stock shall have the voting rights set forth below:

(i) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to one vote for the election of directors and on all other matters submitted to a vote of shareholders of the Company.

(ii) Except as otherwise provided herein or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock and all other capital stock of the Company entitled to vote generally in the election of directors and on all matters submitted to a vote of shareholders ("Voting Stock") shall vote together as one class on all matters submitted to a vote of shareholders of the Company.

(iii) In the event the Company shall at any time declare or pay any dividend on the Common Stock payable in shares of any class or series of Voting Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock or a reclassification of the Common Stock (otherwise than by payment of a dividend in shares of any class or series of such Voting Stock) into a greater or lesser number of shares of Common Stock, then in each case the number of votes per share to which the holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which shall be the number of votes which the holders of the outstanding Common Stock had immediately after such event and the denominator of which shall be the number of votes which such holders had immediately prior to such event.

(iv) So long as any shares of Series A Preferred Stock are outstanding, the Company shall not, without the affirmative vote or consent of the holders of at least a majority of the outstanding shares of Series A Preferred Stock, voting as a class (with each share of Series A Preferred Stock entitled to one vote), given in person or by proxy, either in writing or by vote at an annual meeting or a special meeting called for the purpose of such vote, (A) alter or amend the powers, designations, preferences and rights or qualifications, limitations or restrictions of the Series A Preferred Stock as set forth in this resolution in any way which would materially and adversely affect any right, preference or privilege of the Series A Preferred Stock or (B) authorize the merger or consolidation of the Company if the effect of such merger or consolidation would be to materially alter or change the powers, preferences or rights given to the holders of any shares of Series A Preferred Stock. Notwithstanding anything in this subsection (iv) to the contrary, the issuance of additional shares of Common Stock or the creation and issuance of other series of preferred stock ranking junior to the Series A Preferred Stock with respect to distribution of assets upon liquidation, dissolution or winding up shall not be deemed to either materially or adversely affect any right, preference or privilege of the Series A Preferred Stock.

(v) So long as any shares of Series A Preferred Stock are outstanding, the Company shall not, without the affirmative vote or consent of the holders of at least a majority of the outstanding shares of Series A Preferred Stock given in person or by proxy, either in writing or by vote at an annual meeting or a special meeting called for the purpose of such vote, issue any new shares of Series A Preferred Stock or authorize or create any class or series of capital stock of the Company ranking superior, either as to payment of dividends, rights to redemption (through operation of a sinking fund or otherwise) or as to amounts distributable upon liquidation, dissolution, distribution or sale of assets, equal or prior to the Series A Preferred Stock.

(vi) Except as set forth herein, holders of the Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with the holders of Voting Stock as set forth herein) for taking any corporate action.

IN WITNESS WHEREOF, the Company has caused this Certificate to be executed by its President and its Secretary, thereunto duly authorized, this ..... day of ..... 1986, and its corporate seal to be thereunto affixed.

CRYSTAL OIL COMPANY

By _____
J. N. Averett, Jr.
*President*

Attest:

By _____
*Secretary*



RAM00117

EXHIBIT D

[FORM OF FACE OF WARRANT CERTIFICATE]

..... Warrants

CUSIP .....

# CRYSTAL OIL COMPANY

Incorporated Under the Laws of the State of Louisiana

This Warrant Certificate certifies that ....., or registered assigns, is the registered holder of ..... Warrants (the "Warrants") to purchase Common Stock, par value $.01 per share (the "Common Stock"), of Crystal Oil Company, a Louisiana corporation (the "Company"). Each Warrant entitles the holder to purchase from the Company on or before the earlier of 5:00 p.m., New York City time, [twelve years after the Effective Date], and 5:00 p.m., New York City time, on the Call Date (as defined below) ..... fully paid and nonassessable share(s) of Common Stock of the Company at a per share exercise price (the "Warrant Price") of $..... upon surrender of this Warrant Certificate and payment of the Warrant Price at the principal corporate trust office of ..... (the "Warrant Agent") in ..... or such other office as may be designated pursuant to the terms of the Warrant Agreement dated as of ..... 198.... (the "Warrant Agreement"), duly executed and delivered by the Company to the Warrant Agent, but only subject to the conditions set forth herein and in the Warrant Agreement.

Payment of the Warrant Price shall be made (i) in cash in United States dollars or by certified or official bank check or bank draft or money order payable in United States dollars to the order of the Company, (ii) subject to certain restrictions described below, by surrendering for payment all or any portion of the principal amount of the Company's Non-Interest Bearing Convertible Subordinated Secured Notes due [ten years after the Effective Date] (the "Notes"), valued at 110% of the sum of the amount of the principal surrendered for payment (the "Surrendered Note Value"), (iii) subject to certain restrictions described below, by surrendering for payment shares of the Company's 5.06 Senior Convertible Voting Preferred Stock, $.01 par value (the "Senior Preferred Stock"), valued at 100% of the liquidation preference with respect to such shares or (iv) by any combination of the payment methods set forth in (i), (ii) and (iii) hereof. The number of Warrants that may be exercised at any one time by surrender of any principal amount of the Notes and/or by surrender of any shares of the Senior Preferred Stock shall have an aggregate Warrant Price closest to, but not greater than, the sum of the Surrendered Note Value attributable to that portion of the principal of the Notes so surrendered and the aggregate liquidation preference of the shares of Senior Preferred Stock so surrendered, with the difference between the aggregate Warrant Price and the sum of the Surrendered Note Value and the aggregate liquidation preference of the shares of Senior Preferred Stock surrendered to be paid in cash or by certified or official bank check or bank draft or money order payable in United States dollars to the order of the Company. Notes may be surrendered for payment of the Warrant Price with respect to any Warrants only in denominations of $500 and integral multiples thereof. As used herein, the term "Warrant Shares" refers to the Common Stock and, where appropriate, to the other securities or property issuable upon exercise of a Warrant as provided for in the Warrant Agreement upon the happening of certain events. The Warrant Price and the number of Warrant Shares purchasable upon exercise of the Warrants are subject to adjustment upon the occurrence of certain events set forth in the Warrant Agreement.

The Warrants are subject to call for early termination by the Company at any time during which the Average Monthly Market Price (as defined below) for the Common Stock for each month during the immediately preceding six-month period has been in excess of [$.125 and] 150% of the then effective Warrant Price. The term "Average Monthly Market Price" means, with respect to any given month, the arithmetic mean of the high and low sale prices (or if no sale prices are reported, the average of the high and low bid prices) of the Common Stock on each trading day during such month as reported by the principal national or regional stock exchange on which the Common Stock is listed, or if the Common

Stock is not listed on a national or regional stock exchange, as reported by the National Association of Securities Dealers Automated Quotation System or the National Quotation Bureau Incorporated or otherwise in the over-the-counter market. The Company will cause notice of the call for early termination to be mailed to the registered holder not less than 30 days nor more than 60 days prior to the date designated as the call date (the "Call Date") and to be published not less than 10 days nor more than 20 days prior to the Call Date at least once in one or more newspapers printed in the English language and in general circulation in the City of New York, New York.

Reference is hereby made to the further provisions of this Warrant Certificate set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as though fully set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed under its corporate seal.

CRYSTAL OIL COMPANY

By _____
J. N. Averett, Jr.
*President*

Attest:

By _____
L. G. Caskey,
*Secretary*

Countersigned:

_____
as Warrant Agent

By: _____
*Authorized Signature*

**THIS WARRANT CERTIFICATE SHALL NOT BE VALID UNLESS MANUALLY COUNTERSIGNED BY THE ABOVE-NAMED WARRANT AGENT.**

[FORM OF REVERSE OF WARRANT CERTIFICATE]

# CRYSTAL OIL COMPANY

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of ..... Warrants issued pursuant to the Warrant Agreement, which is hereby incorporated herein by reference and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties, and immunities thereunder of the Warrant Agent, the Company and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Warrants.

Warrants may be exercised to purchase Warrant Shares from the Company [at any time after one year after the Effective Date and] on or before the earlier of 5:00 p.m., New York City time, on [twelve years after the Effective Date], and 5:00 p.m., New York City time on the Call Date at the Warrant Price set forth on the face hereof, subject to adjustment as referred to below. The holder of Warrants evidenced by this Warrant Certificate may exercise such Warrants by surrendering this Warrant Certificate, with the form of election to purchase set forth hereon properly completed and executed, together with payment of the Warrant Price and any applicable transfer taxes at the principal corporate trust office of the Warrant Agent in ..... or such other office as may be designated. In the event that upon any exercise of Warrants evidenced hereby the number of Warrants exercised shall be less than the total number of Warrants evidenced hereby, there shall be issued to the holder hereof or his assignee a new Warrant Certificate evidencing the number of Warrants not exercised. No adjustment shall be made for any dividends on any Warrant Shares issuable upon exercise of this Warrant.

The Warrant Agreement provides that, upon the occurrence of certain events, the Warrant Price set forth on the face hereof may, subject to certain conditions, be adjusted. If the Warrant Price is adjusted, the Warrant Agreement provides that, at the election of the Company, either (i) the number of Warrants Shares purchasable upon the exercise of each Warrant shall be adjusted or (ii) each outstanding Warrant shall be adjusted to become a different number of Warrants. In the case of (ii), the Company will cause to be distributed to registered holders of Warrant Certificates either Warrant Certificates representing the additional Warrants issuable pursuant to the adjustment or substitute Warrant Certificates to replace all outstanding Warrant Certificates. No fractions of a Warrant will be issued upon any such adjustment but the persons entitled to such fractional interest will be paid, as provided in the Warrant Agreement, an amount in cash equal to the current market value of such fractional Warrant. The holder of a Warrant, by the acceptance of the Warrant, expressly waives his right to receive any fractional Warrant or any fractional share of Common Stock upon exercise of a Warrant.

Warrant Certificates, when surrendered at the principal corporate trust office of the Warrant Agent in ..... ....., or such other office as may be designated, by the registered holder thereof in person or by a legal representative duly authorized in writing, may be exchanged, in the manner and subject to the limitations provided for in the Warrant Agreement, but without payment of any service charge, for another Warrant Certificate or Warrant Certificates of like tenor evidencing in the aggregate a like number of Warrants.

Upon due presentment for registration of transfer of this Warrant Certificate at the principal corporate trust office of the Warrant Agent in ..... ....., or such other office as may be designated, a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided in the Warrant Agreement, without charge except for any tax or other governmental charge imposed in connection therewith.

The Company and the Warrant Agent may deem and treat the registered holder(s) hereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, and of any distribution to the holder(s) hereof, and for all other purposes, and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary.

All terms used in this Warrant Certificate which are defined in the Warrant Agreement shall have the meanings assigned to them in the Warrant Agreement.

## ELECTION TO PURCHASE

**(To be executed upon exercise of Warrant)**

The undersigned hereby irrevocably elects to exercise the right, represented by this Warrant Certificate, to purchase ..... Warrant Shares and herewith tenders in payment for such Warrant Shares (i) cash or a certified or official bank check or bank draft or money order payable to the order of Crystal Oil Company in the amount of $..... (ii), if applicable, a Note in the principal amount of $..... of which $..... principal having a Surrendered Note Value of $..... is being applied for payment for the Warrant Shares, and (iii) if applicable, ..... shares of Senior Preferred Stock having an aggregate liquidation preference of $..... all in accordance with the terms hereof. The undersigned requests that a certificate for such Warrant Shares be registered in the name of _____ whose address is _____ and that such certificate be delivered to _____ whose address is _____ If such number of Warrant Shares is less than all of the Warrant Shares purchasable hereunder, the undersigned requests that a new Warrant Certificate representing the right to purchase the remaining balance of the Warrant Shares be registered in the name of _____ whose address is _____ and that such Warrant Certificate be delivered to _____ whose address is _____. If the undersigned has tendered for payment a Note, the Surrendered Note Value of which is greater than the aggregate Warrant Price of the Warrant Shares purchasable hereunder, the undersigned requests that a new Note representing the portion of the Note not applied to the purchase be issued in the name of _____ whose address is _____ and that such new Note be delivered to _____ whose address is _____. If the undersigned has tendered for payment shares of Senior Preferred Stock and the certificate(s) representing such shares is for a greater number of shares than is being tendered, the undersigned requests that a certificate for the shares of Senior Preferred Stock not being applied to the purchase be issued in the name of _____, whose address is _____ and that such shares be delivered to _____, whose address is _____

Dated: _____

_____

(Insert Social Security or Other Identifying Number of Holder)

Signature Guarantee
(required if an assignment on exercise, or an assignment of Warrants remaining after exercise, is made upon exercise):

Signature _____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

## ASSIGNMENT

**(To be signed only upon assignment of Warrant)**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____

_____

_____

(Name and Address of Assignee
Must be Printed or Typewritten)

_____

_____

Insert Social Security No. of Assignee

the within Warrant, hereby irrevocably constituting and appointing _____

_____

attorney to transfer said Warrant on the books of the Company, with full power of substitution in the premises.

DATED: _____ 19__

_____

Signature of Registered Holder

Signature Guaranteed

NOTE: The above signature must correspond with the name as written on the face of this Warrant Certificate in every particular, without alteration or enlargement or any change whatever

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

FILED
DEC 17 1986
CLERK
UNITED STATES BANKRUPTCY COU
WESTERN DISTRICT of LOUISIAN

IN THE MATTER OF

CRYSTAL OIL COMPANY,

a Louisiana corporation,

DEBTOR.

NO. 586-02834

IN PROCEEDING UNDER CHAPTER 11

## SECOND AMENDED AND RESTATED PLAN OF REORGANIZATION

Crystal Oil Company, a Louisiana corporation ("Crystal"), proposes the following Second Amended and Restated Plan of Reorganization pursuant to the provisions of Chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 1101 *et. seq.*

### ARTICLE I

### DEFINITIONS

Unless the context otherwise requires, the following terms shall have the following meanings when used in initially capitalized form in this Plan. Such meanings shall be equally applicable to both the singular and plural forms of such terms. Any term used in initially capitalized form in this Plan that is not defined herein but that is used in Title 11, United States Code, Bankruptcy, as amended (the "Bankruptcy Code"), shall have the meaning assigned to such term in the Bankruptcy Code.

1.01 *Administrative Expense* or *Administrative Claim* means an administrative expense or Claim under Section 503 of the Bankruptcy Code that is entitled to priority under Section 507(a)(1) of the Bankruptcy Code.

1.02 *Allowed* or *Allowed Amount* means the amount of any Allowed Claim or Allowed Interest.

1.03 *Allowed Claim* or *Allowed Interest* means a Claim against or Interest in Crystal allowable under Section 502 of the Bankruptcy Code to the extent that (i) a proof of claim or proof of interest was timely Filed, deemed Filed, or, with leave of the Bankruptcy Court or without objection by the Debtor-in-Possession, late Filed, and (ii) as to which either (a) a party in interest, including the Debtor-in-Possession, does not timely File an objection or (b) is Allowed by a Final Order; unless otherwise provided hereinafter in this Plan. The only Allowed Interest is one in the Common Stock.

1.04 *Available Cash Flow* for any given period means (i) the sum of (a) the net cash received by Reorganized Crystal from the sale of capital assets pledged or mortgaged to secure the payment of either or both of Reorganized Crystal's obligations under the Supplemental Loan Agreement or the New Halliburton Note as appropriate and (b) all cash from Reorganized Crystal's consolidated operations after lease operating costs and general and administrative expenses and after capital expenditures approved by the Bank (and Halliburton with respect to capital expenditures above the Capital Expenditure Threshold Amount or Halliburton alone once the New Bank Note has been paid in full and an amount equal to the total amount of the then outstanding Remaining Letter of Credit Obligations (x) is on deposit in the Letter of Credit Escrow Account or (y) has been paid into the Letter of Credit Escrow Account and withdrawn by Halliburton subject to payment to the Bank pursuant to Section 3.07 hereof), less (ii) any amounts necessary for Reorganized Crystal to maintain a cash account equal to the sum of (a) $4,000,000 and (b) such amount as may be reasonably necessary for Reorganized Crystal to cover all

security deposits, payments and accruals for operating and general administrative expenses (including but not limited to matured Safe Harbor Lease payments and matured Remaining Letter of Credit Obligations, taxes and insurance). For purposes hereof, operating costs and general administrative expenses shall be subject to limits to be provided for in the Supplement Loan Agreement, which limits shall continue to be applicable so long as any amount is owed under the New Halliburton Note.

1.05 *Bank* means Bankers Trust Company, a New York banking corporation.

1.06 *Bank Note* means the promissory note dated July 28, 1982, from Crystal to the Bank issued pursuant to the Loan Agreement.

1.07 *Bankruptcy Code* means Title 11, United States Code, Bankruptcy, as amended.

1.08 *Bankruptcy Court* means the United States Bankruptcy Court for the Western District of Louisiana, Shreveport Division, or such other court that may have jurisdiction with respect to the reorganization of Crystal under Chapter 11 of the Bankruptcy Code.

1.09 *Capital Expenditure Threshold Amount* means an amount of $10,000,000.00 for all capital expenditures made in any one calendar year.

1.10 *CEPCO* means Crystal Exploration and Production Company, a Florida corporation and wholly-owned subsidiary of Crystal.

1.11 *Charter Amendments* means the amendments to the Articles of Incorporation of Crystal to be effected under this Plan pursuant to Section 6.07 hereof.

1.12 *Claim* means (i) a right of payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or (ii) a right to an equitable remedy for breach of performance if such breach gives rise to a right of payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

1.13 *Claimant* means a holder of a Claim.

1.14 *Class* means a category of holders of Claims or Interests that are substantially similar to the other Claims or Interests in such Class.

1.15 *Common Stock* means the Common Stock, $.01 par value, of Crystal.

1.16 *Confirmation* or *Confirmation of the Plan* means the entry by the Bankruptcy Court of an Order confirming this Plan.

1.17 *Confirmation Date* means the date on which the Order confirming this Plan becomes a Final Order.

1.18 *Confirmation Hearing* means the hearing which will be held before the Bankruptcy Court in which Crystal will seek Confirmation of this Plan.

1.19 *Confirmation Order* means the Order confirming this Plan.

1.20 *Consummation* means the accomplishment of all things contained or provided for in this Plan and the entry of an Order of Consummation finally closing the Reorganization Case.

1.21 *Consummation Date* means the date on which the Order of Consummation becomes a Final Order.

1.22 *Copeland* means Copeland, Wickersham, Wiley & Co., Incorporated.

1.23 *Credit Agreement* means the Credit Agreement dated as of April 24, 1985, between Crystal, Crystal Michigan, CEPCO and Halliburton, pursuant to which the Halliburton Note was initially issued.

1.24 *Crystal* means Crystal Oil Company, a Louisiana corporation.

1.25 *Crystal Michigan* means Crystal Exploration Company, a Michigan corporation and a wholly-owned subsidiary of Crystal.



RAM00124

1.26 *Debentures* means the 11¾% Debentures, the 14⅞% Debentures, the 9% Debentures, the 12¼% Debentures due 1990, the 12¾% Debentures due 2001 and the 13¼% Debentures.

1.27 *Debenture Indentures* means the 11¾% Debenture Indenture, the 14⅞% Debenture Indenture, the 9% Debenture Indenture, the 1990 12¾% Debenture Indenture, the 13¼% Debenture Indenture and the 2001 12¾% Debenture Indenture.

1.28 *Debtor-in-Possession* means Crystal, when acting in its capacity as a representative of the Estate.

1.29 *Disbursing Agent* means a national bank designated by Crystal, with approval of the Bankruptcy Court, which will be appointed as agent of the Bankruptcy Court to hold and distribute the consideration to be distributed to holders of Allowed Claims and Allowed Interests pursuant to the provisions of this Plan and Orders.

1.30 *Disclosure Statement* means the Disclosure Statement dated July 9, 1986, including Exhibits A through I and Annexes A and B attached thereto, as supplemented by the Supplement dated August 15, 1986, including Exhibit A attached thereto, which was provided to Claimants holding impaired Claims under this Plan pursuant to Sections 1125(a) and 1126(b) of the Bankruptcy Code and Bankruptcy Rule 3018(b) in connection with Crystal's solicitation of ballots for acceptance of this Plan from such Claimants.

1.31 *Effective Date* means the 30th day following the Confirmation Order if the Confirmation Order has not been stayed on appeal by a court of competent jurisdiction. If the Confirmation Order is stayed on appeal, the Effective Date shall be 15 days after such stay is dissolved by the Final Order.

1.32 *Estate* means the estate created by Section 541 of the Bankruptcy Code upon the commencement of this case under Chapter 11 of the Bankruptcy Code with respect to Crystal.

1.33 *Filed* means filed with the Bankruptcy Court.

1.34 *Final Order* means an Order as to which any appeal that has been or may be taken has been resolved or as to which the time for appeal has expired.

1.35 *First Mortgage Obligations* means the obligations of Crystal designated as First Mortgage Obligations in the 15% Senior Note Indenture.

1.36 *Halliburton* means Halliburton Company and Otis Engineering Corporation, a wholly-owned subsidiary of Halliburton Company.

1.37 *Halliburton Note* means the promissory note dated April 24, 1985, from Crystal to Halliburton.

1.38 *Initial Payment Date* means the date on which the required payments described in Section 3.07 hereof on the New Halliburton Note are to begin.

1.39 *Interests* means the rights of the owners of the issued shares of the Common Stock.

1.40 *Letters of Credit* means the Letters of Credit issued by the Bank pursuant to the Loan Agreement and the Letter of Credit Agreements.

1.41 *Letter of Credit Agreements* shall mean the Application and Agreement for Irrevocable Letter of Credit agreements executed by Crystal in connection with the Letters of Credit and pursuant to the Loan Agreement.

1.42 *Letter of Credit Obligations* means the face amount of the Letters of Credit which (according to the terms of the Letter of Credit Agreements) have become due and payable at the option of the Bank.

1.43 *Letter of Credit Escrow Account* means an escrow account to be opened by Reorganized Crystal with the Bank, pursuant to which Reorganized Crystal's obligations with respect to the Remaining Letter of Credit Obligations are to be provided for in accordance with Section 3.06 hereof and which is subject to withdrawal by Halliburton in accordance with Section 3.07 hereof.



RAM00125

1.44 *Letter of Credit Escrow Agreement* means the Escrow Agreement between Reorganized Crystal and the Bank to be entered into pursuant to Section 3.06 hereof and pursuant to which the Letter of Credit Escrow Account is to be created.

1.45 *Letter Agreement* means the letter agreement dated August 24, 1985, as supplemented on August 28, 1985, and September 9, 1985, between Crystal and Halliburton.

1.46 *Loan Agreement* means the Loan Agreement dated July 28, 1982, as amended, between the Bank and Crystal.

1.47 *Minimum Payment* means the minimum monthly payment on the New Bank Note required pursuant to Section 3.06 hereof.

1.48 *New Bank Note* means the New Bank Note described in Section 3.06 hereof to be issued under the Plan to the Claimant in Class 6.

1.49 *New Long-Term Bank Note* means the New Long-Term Bank Note described in Section 3.06 hereof to be issued by Reorganized Crystal to the Claimant in Class 6.

1.50 *New Common Stock* means the common stock of Reorganized Crystal on the Effective Date after giving effect to the Charter Amendments.

1.51 *New Convertible Secured Notes* means Reorganized Crystal's Non-Interest Bearing Convertible Subordinated Secured Notes due ten years after the Effective Date to be issued under this Plan to the Claimants in Class 8.

1.52 *New Halliburton Note* means the promissory note of Crystal to be issued under this Plan to the Claimant in Class 7.

1.53 *New Note Indenture* means the Indenture of Mortgage, Deed of Trust, Assignment and Security Agreement with respect to the New Convertible Secured Notes to be dated as of the Effective Date, the form of which is to be filed with and approved by the Bankruptcy Court prior to Confirmation or at such later date prior to the Consummation Date as the Bankruptcy Court shall determine to be appropriate

1.54 *New Notes* means the New Bank Note, the New Long-Term Bank Note, the New Halliburton Note and the New Convertible Secured Notes.

1.55 *New Securities* means the New Notes, the Preferred Stock, the New Common Stock and the Warrants.

1.56 *Order* means an order of the Bankruptcy Court.

1.57 *Petition Date* means October 1, 1986.

1.58 *Plan* means this First Amended and Restated Plan of Reorganization of Crystal under Chapter 11 of the Bankruptcy Code, as it may be amended or modified from time to time.

1.59 *Preferred Stock* means the Senior Preferred Stock and the Series A Preferred Stock.

1.60 *Pro Rata* means the same proportion an Allowed Claim or an Allowed Interest in a particular Class bears to the aggregate amount of all Allowed Claims or the aggregate number of Allowed Interests in such Class.

1.61 *PWI* means PaineWebber Incorporated.

1.62 *Remaining Letter of Credit Obligations* for any given time means the sum of Crystal's and subsequently Reorganized Crystal's remaining possible liability to the Bank in accordance with the terms of the Loan Agreement, the Supplemental Loan Agreement and the Letter of Credit Agreements with respect to the then outstanding Letters of Credit, such amount being at October 1, 1986, $32,342,578.51 (such sum not to be reduced except for automatic reductions as the drawing rights under the Letters of Credit decline pursuant to the terms thereof).

1.63 *Reorganized Crystal* means Crystal as of the Effective Date.

1.64 *Reorganization Case* means the above captioned case in the Bankruptcy Court.

1.65 *Security* means a 15% Senior Note, a Debenture or a share of Common Stock.

1.66 *Safe Harbor Leases* means various tax benefit sale/leaseback transactions heretofore effected by Crystal pursuant to Section 168(f)(8) of the Internal Revenue Code of 1954 and in connection with which the Letters of Credit have been issued and are outstanding.

1.67 *Senior Indebtedness* means, with respect to any issue of the Debentures, the definition of Senior Indebtedness as contained in the Indenture relating to such issue of Debentures.

1.68 *Senior Preferred Stock* means the $.06 Senior Convertible Voting Preferred Stock, $.01 par value. The Certificate of Designation, Voting Powers, Preferences and Rights with respect to the Senior Preferred Stock will be substantially in the form attached hereto as Exhibit B.

1.69 *Series A Preferred Stock* means the Series A Convertible Voting Preferred Stock, $.01 par value. The Certificate of Designation, Voting Powers, Preferences and Rights with respect to the Series A Preferred Stock will be substantially in the form attached hereto as Exhibit C.

1.70 *Subordinated Debentures* means the 11⅛% Debentures, the 9% Debentures, the 13¾% Debentures, the 12⅜% Debentures due 1990 and the 12⅜% Debentures due 2001.

1.71 *Superior Indebtedness* means Reorganized Crystal's obligations under, or with respect to, the Supplemental Loan Agreement (including all obligations with respect to the New Bank Note, the New Long-Term Bank Note and the Remaining Letter of Credit Obligations), the New Halliburton Note and any and all extensions, renewals or modifications of any of the foregoing obligations.

1.72 *Supplemental Loan Agreement* means the Restated Renewal and Supplemental Loan Agreement to the Loan Agreement to be entered into between Reorganized Crystal and the Bank with respect to the issuance of the New Bank Note, the New Long-Term Bank Note and the continuing obligation of Reorganized Crystal with respect to the Remaining Letter of Credit Obligations and containing terms to be negotiated to the satisfaction of Crystal and the Bank.

1.73 *Trustee* means the trustee under the New Note Indenture.

1.74 *Warrants* means the $.075 Warrants, the $.10 Warrants, the $.125 Warrants, the $.15 Warrants and the $.25 Warrants.

1.75 *9% Debenture Indenture* means the Indenture dated as of May 1, 1981, between Crystal and Texas Commerce Bank National Association, as successor trustee.

1.76 *9% Debentures* means Crystal's 9% Convertible Subordinated Debentures due 1991.

1.77 *11⅛% Debenture Indenture* means the Indenture dated as of April 15, 1980, between Crystal and Texas Commerce Bank National Association, as successor trustee.

1.78 *11⅛% Debentures* means Crystal's 11⅛% Convertible Subordinated Debentures due 2000.

1.79 *12⅜% Debentures due 1990* means Crystal's 12⅜% Subordinated Debentures due June 15, 1990.

1.80 *12⅜% Debentures due 2001* means Crystal's 12⅜% Subordinated Debentures due December 15, 2001.

1.81 *13¾% Debenture Indenture* means the Indenture dated as of June 14, 1980, between Crystal and Texas Commerce Bank National Association, as successor trustee.

1.82 *13¾% Debentures* means Crystal's 13¾% Subordinated Debentures due July 15, 2000.

1.83 *14⅛% Debenture Indenture* means the Indenture dated as of December 15, 1983, between Crystal and Texas American Bank/Dallas, as successor trustee.

1.84 *14⅛% Debentures* means Crystal's 14⅛% Senior Subordinated Debentures due December 15, 1998.



RAM00127

1.85 *15% Senior Note Indenture* means the Indenture of Mortgage, Deed of Trust, Assignment and Security Agreement dated as of June 15, 1985, between Crystal and J. Henry Schroder Bank & Trust Company, as trustee.

1.86 *15% Senior Notes* means Crystal's 15% Senior Subordinated Secured Notes due June 15, 1995.

1.87 *1990 12½% Debenture Indenture* means the Indenture dated as of June 15, 1978, between Crystal and Texas Commerce Bank National Association, as successor trustee.

1.88 *2001 12½% Debenture Indenture* means the Indenture dated as of December 15, 1981, between Crystal and Texas Commerce Bank National Association, as successor trustee.

1.89 *$.075 Warrants* means Reorganized Crystal's $.075 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.

1.90 *$.10 Warrants* means Reorganized Crystal's $.10 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.

1.91 *$.125 Warrants* means Reorganized Crystal's $.125 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.

1.92 *$.15 Warrants* means Reorganized Crystal's $.15 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.

1.93 *$.25 Warrants* means Reorganized Crystal's $.25 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.

## ARTICLE II

### Classification of Claims and Interests

The Claims against and Interests in Crystal to the extent Allowed are classified as set forth in this Article II. A Claim or Interest is in a particular Class designated herein only to the extent such Claim or Interest fits within the description of such Class and is in such other and different Class or Classes to the extent that the remainder thereof fits within the description of such other Class or Classes.

2.01 *Class 1—Administrative Expenses.* All Claims for Administrative Expenses or Administrative Claims under Section 503(b) of the Bankruptcy Code, if any, and all fees and charges assessed against the Estate under Chapter 123 of Title 28, United States Code.

2.02 *Class 2—Wage Related Claims.* All Claims under Section 507(a)(3) of the Bankruptcy Code for accrued wages, salaries or commissions, including vacation, severance and sick leave pay, if any, to the extent such items were earned within 90 days prior to the Petition Date up to a maximum of $2,000 per employee.

2.03 *Class 3—Employee Benefit Plan Claims.* All Claims under Section 507(a)(4) of the Bankruptcy Code for contributions to employee benefit plans arising within 180 days prior to the Petition Date, up to a maximum of $2,000 per employee covered by such plans and less the aggregate amount paid to such employees as Claimants under Class 2.

2.04 *Class 4—Tax Claims.* All Claims of governmental units that are entitled to priority in accordance with Section 507(a)(7) of the Bankruptcy Code.

2.05 *Class 5—Additional Priority Claims.* All other Claims that are entitled to priority under the Bankruptcy Code.

2.06 *Class 6—The Bank's Secured Claim.* All secured Claims of the Bank against Crystal pursuant to the Loan Agreement, including the Remaining Letter of Credit Obligations, the unpaid principal of and accrued and unpaid interest on the Bank Note, and all costs, including attorneys' fees, actually paid or incurred by the Bank under the Loan Agreement relating to its efforts to collect the amounts owed it under the Loan Agreement.

2.07 *Class 7—Halliburton Claim.* All secured Claims of Halliburton against Crystal pursuant to the Letter Agreement and the Credit Agreement.

2.08 *Class 8—15% Senior Note Claims.* All Claims of the holders and beneficial owners of the 15% Senior Notes with respect to the 15% Senior Notes. The payment of the 15% Senior Notes is secured by a lien on certain of Crystal's crude oil and natural gas properties, which lien is junior to the liens securing the payment of the Claims in Classes 6 and 7. Because the estimated liquidation value of the collateral securing the payment of the 15% Senior Notes, after giving effect to all prior mortgages and security interests in such collateral, is substantially less than the estimated amount of the estimated Class 8 Claims, such Claims are considered under this Plan to be partially secured and partially unsecured. Pursuant to Section 506 of the Bankruptcy Code, because the Class 8 Claims are considered partially unsecured, the Claims in Class 8 are divided into two subclasses, "Class 8A" and "Class 8B", which Classes represent the secured and unsecured portions, respectively, of such Claims. In the event it shall be determined by the Bankruptcy Court that the Class 8 Claims are fully secured or the holders of the Class 8 Claims shall elect under Section 1111(b) of the Bankruptcy Code to have their Claims treated as fully secured, Class 8 shall not be divided into Class 8A and Class 8B and the Claims of the holders and beneficial owners of the 15% Senior Notes shall be treated as a single Class and the Claimants in Class 8 shall receive the distributions provided for under Section 3.08(c) hereof.

2.09 *Class 9—Mechanic's and Materialmen Lien Claims.* All Claims to the extent such Claims are secured by valid, perfected and enforceable mechanics, materialmen or operators liens on the properties of Crystal, together with interest thereon, if any, to the extent the value of property securing such Claims is found by the Bankruptcy Court to be sufficient to pay such interest.

2.10 *Class 10—Secured Trustee Claim.* All secured Claims of Texas American Bank/Dallas with respect to its fee and reimbursable expenses, including attorneys' fees, as trustee with respect to the 14¼% Debentures.

2.11 *Class 11—Unsecured Claims.* All unsecured Claims of nonpriority creditors against Crystal that are not subordinated in right of payment to Senior Indebtedness or First Mortgage Obligations, all claims for deficiency on partially secured debt (other than Claimants in Class 8B), all Claims of unsecured noteholders and all Claims of unsecured royalty holders and holders of trade debt.

2.12 *Class 12—14¼% Debenture Claims.* All unsecured Claims of the holders and beneficial owners of the 14¼% Debentures with respect to the 14¼% Debentures, which Claims are by their terms subordinate to Senior Indebtedness.

2.13 *Class 13—Subordinated Debenture Claims.* All unsecured Claims of the holders and beneficial owners of the Subordinated Debentures with respect to the Subordinated Debentures, which Claims are by their terms subordinate to Senior Indebtedness.

2.14 *Class 14—Intercompany Claims.* All unsecured Claims of CEPCO against Crystal.

2.15 *Class 15—Shareholder Claims of Interest.* All Claims of Interest of the holders and beneficial owners of the issued and outstanding shares of Common Stock.

## ARTICLE III

### Provisions For Satisfaction of Claims and Interests

The Allowed Claims and Allowed Interests as classified in Article II hereof shall be satisfied in the manner set forth in this Article III.

3.01 *Class 1—Administrative Expenses.* The Class 1 Claims and expenses, to the extent not previously paid during the Reorganization Case by Order, shall be paid in full in cash on the Effective Date, or provided for by escrow payment if not then determined; provided, however, that any current trade or other payables incurred after the Petition Date by the Debtor-In-Possession in the ordinary course of its business shall be paid in cash in full in the ordinary course of business.

3.02 *Class 2—Wage Related Claims.* The Class 2 Claims shall be paid in cash in full on the Effective Date, or provided for by escrow payment if not then determined.



RAM00129

3.03 *Class 3—Employee Benefit Plan Claims.* The Class 3 Claims shall be paid in cash in full on the Effective Date, or provided for by escrow payment if not then determined.

3.04 *Class 4—Tax Claims.* The Class 4 Claims shall be paid, in Crystal's sole discretion, either (i) in cash in full on the Effective Date, or provided for by escrow payment if not then determined, or (ii) pursuant to the provisions of Section 1129(a)(9)(C) of the Bankruptcy Code in cash in full over a six year period from the earlier of the date of assessment of such tax or the Effective Date, together with interest thereon equal to the six month United States Treasury Bill rate (or such other rate as the Bankruptcy Court considers appropriate) from and after the Effective Date.

3.05 *Class 5—Additional Priority Claims.* The Class 5 Claims shall be paid in cash in full on the Effective Date, or provided for by escrow payment if not then determined.

3.06 *Class 6—The Bank's Secured Claims.* The Class 6 Claimant shall (i) receive on the Effective Date a promissory note (the "New Long-Term Bank Note") in the principal amount of $10,000, (ii) receive on the Effective Date a promissory note (the "New Bank Note") in the principal amount of the Allowed Amount of the Class 6 Claimant's Class 6 Claim with respect to the Bank Note (less the amount of the New Long-Term Bank Note and all payments made on the Bank Note subsequent to the Petition Date and prior to the Effective Date), (iii) be paid in cash in full on the Effective Date the Allowed Amount of its Class 6 Claim with respect to its reimbursable expenses under the Loan Agreement (iv) a cash payment of all excess funds on hand (to be agreed upon by the Bank and Crystal) in accordance with the maintenance by Crystal of a $4,000,000 cash account after payment of items contemplated by this Plan to be paid or reserved for at or about the Effective Date (v) agree to waive all rights it may have to accelerate the Letter of Credit Obligations and retain full rights against Reorganized Crystal with respect to the Remaining Letter of Credit Obligations and with respect to any and all security therefor under the Loan Agreement.

The New Long-Term Bank Note and the New Bank Note shall be issued to the Class 6 Claimant pursuant to the terms of the Supplemental Loan Agreement. The New Long-Term Bank Note shall bear interest at a variable rate equal to ¼% per annum above the prime lending rate at the Bank, shall be due and payable on the earlier of the expiration of all Remaining Letter of Credit Obligations and December 31, 1997, and shall not be subject to prepayment. The New Bank Note shall bear interest at a variable rate equal to ¼% per annum above the prime lending rate at the Bank, be due on December 1, 1993, and be payable in variable quarterly installments (the "Minimum Payment") in an amount of principal and interest equal to 87½% of Reorganized Crystal's estimated Available Cash Flow for the preceding calendar quarter. As a credit against the Minimum Payment, Crystal shall make monthly payments, estimated in good faith, to provide proportionately for the expected Minimum Payment due for the then current quarter. It shall be an event of default under the New Bank Note if such variable quarterly payments shall not have resulted in full payment of interest due in the following years and principal reductions on the New Bank Note in the following amounts during the following years:

| Period Ending December 31, | Aggregate Required Principal Reduction |
|---|---|
| 1987 | $10,500,000 |
| 1988 | 9,500,000 |
| 1989 | 5,000,000 |
| 1990 | 5,000,000 |
| 1991 | 3,000,000 |
| 1992 | 3,000,000 |
| 1993 | 2,100,000 |

Once each year, based on Reorganized Crystal's audited consolidated financial statements for the preceding year, the payments by Reorganized Crystal on the New Bank Note shall be adjusted to reflect any over-payment or under-payment of principal by Reorganized Crystal on the New Bank Note during the preceding year as a result of any difference between Reorganized Crystal's actual Available Cash Flow for such year and Reorganized Crystal's estimated Available Cash Flow for such year, as estimated from time to time on a quarterly basis.



RAM00130

That portion of Available Cash Flow in any month which is the net cash received by Reorganized Crystal from the sale of capital assets pledged or mortgaged to the Bank as hereinafter provided for shall be paid to the Bank and to the Letter of Credit Escrow Account, as hereinafter provided, upon receipt thereof by Reorganized Crystal.

The payment of Reorganized Crystal's obligations under the Supplemental Loan Agreement, which shall include the payment of the New Long-Term Bank Note, the New Bank Note and the Remaining Letter of Credit Obligations, shall be secured by a lien on substantially all Reorganized Crystal's proved crude oil and natural gas properties and refinery assets. Such lien will be a continuation of the lien currently securing the payment of Crystal's obligations under the Loan Agreement. The holder of the New Halliburton Note and the holders of the New Convertible Secured Notes will have junior and subordinate liens on substantially all of such properties (the terms of such subordination to be no less favorable to the Bank than the subordination provisions currently existing in the 15% Senior Note Indenture and in the liens currently securing payment of the Halliburton Note), except that the holders of the New Convertible Secured Notes will not have a lien on any refinery assets. As additional security for the payment of Reorganized Crystal's obligations to the Bank, Reorganized Crystal shall open a Letter of Credit Escrow Account with the Bank pursuant to which funds deposited in such account in accordance with the following provisions shall be made available to the Bank as security for all of Crystal's obligations to the Bank including payment of any matured Remaining Letter of Credit Obligations and be subject to withdrawal by Halliburton subject to payment to the Bank pursuant to Section 3.07 hereof. The Supplemental Loan Agreement shall provide that to the extent the sums in the Letter of Credit Escrow Account are insufficient to satisfy any matured Remaining Letter of Credit Obligations, Crystal shall have 60 days to pay such matured obligation (together with interest thereon at the prematurity New Bank Note rate) prior to Bank's right to declare a default and pursue its remedies under its security and otherwise. Until the New Bank Note has been paid in full, Reorganized Crystal shall be required to deposit in the Letter of Credit Escrow Account quarterly an amount equal to 12½% of Reorganized Crystal's estimated Available Cash Flow for the preceding calendar quarter. As a credit against such required quarterly deposit, Crystal shall make monthly payments, estimated in good faith, to provide proportionately for the expected deposit for the then current quarter. Once the New Bank Note has been paid in full, Reorganized Crystal shall be required to deposit in the Letter of Credit Escrow Account quarterly an amount equal to 100% of Reorganized Crystal's estimated Available Cash Flow for the preceding calendar quarter. Such deposits shall be required to be made by Reorganized Crystal until such time that the total funds in the Letter of Credit Escrow Account (whether or not withdrawn by Halliburton pursuant to Section 3.07 hereof) are equal to or greater than the total amount of the then outstanding Remaining Letter of Credit Obligations. Once each year, based on Reorganized Crystal's audited consolidated financial statements for the preceding year, the required payments by Reorganized Crystal to the Letter of Credit Escrow Account shall be adjusted to reflect any over-payments or under-payments during the preceding year as a result of any difference between Reorganized Crystal's actual Available Cash Flow for such year and Reorganized Crystal's estimated Available Cash Flow for such year, as estimated from time to time on a quarterly basis. If, at any time, the amount of funds in the Letter of Credit Escrow Account exceeds the total amount of the Remaining Letter of Credit Obligations, such excess shall be payable (on a quarterly basis) to the holder of the New Halliburton Note to the extent there are outstanding amounts due under the New Halliburton Note, with the remainder, if any, to be made immediately available to Reorganized Crystal. In addition, notwithstanding the above provisions of this Section 3.06, once Reorganized Crystal's obligations with respect to the New Halliburton Note have been paid in full, the funds, if any, in the Letter of Credit Escrow Account shall be made available to Reorganized Crystal to the extent such funds, plus the loan value of Reorganized Crystal's proved producing crude oil and natural gas reserves that are subject to the liens securing the Remaining Letter of Credit Obligations (as determined by the Bank in accordance with its credit policies relating to secured oil and gas loans in effect at the time of each determination), exceeds the amount of the Remaining Letter of Credit Obligations.

3.07 *Class 7—Halliburton Claim.* The Class 7 Claimant shall receive on the Effective Date (i) a payment in the amount of $2,000,000.00 which payment shall be applied first to unpaid accrued interest owing on the Halliburton Note and the balance to the principal balance outstanding on the Halliburton Note and (ii) the New Halliburton Note in the Allowed Amount of its Class 7 Claim.



RAM00131

The New Halliburton Note shall bear interest at a variable rate equal to ¼% per annum above the prime lending rate at the Bank (or such other rate as the Bankruptcy Court determines appropriate to provide Halliburton on account of its Allowed Claim deferred cash payments of a value as of the Effective Date equal to the Allowed Amount of its Allowed Claim), be due on December 31, 1993, and be payable in installments beginning only after the New Bank Note shall have been paid in full and there shall have been placed on deposit in the Letter of Credit Escrow Account an amount equal to or greater than the Remaining Letter of Credit Obligations, at which time (the "Initial Payment Date") the New Halliburton Note shall become payable in (i) monthly installments of interest (with the first installment to be due on the first day of the first month following the Initial Payment Date) equal to the amount of accrued and unpaid interest on the New Halliburton Note since the Initial Payment Date and (ii) quarterly installments of principal (which shall be deemed to include accrued and unpaid interest on the New Halliburton Note from the Effective Date to the Initial Payment Date) equal to the amount, if any, by which Reorganized Crystal's estimated Available Cash Flow for the preceding quarter exceeds the sum of all payments, if any, by Reorganized Crystal of interest on the New Halliburton Note and all payments, if any, to the Letter of Credit Escrow Account during such quarter. Once each year, based on Reorganized Crystal's audited consolidated financial statements for the preceding year, the required payments by Reorganized Crystal on the New Halliburton Note shall be adjusted to reflect any over-payment or under-payment of principal on the New Halliburton Note during the preceding year as a result of any difference between Reorganized Crystal's actual Available Cash Flow for such year and Reorganized Crystal's estimated Available Cash Flow for such year, as estimated from time to time on a quarterly basis. In addition to the above payments, until paid in full, the holder of the New Halliburton Note shall be entitled to receive on a quarterly basis funds theretofore deposited in the Letter of Credit Escrow Account in an amount equal to the excess, if any, by which the funds in the Letter of Credit Escrow Account exceed the total amount of the Remaining Letter of Credit Obligations. The payment of Reorganized Crystal's obligations with respect to the New Halliburton Note will also be secured by a lien on substantially all of Reorganized Crystal's crude oil and natural gas properties and refinery assets. Such lien will be a continuation of the lien currently securing the payment of Crystal's obligations with respect to the Halliburton Note and will be subject and subordinated to the Bank's prior lien securing the payment of Reorganized Crystal's obligations under the Supplemental Loan Agreement (on terms no less favorable to the Bank than the subordination provisions contained in the liens currently securing the Halliburton Note) and will be senior to the lien securing the payment of the New Convertible Secured Notes to the same extent that the liens securing the payment of the Halliburton Note are senior to the liens securing the payment of the 15% Senior Notes.

Notwithstanding the foregoing repayment schedule, the Class 7 Claimant shall have the right to withdraw on a monthly basis the sums on deposit in the Letter of Credit Escrow Account (such withdrawn sums to be applied by the Class 7 Claimant, first to unpaid accrued interest owing on the New Halliburton Note and the balance to principal), provided, the Class 7 Claimant has provided assurance, from time to time, adequate in the reasonable judgment of the presiding Judge of the United States Bankruptcy Court, Western District of Louisiana, Shreveport Division, that it will be able to fulfill the contingent repayment obligation to the Bank hereinafter provided for.

In the event and to the extent Halliburton withdraws sums from the Letter of Credit Escrow Account, as aforesaid, and default is made in the payment of the New Long-Term Bank Note, the New Bank Note or a matured obligation under the Remaining Letter of Credit Obligations (the "obligations to the Bank" which term shall include, without limitation, all costs and expenses which Bank is entitled to recover under the subject loan documents including, without limitation, the Supplemental Loan Agreement), the Class 7 Claimant shall be obligated to pay to the Bank upon demand the lesser of (i) the Deficiency Amount (hereinafter defined) and (ii) the total of all sums theretofore withdrawn by the Class 7 Claimant from the Letter of Credit Escrow Account. The Deficiency Amount shall be that amount of the obligations to the Bank remaining after substantially all of the properties covered by the liens granted to the Bank pursuant to Section 3.06 hereof have been abandoned, sold or exhausted or the Bank shall have made reasonable effort to exercise its rights of foreclosure thereon and applied the foreclosure proceeds to the obligations to the Bank. The Bank shall have satisfied the requirement of exercising its rights of foreclosure as aforesaid if the Bank shall have instituted foreclosure proceedings (judicial or non-judicial)

and substantially all of the properties have been sold to the Bank or others in such proceedings. The foreclosure proceeds shall be an amount equal to the price at which the properties are bid in (by the Bank or others) at such foreclosure less all costs and expenses incurred in connection with such foreclosure and sale. However, the Bank shall not be obligated to exercise rights of foreclosure as aforesaid prior to demanding payment from the Class 7 Claimant if the taking of such action is temporarily or permanently enjoined by a court of competent jurisdiction or by operation of law or is otherwise restrained by law, in which event the Deficiency Amount shall be the total of the obligations to the Bank.

The Bank and its successors and assigns shall have no duty or obligation to the Class 7 Claimant or any successor thereof in any manner whatsoever and may, at any time and from time to time in its sole discretion, without the consent of or notice to the Class 7 Claimant or any successor thereof, without affecting in any manner the Class 7 Claimant's contingent reimbursement obligation hereunder, take any of the following actions: (a) change the manner, place or terms of payment, change or extend the time of payment of, or renew or alter, any obligations to the Bank, or amend or supplement or waive any of the terms of the Supplemental Loan Agreement and any note or other instrument evidencing, securing or otherwise executed in connection with the obligations to the Bank; (b) sell, exchange, release, surrender, relend, realize upon or otherwise deal with in any manner and in any order any property (or the income, revenues, profits or proceeds therefrom) by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, any obligations to the Bank; (c) release any Person liable in any manner for the obligations to the Bank; and (d) except for exercising rights of foreclosure as required aforesaid, exercise or refrain from exercising any rights and remedies against Reorganized Crystal or others or otherwise act or refrain from acting or, for any reason fail to file, record or otherwise perfect any security interest in or lien on any property of Reorganized Crystal or any other Person. Absent gross negligence or willful misconduct on the part of the Bank, the Class 7 Claimant's contingent reimbursement obligations hereunder shall remain notwithstanding the Bank's handling of the foreclosure or any claim that the sales price obtained at foreclosure was insufficient or that the method, manner, time place or terms of any foreclosure sale was not commercially reasonable. For purposes hereof, the term "Person" or "Persons" shall mean an individual, a corporation (including Reorganized Crystal), a trust, an unincorporated organization, or a government or any agency or political subdivision thereof.

The Class 7 Claimant shall be entitled to a copy of all written notices of foreclosure which Bank gives to Reorganized Crystal under the lien documentation, the manner and time of delivery of such copies to be similar to that given to Reorganized Crystal.

3.08 *Class 8—15% Senior Note Claims.*

(a) *Class 8A—15% Senior Note Secured Claims.* Each Class 8A Claimant shall receive on the Effective Date a Pro Rata distribution (based on the aggregate of the Class 8A and Class 8B Claims) of $75,093,000 in face amount of the New Convertible Secured Notes. The New Convertible Secured Notes shall be issued pursuant to the New Note Indenture. The New Convertible Secured Notes shall have the following basic characteristics and terms:

(i) *Interest.* The New Convertible Secured Notes will be non-interest bearing.

(ii) *Conversion Rights.* The New Convertible Secured Notes will be convertible into shares of New Common Stock at a conversion price of $.1429 per share. The conversion price will be subject to adjustment upon the occurrence of any of the following events: the subdivision, combination or reclassification of the then outstanding shares of the New Common Stock; the payment of shares of the New Common Stock as a dividend on Reorganized Crystal's capital stock; the issuance of rights or warrants (other than the Warrants to be issued under the Plan) to all holders of the New Common Stock entitling them to acquire shares of such stock at less than the current market price of shares of such New Common Stock at the date of issue of such Warrants; or the distribution to all holders of the New Common Stock of any other shares of capital stock of Reorganized Crystal, of evidences of indebtedness or securities of Reorganized Crystal or of assets of Reorganized Crystal (excluding cash dividends or distributions from retained earnings).

(iii) *Redemption.* All or a portion of the New Convertible Secured Notes may be redeemed by Reorganized Crystal at 100% of the principal amount thereof upon the mailing of notice of redemption not less than 30 days nor more than 60 days prior to the date fixed for redemption.

(iv) *Sinking Fund.* Reorganized Crystal will be required to provide for the retirement, by redemption at the principal amount thereof, of $10,000,000 principal amount of the New Convertible Secured Notes on or before June 15 in each of 1994 and 1995 through the operation of a sinking fund. Reorganized Crystal will be entitled, at its option, to receive credit against the required sinking fund payments for the principal amount of (a) New Convertible Secured Notes acquired by Reorganized Crystal and surrendered for cancellation and (b) New Convertible Secured Notes redeemed or called for redemption otherwise than through the operation of the sinking fund.

(v) *Subordination to Superior Indebtedness.* Payments under the New Convertible Secured Notes will be subordinated (upon terms no less favorable to the senior debt holders than the subordination provisions contained in the 15% Senior Note Indenture) in right of payment to the prior payment in full of all Superior Indebtedness. Upon the maturity of any Superior Indebtedness by lapse of time, acceleration or otherwise, no payments, including sinking fund payments, may be made on the New Convertible Secured Notes and no New Convertible Secured Notes may be acquired by Reorganized Crystal until all principal of, and premium, if any, and accrued interest on, the Superior Indebtedness shall have been paid in full.

(vi) *Due Date.* The New Convertible Secured Notes will be due ten years after the Effective Date.

(vii) *Security.* The payment of the New Convertible Secured Notes will be secured by a lien on certain of Reorganized Crystal's crude oil and natural gas properties. The properties that shall be subject to this lien shall consist of those properties currently securing the payment of the 15% Senior Notes. The Bank and Halliburton will have prior liens on the same properties. The New Note Indenture will permit various liens on the property mortgaged to secure the payment of the New Convertible Secured Notes that may be superior to the lien of the New Note Indenture provided that such liens are necessary or incidental to the ownership and operation by Reorganized Crystal of such properties. In addition, Reorganized Crystal will be permitted under the New Note Indenture to remove property from the lien of the New Note Indenture to effect the sale thereof as long as the proceeds of such sale are used to reduce outstanding amounts of Superior Indebtedness or to redeem or otherwise acquire New Convertible Secured Notes. The lien shall be subordinated on terms no less favorable to the prior lien holders than the subordination provisions contained in the 15% Senior Note Indenture.

(viii) *Events of Default.* The following events will constitute an event of default with respect to the New Convertible Secured Notes: (a) failure to pay principal, including any sinking fund payments, on any of the New Convertible Secured Notes when due, whether at their maturity, upon acceleration or upon redemption; (b) failure on the part of Reorganized Crystal to perform any other covenant contained in the New Note Indenture for a period of 60 days after written notice specifying such failure and requesting its remedy; (c) the filing of a voluntary petition in bankruptcy or reorganization; (d) the entry by a court of a decree or order, unstayed on appeal or otherwise, in effect for 90 days adjudicating Reorganized Crystal a bankrupt or insolvent, appointing a receiver of Reorganized Crystal or of any substantial part of its property or ordering or approving certain other similar matters; and (e) certain other events of bankruptcy, insolvency or reorganization.

(b) *Class 8B—15% Senior Note Unsecured Claims.* Each Class 8B Claimant shall receive on the Effective Date a Pro Rata distribution (based on the aggregate of the Class 8A and Class 8B Claims) of (i) 50,062,000 shares of Senior Preferred Stock, (ii) $.075 Warrants to purchase 87,609,000 shares of the New Common Stock, (iii) $.10 Warrants to purchase 75,093,000 shares of the New Common Stock and (iv) 40,050,000 shares of the New Common Stock.

(c) *Alternative Treatment of Class 8 Claims.* In the event the Class 8 Claims are found by the Bankruptcy Court to be fully secured or the holders thereof elect under Section 1111(b) of the Bankruptcy Code to have their Claims treated as fully secured, Class 8 shall not be divided into Class 8A and Class 8B

and the distributions to be provided to the Claimants in Class 8A and Class 8B pursuant to Sections 3.08(a) and (b) hereof shall, in lieu of such distributions, be distributed Pro Rata to the Claimants in Class 8 on the Effective Date. In the event the treatment of the Class 8 Claimants pursuant to this Section 3.08(c) shall by Final Order be invalidated, Crystal reserves the right to amend or modify this Plan to provide for an appropriate distribution to such Claimants consistent with Section 1111(b). Any such amendment or modification shall be subject to such acceptance by the Claimants in Class 8 as may be required by the Bankruptcy Code.

3.09 *Class 9—Mechanic's and Materialmen Lien Claims.* Each Class 9 Claimant shall be paid the Allowed Amount of such Claimant's Class 9 Claim in cash in full when Allowed by Order, but not later than the first day of the first month beginning not less than 30 days after the Effective Date, or provided for by escrow payment if not then determined. If the sum of the Allowed Amounts of the Class 9 Claims exceeds $3,000,000, Crystal reserves the right to amend or modify this Plan to provide for a Pro Rata distribution to such Claimants of $3,000,000 or such other distribution as may be appropriate. Any such amendment or modification shall be subject to such acceptance by the Claimants in Class 9 as may be required under the Bankruptcy Code.

3.10 *Class 10—Secured Trustee Claim.* The Class 10 Claimant shall be paid the Allowed Amount of its Class 10 Claim in cash in full when Allowed by Final Order, but not later than the first day of the first month beginning not later than 30 days after the Effective Date, or provided for by escrow payment if not then determined.

3.11 *Class 11—Unsecured Claims.* Each Class 11 Claimant, to the extent the name and location of such Claimant is known to Crystal, shall be paid the Allowed Amount of such Claimant's Class 11 Claim in cash in full when Allowed by Order, but not later than the first day of the first month beginning not later than 30 days after the Effective Date, or provided for by escrow payment if not then determined, and, to the extent the name and location of such Claimant is not known to Crystal, an appropriate arrangement shall be made for the payment of such Claim. If the sum of the Allowed Amounts of Class 11 Claims exceeds $9,000,000, Crystal reserves the right to amend this Plan to provide for a Pro Rata distribution to such Claimants of $9,000,000 or such other distribution as may be appropriate. Any such amendment or modification shall be subject to such acceptance by the Claimants in Class 11 as may be required under the Bankruptcy Code.

3.12 *Class 12—14⅞% Debenture Claims.* Each Class 12 Claimant shall receive on the Effective Date a Pro Rata distribution of (i) 13,186,000 shares of Series A Preferred Stock, (ii) $.10 Warrants to purchase 15,022,000 shares of the New Common Stock, (iii) $.125 Warrants to purchase 11,684,000 shares of the New Common Stock and (iv) 5,591,000 shares of the New Common Stock.

3.13 *Class 13—Subordinated Debenture Claims.* Each Class 13 Claimant shall receive on the Effective Date a Pro Rata distribution of (i) 53,681,000 shares of Series A Preferred Stock, (ii) $.10 Warrants to purchase 59,608,000 shares of the New Common Stock, (iii) $.125 Warrants to purchase 59,608,000 shares of the New Common Stock and (iv) 23,101,000 shares of the New Common Stock.

3.14 *Class 14—Intercompany Claims.* The Class 14 Claimant shall receive no distributions.

3.15 *Class 15—Shareholder Claims of Interest.* Each Class 15 Claimant shall receive on the Effective Date a Pro Rata distribution of (i) 51,705,723 shares of the New Common Stock, (ii) $.125 Warrants to purchase 200,000,000 shares of the New Common Stock, (iii) $.15 Warrants to purchase 200,000,000 shares of the New Common Stock and (iv) $.25 Warrants to purchase 200,000,000 shares of the New Common Stock.

## ARTICLE IV

### Claims and Interests Not Impaired Under the Plan

Classes 1, 2, 3, 4, 5, 9, 10 and 11 shall be paid in cash, or provided for, on the Effective Date, and are not impaired by this Plan.

## ARTICLE V

### SUBORDINATION

In consideration for the distributions to be provided to them under this Plan and the fulfillment of the other terms of this Plan, the creditors in Classes 8 (including, if applicable, Class 8A and Class 8B) and 12 shall each be deemed as of the Effective Date to have agreed to limit the enforcement of the subordination agreements of which they may be the beneficiaries to their right to receive the consideration to be provided to them under this Plan and to have agreed to allow the creditors in Classes 12 and 13, as the case may be, to receive the consideration to be provided to them under this Plan, free of any subordination Claims.

## ARTICLE VI

### MEANS FOR EXECUTION OF PLAN

6.01 *Revesting.* Except as otherwise provided, property of the Estate shall revest in Reorganized Crystal on the Effective Date. After the Effective Date, Reorganized Crystal may operate its business and buy, use, acquire, and dispose of its property, free of any restrictions contained in the Bankruptcy Code. As of the Effective Date, all property of Reorganized Crystal shall be free and clear of all Claims and Interests of creditors and equity security holders, except the obligations that are imposed in this Plan.

6.02 *Initial Board of Directors.* Subject to Bankruptcy Court approval under Section 1129(a)(5) of the Bankruptcy Code, Crystal shall designate either the initial Board of Directors or the method for determining the composition for such Board of Directors. The Board of Directors shall take such action as is necessary to implement this Section 6.02, which action shall be deemed to be authorized and ratified by the shareholders of Reorganized Crystal. The initial Board of Directors shall continue to serve in such capacity until the next annual meeting of shareholders or until their successors are duly elected and qualified in accordance with the provisions governing election of directors contained in the Articles of Incorporation and Bylaws of Reorganized Crystal. The initial Board of Directors of Reorganized Crystal shall call the first meeting of the holders of New Common Stock within 12 months after the Effective Date. Any vacancy on the Board of Directors may be filled by the majority vote of the remaining directors, though less than a quorum.

6.03 *Management of Reorganized Crystal.* Upon the Effective Date, the operation of Reorganized Crystal shall be and become the general responsibility of the Board of Directors, who shall, thereafter, have the responsibility for the management, control, and operation of Reorganized Crystal. Such directors shall have the responsibility, *inter alia*, for the following: (i) selection of the officers of Reorganized Crystal; (ii) carrying out such changes as are necessary in the Articles of Incorporation and the By-Laws of Crystal to accomplish the requirements of this Plan; and (iii) the authorization and approval of the preparation, execution, and issuance of the New Bank Note, the New Long-Term Bank Note, the New Halliburton Note, the New Convertible Secured Notes, the Senior Preferred Stock, the Series A Preferred Stock, the Warrants, the New Common Stock, the Supplemental Loan Agreement, the Letter of Credit Escrow Agreement, and such other notes, securities and documents of Reorganized Crystal as may be necessary to carry out this Plan.

6.04 *New Entities.* Reorganized Crystal may create additional new subsidiaries or partnerships in accordance with the laws of the state of incorporation or formation.

6.05 *Issuance of New Securities and Obligations.* Reorganized Crystal shall authorize and issue the following securities pursuant to this Plan: the New Bank Note, the New Long-Term Bank Note, the New Halliburton Note, the New Convertible Secured Notes, the Preferred Stock, the New Common Stock and the Warrants. Reorganized Crystal shall also issue such other securities and obligations, if any, as are required elsewhere in this Plan. The New Securities shall be deemed to have been issued as of the date of the entry of the Confirmation Order.

6.06 *Cancellation of Existing Indentures and Note Agreements.* Except for the lien created by the 15% Senior Note Indenture, which is to be carried forward to the New Note Indenture, upon the Effective Date, the rights and obligations of Crystal and the holders of the 15% Senior Notes and the Debentures under

the following indentures and related instruments, including the debt instruments issued pursuant thereto, shall be terminated and cancelled:

(a) 15% Senior Note Indenture;

(b) 14⅛% Debenture Indenture;

(c) 1990 12⅛% Debenture Indenture;

(d) 9% Debenture Indenture;

(e) 11⅛% Debenture Indenture;

(f) 13¾% Debenture Indenture; and

(g) 2001 12⅛% Debenture Indenture.

6.07 *Charter Amendments.* The Articles of Incorporation of Crystal shall be amended as necessary to (i) increase in the authorized number of shares of common stock of Crystal from 90,000,000 to 2,300,000,000, (ii) increase the authorized number of shares of preferred stock of Crystal from 1,000,000 to 150,000,000, (iii) decrease the par value of the preferred stock from $5.00 to $.01 per share, (iv) create the Senior Preferred Stock and the Series A Preferred Stock through the filing of a Certificate of Designation, Voting Powers, Preferences and Rights with respect to each series of the Preferred Stock, (v) prohibit the issuance by Reorganized Crystal of any shares of nonvoting equity securities in accordance with the provisions of Section 1123 of the Bankruptcy Code, and (vi) satisfy any other provisions of this Plan. The Charter Amendments shall become effective on the Effective Date. The Charter Amendments shall be substantially as set forth in Exhibits A, B, and C hereto.

6.08 *Distribution of Consideration.*

(a) *Disbursing Agent.* A national bank designated by Crystal with approval of the Bankruptcy Court, and such other entities as the Bankruptcy Court designates, such as an indenture trustee or stock transfer agent for securities to be distributed pursuant to this Plan, shall serve as Disbursing Agent or Agents and shall distribute all property to be distributed under this Plan. A Disbursing Agent may employ or contract with other entities to assist in or perform the distribution of the property to be distributed. Each Disbursing Agent shall serve without bond.

(b) *Fractional Shares and Interests.* The New Common Stock, the Preferred Stock and the Warrants shall be distributed only in whole units. No fractional shares of New Common Stock or Preferred Stock or interests in Warrants shall be distributed to the holders of Allowed Claims or Allowed Interests. No New Convertible Secured Notes will be distributed in integral multiples less than $10 to the holders of Allowed Claims. Each time a distribution is to be made under this Plan to the holder of an Allowed Claim or Allowed Interest, all fractional shares or Warrants or New Convertible Secured Notes in principal amounts of less than $10 that would otherwise have been distributed to such holder shall be aggregated in a separate pool for the holders of Claims or Interests in such holder's Class. Holders of Allowed Claims or Allowed Interests who would otherwise be entitled to receive fractional shares or Warrants or New Convertible Secured Notes in principal amounts of less than $10 shall be ranked within each Class according to the size of the fractional share or Warrant or the principal amount of the New Convertible Secured Note to which such holder would otherwise be entitled. If two or more such holders are entitled to the same fractional share or Warrant or principal amount (as rounded to the sixth decimal place), the ranking of such holder shall be determined by lot. Based on such ranking within each Class a whole share of the New Common Stock or the Preferred Stock, a whole Warrant or a New Convertible Secured Note in the principal amount of $10, as the case may be, shall be distributed, on a Class by Class basis from the pool with respect to such Class, to those holders entitled to the largest fractions of each such security in each such class until all the shares of the New Common Stock and the Preferred Stock, all Warrants and the entire principal amount of the New Convertible Secured Notes shall have been distributed.

(c) *Disputed, Unliquidated and Contingent Claims or Interests.*

(i) *Escrow.* Notwithstanding any provisions of this Plan to the contrary, the Disbursing Agent shall withhold from the property to be distributed under this Plan, and shall place in escrow, a

sufficient amount thereof to be distributed on the account of the Claims or Interests that are disputed and have not become Allowed Claims or Allowed Interests as of the date of the initial distribution under this Plan. As to any unliquidated or contingent Claim or Interest, the Bankruptcy Court shall determine what amount, if any, should be withheld. The Disbursing Agent shall also place in the same escrow any distributions or obligations arising from the securities to be distributed under this Plan and still in the escrow at the time the distributions are made or the obligations arise. To the extent practicable, the Disbursing Agent may invest the cash in the escrow in a manner that will yield a reasonable net return taking into account the safety of the investment.

(ii) *Distribution.* The property in the escrow, including the allocable portion of the net return yielded from the investment in escrow, shall be distributed to the extent such Claims or Interests are Allowed by the Final Order. Any property in the escrow remaining after disputes over Claims or Interests of a particular Class have been resolved shall be retained by Reorganized Crystal. Reorganized Crystal shall also retain any cash previously reserved in escrow for disputed claims of a kind specified in Bankruptcy Code Section 507(a) that are disallowed and the allocable portion of the net return yielded from investment of the cash in the escrow.

(d) *Surrender of Securities.* As a condition to participation under this Plan, (i) a holder of a Security that desires to receive the property on account of such holder's Allowed Claim or Allowed Interest with respect to that Security shall surrender such Security, or evidence thereof satisfactory to Reorganized Crystal, to the Disbursing Agent or its designee, and (ii) the holder of a note, debenture or other evidence of indebtedness of Crystal (other than a Security) that desires to receive the property to be distributed on account of an Allowed Claim based on such note, debenture or other evidence of indebtedness shall surrender such note, debenture or other evidence of indebtedness to the Disbursing Agent or its designee, and shall execute and deliver such other documents as are necessary to effectuate this Plan. On the Effective Date, the Bank shall surrender to Reorganized Crystal the Bank Note and shall receive therefor the New Bank Note and the New Long-Term Bank Note, in the principal amounts as provided in Section 3.06 hereof and Reorganized Crystal shall execute and deliver to the Bank the Supplemental Loan Agreement and such instruments, if any, as may be necessary to continue the Bank's existing liens as security for the New Bank Note, the New Long-Term Bank Note and the Remaining Letter of Credit Obligations. On the Effective Date, Halliburton shall surrender the Halliburton Note and all related instruments evidencing the Halliburton Note and shall receive therefor the New Halliburton Note in the principal amount as provided in Section 3.07 hereof and Reorganized Crystal shall execute and deliver to Halliburton such instruments, if any, as may be necessary to continue Halliburton's existing liens as security for the New Halliburton Note. All other Claims shall be paid according to the Allowed Amounts shown on the claims register of the Bankruptcy Court and proofs of interest maintained by the Bankruptcy Court. If no surrender of Securities or evidences of indebtedness occurs, no distributions may be made to the holders thereof. The Disbursing Agent shall make subsequent distributions only to the persons who surrender the Securities for exchange (or their assignees) and the Disbursing Agent shall record such holders of such Securities as of the Effective Date.

(e) *Unclaimed Property and Unissued Securities.* Any property to be distributed under this Plan shall become the property of Reorganized Crystal if it is not claimed by the person entitled thereto before the later of (i) 3 years after Confirmation and (ii) 60 days after an Order allowing the Claim or Interest of that person becomes a Final Order. Securities to be issued by Reorganized Crystal which are reserved pursuant to this Plan and which are not issued prior to Consummation shall be issued at Consummation to Reorganized Crystal. Such securities shall be held in Reorganized Crystal's treasury, free of restrictions upon transfer or cancellation (except those imposed by the securities laws), and all dividends, distributions, interest, or other payments which were made by Reorganized Crystal or which it became obligated to make with respect to any such securities prior to Consummation shall be paid to or retained by Reorganized Crystal. Dividends, distributions, interest, and other payments which Reorganized Crystal becomes obligated to make with respect to any security or obligation reserved pursuant to this Plan and distributed prior to Consummation in accordance with the terms of this Plan or with respect to any other obligation created by this Plan shall be retained by Reorganized Crystal prior to such distribution, and Reorganized Crystal shall be obligated to pay or distribute the same to the distributee of such security or obligation at the time of distribution thereof, without interest.

(f) *Funds Held as Operator.* Undistributed funds held by Crystal as operator for distribution to third party interest owners shall be distributed to such interest owners after Crystal offsets such funds against Crystal's claims against such interest owners.

## ARTICLE VII

### Treatment of Executory Contracts and Unexpired Leases

7.01 *Assumption of Executory Contracts and Unexpired Leases.* Except for Crystal's crude oil and natural gas leases, the treatment of which is set forth in Section 7.02 hereof, as of the Confirmation Date, Crystal shall assume each executory contract and unexpired lease to which it is a party.

7.02 *Assumption of Crude Oil and Natural Gas Leases.* If Crystal's crude oil and natural gas leases constitute executory contracts within Section 365 of the Bankruptcy Code, all crude oil and natural gas leases to which Crystal is a party are hereby expressly assumed.

## ARTICLE VIII

### Compensation for Services Rendered in Connection with This Plan and Certain Employment Agreements

8.01 *Management.*

(a) *New Common Stock and Warrants.* Upon the Effective Date, 4,500,000 shares of the New Common Stock and $.075 Warrants to purchase 16,000,000 shares of New Common Stock and $.10 Warrants to purchase 15,000,000 shares of the New Common Stock shall be issued, or reserved for issuance, to certain key employees of Crystal in consideration for such employees' agreement to remain or become employees of the Debtor-in-Possession during the Reorganization Case or as additional incentive for them to continue or become employees of Reorganized Crystal after Confirmation of this Plan. The number of shares of the New Common Stock and Warrants proposed to be granted to members of management will be determined prior to Confirmation by the Board of Directors of Crystal based on various factors including (i) recognition of the efforts of each of such persons on behalf of Crystal and in connection with its reorganization, (ii) recognition of the current compensation levels of such persons, (iii) the length of time which such persons have served and (iv) negotiations with new key members of management, if any. To the extent the shares of the New Common Stock and the Warrants to be issued to members of management on the Effective Date are less than the number contemplated to be issued under this Plan, such Warrants may be issued to future members of management in the discretion of the Board of Directors of Reorganized Crystal.

(b) *Employment Agreements.* Crystal hereby expressly assumes (i) the Employment Agreement dated as of July 1, 1986, between Crystal and Joe N. Averett, Jr., as amended to the Confirmation Date, (ii) the Employment Agreement dated as of July 1, 1986, between Crystal and Robert F. Roberts, as amended to the Confirmation Date, and (iii) the Severance and Consulting Agreement dated as of July 1, 1986, between Crystal and Mark A. Roberts. Pursuant to such agreements and subject to the approval of the Bankruptcy Court, as of the Effective Date, (i) Joe N. Averett shall receive 500,000 shares of the New Common Stock, 1,000,000 $.075 Warrants and 2,000,000 $.10 Warrants, (ii) Robert F. Roberts shall receive 400,000 $.25 Warrants and (iii) Mark A. Roberts shall receive 400,000 $.25 Warrants. In addition to the above, subject to approval by the Bankruptcy Court, Robert F. Roberts will also receive within 105 days after the Confirmation Date a number of shares (not to exceed 400,000) of the New Common Stock equal to the quotient resulting from the division of $100,000 by the average market price (as defined below) of the New Common Stock during the 90 day period commencing on the date after the Confirmation Date. Further, on the first anniversary of the Confirmation Date, Robert F. Roberts shall receive a number of shares (not to exceed 400,000) of New Common Stock equal to the quotient resulting



RAM00139

from the division of $100,000 by the average market price of the New Common Stock during the 90 day period immediately preceding such anniversary date. Such shares shall be issued to Mr. Roberts within 15 days following such first anniversary date. For purposes of determining the number of shares of the New Common Stock to be issued to Mr. Roberts, the term "average market price" for any period shall mean the arithmetic mean, for all days during which the New Common Stock shall have been traded during such period, of the last reported sale price regular way or, in case no reported sale price takes place on such day, the average of the closing bid and asked prices regular way for such day, in either case, on the principal national or regional securities exchange on which the shares are listed or admitted to trading, or if the shares are not listed or admitted to trading on any national or regional securities exchange, but are traded in the over-the-counter market, the closing sale price of the New Common Stock or, in the case no sale is publicly reported, the average of the closing bid and asked quotations for the New Common Stock as reported by the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or the National Quotation Bureau Incorporated, or if the New Common Stock is not quoted by NASDAQ or the National Quotation Bureau Incorporated, the closing sale price of the New Common Stock or, in case no sale is publicly reported, the average of the closing bid and asked prices of the New Common Stock as furnished by two members of the National Association of Securities Dealers, Inc. selected from time to time by the Board of Directors of Reorganized Crystal for that purpose. In case of the general unavailability of published prices from any source with respect to the New Common Stock, then the average market price for the New Common Stock shall mean the fair value of one share of the New Common Stock as determined by the Board of Directors of Reorganized Crystal.

(c) *Options in Lieu of Warrants.* In lieu of the issuance of the 16,000,000 $.075 Warrants and the 15,000,000 $.10 Warrants to be issued, or reserved for issuance, to management pursuant to Section 8.01(a) hereof and the issuance of 1,000,000 $.075 Warrants and 2,000,000 $.10 Warrants to Mr. Averett pursuant to Section 8.01(b) hereof, Reorganized Crystal may issue to management (including Mr. Averett) tax-benefited options to purchase an equivalent number of shares of the New Common Stock at equivalent purchase prices to such Warrants if, in the opinion of the Board of Directors of Crystal, the grant of options in lieu of Warrants would be more beneficial to management and Reorganized Crystal.

(d) *Employee Benefit Plans.* In addition to the compensation arrangements set forth above, except for Crystal's Incentive Bonus Plan, which was terminated as of the Petition Date, Reorganized Crystal shall continue in effect all of Crystal's current compensation, incentive and benefit arrangements for the benefit of its directors, executive officers and employees, including Crystal's Employees' Thrift Plan and Phantom Stock Plan.

8.02 *Copeland and PWI.* In consideration for their assistance to Crystal in developing and implementing the Plan, subject to approval by the Bankruptcy Court, Copeland and PWI shall receive $350,000 and $150,000, respectively, in cash and $540,000 and $300,000, respectively, in shares of New Common Stock. The cash fee to be paid to Copeland and PWI shall be paid within 15 days of the date of the Order approving such fees. The shares of New Common Stock to be issued to Copeland and PWI shall be issued within 120 days after the Confirmation Date and will be valued based on the average market price per share of the New Common Stock for the 90 days immediately following the Effective Date; provided, however, that if the average market price per share of the New Common Stock during such 90-day period is less than $.125, the shares of the New Common Stock to be issued to Copeland and PWI shall be valued at $.125 per share, and if the average market price per share of the New Common Stock during such 90-day period is greater than $.20, the shares of the New Common Stock to be issued to Copeland and PWI shall be valued at $.20 per share. For purposes of the above determination, the average market price of the New Common Stock shall be the arithmetic mean of the daily high and low sale prices (or if no sale prices are reported, the average of the daily high and low bid prices) of the New Common Stock as reported by the principal national stock exchange on which the New Common Stock is listed, or if the New Common Stock is not listed on a national stock exchange, as reported by NASDAQ or the National Quotation Bureau Incorporated or otherwise in the over-the-counter market. In addition to the above consideration, subject to approval of the Bankruptcy Court, Copeland shall also receive on the Effective Date $.075 Warrants to purchase 7,000,000 shares of New Common Stock and $.10 Warrants to purchase 7,000,000 shares of New Common Stock.

## ARTICLE IX

### PREFERENCES, FRAUDULENT CONVEYANCES AND OBJECTIONS TO CLAIMS

Crystal shall be the only party authorized to object to Claims and to pursue actions to recover preferences and fraudulent conveyances. Unless Crystal consents, or unless otherwise ordered by the Bankruptcy Court, no other party shall have the right or obligation to pursue any such actions. Any creditor determined to have received a preference or fraudulent conveyance pursuant to Sections 547 or 548 of the Bankruptcy Code or any other applicable law shall be required to remit to Crystal an amount equal to the difference between (i) the determined amount of the preference or fraudulent conveyance and (ii) the amount the creditor would have received had such creditor's Claim for such preference or fraudulent conveyance been Allowed. The determination of such amount shall be made based on a pro rata share of the distribution amount excluding Claims resulting from the collection of preferences and fraudulent conveyances. Except as provided above, all Claims against any creditor who may have received a preference or fraudulent conveyance shall be released and discharged upon Confirmation of the Plan.

## ARTICLE X

### PROVISIONS FOR THE RETENTION, ENFORCEMENT, SETTLEMENT, OR ADJUSTMENT OF CLAIMS BELONGING TO CRYSTAL OR TO THE ESTATE

10.01 *Crystal's Causes of Action.* All Claims recoverable under Section 550 of the Bankruptcy Code, all Claims against third parties on account of any indebtedness, and all other Claims owed to or in favor of Crystal to the extent not specifically compromised and released pursuant to this Plan or an agreement referred to and incorporated herein, are hereby preserved and retained for enforcement by Reorganized Crystal subsequent to the Effective Date.

10.02 ***Legally Binding Effect; Discharge of Claims and Interests.*** Except for Classes which are not impaired, the provisions of this Plan shall (i) bind all creditors and interest holders, whether or not they accept this Plan, and (ii) discharge Crystal from all debts that arose before the Petition Date. The distributions provided for creditors and interest holders shall not be subject to any Claim by another creditor or interest holder by reason of any assertion of a contractual right of subordination. In addition, the distributions of cash and securities provided for under the Plan shall be in exchange for and in complete satisfaction, discharge, and release of all Claims against and Interests in Crystal or any of its assets or properties, including any Claim or Interest accruing after the Petition Date and prior to the Effective Date. On and after the Effective Date, all holders of impaired Claims and Interests shall be precluded from asserting any Claim against Reorganized Crystal or its assets or properties based on any transaction or other activity of any kind that occurred prior to the Petition Date.

## ARTICLE XI

### RETENTION OF JURISDICTION

11.01 *Jurisdiction.* Until this Reorganization Case is closed, the Bankruptcy Court shall retain such jurisdiction as is legally permissible, including that necessary to insure that the purpose and intent of this Plan are carried out and to hear and determine all Claims set forth in Article II above that could have been brought before the entry of the Confirmation Order. The Bankruptcy Court shall retain jurisdiction to hear and determine all Claims against Crystal and to enforce all causes of action which may exist on behalf of Crystal. Nothing herein contained shall prevent Reorganized Crystal from taking such action as may be necessary in the enforcement of any cause of action which may exist on behalf of Crystal and which may not have been enforced or prosecuted by the Debtor-in-Possession.

Following the Consummation Date, the Bankruptcy Court shall further retain jurisdiction for the purpose of classification of the Claim of any creditor and the re-examination of Claims which have been Allowed for purposes of voting, and the determination of such objections as may be Filed to creditors'

claims. The failure by Crystal to object to, or examine, any claim for the purposes of voting, shall not be deemed a waiver of Crystal's or Reorganized Crystal's right to object to, or re-examine, the claim, in whole or part.

The Bankruptcy Court further shall retain jurisdiction after the Consummation Date for the purpose of determination of all questions and disputes regarding title to the assets of the Estate, disputes between Bank and Halliburton relating to the provisions of Sections 3.06 and 3.07 hereof and determination of all causes of action, controversies, disputes, or conflicts, whether or not subject to any pending action as of the Confirmation Date, between Crystal and any other party, including, but not limited to, any right of Crystal to recover assets pursuant to the provisions of the Bankruptcy Code.

The Bankruptcy Court shall retain jurisdiction for the following additional purposes after the Consummation Date:

(a) to modify this Plan after Confirmation pursuant to the Bankruptcy Rules in Title 11 of the Bankruptcy Code;

(b) to assure the performance by Reorganized Crystal of its obligations to make distributions under this Plan and with respect to the New Securities to be issued;

(c) to enforce and interpret the terms and conditions of this Plan;

(d) to enter such Orders, including injunctions, as are necessary to enforce the title, rights, and powers of Reorganized Crystal and to impose such limitations, restrictions, terms, and conditions on such title, rights, and powers as this Bankruptcy Court may deem necessary;

(e) to enter an Order concluding and terminating this Reorganization Case;

(f) to correct any defect, cure any omission, or reconcile any inconsistency in this Plan or the Order of Confirmation as may be necessary to carry out the purposes and intent of this Plan; and

(g) to decide issues concerning federal tax reporting and withholding which arise in connection with the Confirmation or Consummation of this Plan.

## ARTICLE XII

### Additional Assets

The assets of all subsidiary corporations of Crystal which are not subject to this case, including Crystal Michigan, CEPCO, and Crystal Program Limited, Inc., a Texas corporation, shall be administered by the Board of Directors of Reorganized Crystal in accordance with the interests of Reorganized Crystal and its shareholders so long as the interests of the creditors, if any, of such subsidiary corporations are protected.

## ARTICLE XIII

### Conditions to Confirmation

This Plan may not be confirmed by the Bankruptcy Court unless each of the following conditions is either met or waived, to the extent permitted by the Bankruptcy Court, by Crystal:

13.01 *Effective Date.* The Effective Date shall have occurred within 12 months following the Petition Date;

13.02 *Adequate Information.* The Bankruptcy Court by Final Order shall have found that (i) the acceptances and rejections of this Plan from Crystal's impaired creditors pursuant to the Disclosure Statement were solicited after disclosure of adequate information to all such creditors in compliance with any applicable non-bankruptcy law, rule or regulation governing the adequacy of disclosure in connection with such solicitation, (ii) all disclosure statements provided to Crystal's creditors or interest holders contained adequate information with respect to this Plan and (iii) all solicitations for approval of this Plan were made in good faith and in compliance with the applicable provisions of the Bankruptcy Code;

13.03 *Confirmation of Plan.* All the requirements of Section 1129(a) of the Bankruptcy Code (except the provisions of Section 1129(a)(8) with respect to class acceptance) shall have been met;

13.04 *Claims.* All impaired Classes of Claims shall have voted to accept this Plan by at least two-thirds in amount and more than one-half in number of those voting or the provisions of Section 1129(b) of the Bankruptcy Code shall have been found by the Bankruptcy Court to have been met with respect to any non-accepting Class of Claims;

13.05 *Interests.* All impaired Classes of Interest holders shall have voted to accept this Plan by at least two-thirds in amount of those voting or the Bankruptcy Court shall have found that such vote is not required or that, notwithstanding such a vote being taken, the provisions of Section 1129(b) of the Bankruptcy Code with respect to the Common Stock have been met;

13.06 *Subsidiary Obligations.* CEPCO and Crystal Michigan shall have agreed to guarantee the payment of Reorganized Crystal's obligations under the Supplemental Loan Agreement and the New Halliburton Note;

13.07 *Documentation.* The general terms of the Supplemental Loan Agreement, the Letter of Credit Escrow Agreement, the New Note Indenture, the New Securities, CEPCO's and Crystal Michigan's guarantees of Reorganized Crystal's obligations under the Supplemental Loan Agreement and all other agreements, instruments and documents necessary for the implementation of this Plan shall have been approved by the Bankruptcy Court; provided, however, the Bankruptcy Court may, in its discretion, review the final forms of such documents prior to Consummation of the Plan;

13.08 *Order of Priorities.* The Bankruptcy Court by Final Order shall have ordered that (i) the property that is subject to the lien securing the payment of Reorganized Crystal's obligations with respect to the New Bank Note, the New Long-Term Bank Note and the Remaining Letter of Credit Obligations is subject to no prior lien or security interest, (ii) the property that is subject to lien securing the payment of Reorganized Crystal's obligations with respect to the New Halliburton Note is subject to no prior lien or security interest other than the lien and security interest securing the payment of Reorganized Crystal's obligations with respect to the New Bank Note, the New Long-Term Bank Note and the Remaining Letter of Credit Obligations and (iii) the property that is subject to the lien securing the payment of Reorganized Crystal's obligations with respect to the New Convertible Secured Notes is subject to no prior lien or security interest other than the liens and security interests securing the payment of Reorganized Crystal's obligations with respect to the New Bank Note, the New Long-Term Bank Note, the Remaining Letter of Credit Obligations, and the New Halliburton Note;

13.09 *New Note Indenture.* The New Note Indenture shall have been qualified under the Trust Indenture Act of 1939, as amended; and

13.10 *Letter of Credit.* The Remaining Letter of Credit Obligations as set forth in Section 1.61 hereof shall have been allowed and treated as provided in Section 3.06 hereof.

## ARTICLE XIV

## MISCELLANEOUS PROVISIONS

14.01 *Cram-Down.* In the event any impaired Class shall fail to accept this Plan in accordance with Section 1129(a) of the Bankruptcy Code, Crystal reserves the right to request the Bankruptcy Court to confirm the Plan in accordance with the provisions of Section 1129(b) of the Bankruptcy Code.

14.02 *Reclamation Claims.* Pursuant to Section 546(c) of the Bankruptcy Code, entities who sold goods to Crystal in the ordinary course of Crystal's business after the date Crystal may have been deemed "Insolvent" under Section 546(c) may have a Claim against Crystal for the reclamation of such goods. Pursuant to Section 546(c) such Claimants must make a reclamation demand in writing within ten days after Crystal receives such goods.

14.03 *Compliance With Tax Requirements.* In connection with this Plan, Crystal shall comply with all withholding and reporting requirements imposed by federal, state and local taxing authorities and distributions hereunder shall be subject to such withholding and reporting requirements.

14.04 *Revocation.* Crystal reserves the right to revoke and withdraw this Plan at any time prior to the Confirmation Date.

14.05 *Effect of Withdrawal of, Revocation.* If Crystal revokes or withdraws this Plan prior to the Confirmation Date, or if the Confirmation Date or the Effective Date does not occur, then this Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against Crystal or any other person or to prejudice in any manner the rights of Crystal or any person in any further proceedings involving Crystal.

14.06 *Headings.* Headings are utilized in this Plan for convenience and reference only, and shall not constitute a part of this Plan for any other purpose.

14.07 *Due Authorization by Creditors.* Each and every creditor who elects to participate in the distributions provided for herein warrants that he is authorized to accept in consideration of his Claim against Crystal the distributions provided for in this Plan and that there are not outstanding commitments, agreements, or understandings, express or implied, that may or can in any way defeat or modify the rights conveyed or obligations undertaken by him under this Plan.

14.08 *Entire Agreement.* This Plan, as described herein, in the Disclosure Statement and Exhibits thereto, and in any other disclosure statement approved by the Bankruptcy Court with respect to this Plan sets forth the entire agreement and understanding among the parties hereto relating to the subject matter hereof and supersedes all prior discussions and documents. No party hereto shall be bound by any terms, conditions, definitions, warranties, understandings, or representations with respect to the subject matter hereof, other than as expressly provided for herein or as may hereafter be agreed to by the parties in writing.

## ARTICLE XV

### Modification of the Plan

Crystal may propose amendments to or modifications of this Plan under Section 1127 of the Bankruptcy Code at any time prior to the Confirmation Date. After the Confirmation Date, Crystal may remedy any defects or omissions or reconcile any inconsistencies in this Plan or in the Final Order in such manner as may be necessary to carry out the purposes and intent of this Plan so long as the interest of claimants or interest holders are not materially and adversely affected.

## ARTICLE XVI

### Effective Date

This Plan takes effect on the 30th day following the entry of the Confirmation Order if the Confirmation Order has not been stayed on appeal by a court of competent jurisdiction. If the Confirmation Order is stayed on appeal, this Plan shall take effect 15 days after such stay is dissolved by Final Order.

CRYSTAL OIL COMPANY

By _____
J. N. Averett, Jr.
*President*

Dated: December 17, 1986



RAM00144

EXHIBIT A

# ARTICLES OF AMENDMENT TO THE ARTICLES OF INCORPORATION OF CRYSTAL OIL COMPANY

# ARTICLES OF AMENDMENT TO THE ARTICLES OF INCORPORATION OF CRYSTAL OIL COMPANY

Pursuant to the provisions of Sections 12:32 and 12:162 of the Louisiana Business Corporation Law, Crystal Oil Company, a Louisiana corporation (the "Company"), adopts the following Articles of Amendment to its Articles of Incorporation:

FIRST: On ..... 1986, the United States Bankruptcy Court for the Western District of Louisiana, Shreveport Division (the "Bankruptcy Court"), pursuant to the provisions of Chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 1101 *et. seq.*, confirmed a Plan of Reorganization of the Company (the "Plan") in *In The Matter of Crystal Oil Company*, Case No. 86-586-02834 (Chapter 11).

SECOND: The Plan provides that the Fourth Article of the Articles of Incorporation of the Company is to be amended in its entirety to read as follows:

"FOURTH: The aggregate number of shares which the corporation shall have the authority to issue is Two Billion Four Hundred and Fifty Million (2,450,000,000), consisting of two classes. The designation of each class, the number of shares of each class, and the par value of the shares of each class are as follows:

| Number of Shares | Class | Par Value Per Share |
|---|---|---|
| 2,300,000,000 | Common Stock | $.01 |
| 150,000,000 | Preferred Stock | $.01 |

The preferences, limitations and relative rights in respect of the shares of each class and the variations of the relative rights and preferences as between series of any preferred or special class in series, if any, as shall be provided for, are as follows:

A. COMMON STOCK

1. *Voting Rights of Common Stock.* Each holder of Common Stock shall be entitled to one vote for each share of Common Stock held thereby on each matter submitted to a vote of the shareholders of the corporation. No shareholder shall be entitled to cumulate his votes in the election of directors of the corporation, but each share shall be entitled to one vote in the election of each director.

2. *Dividends on Common Stock.* The holders of Common Stock shall be entitled to receive dividends on shares of Common Stock when, if and as declared by the Board of Directors of the corporation.

3. *Distribution on Common Stock in the Event of Dissolution, Liquidation or Winding Up.* In the event of any voluntary or involuntary dissolution, liquidation or winding up of the corporation, after payment or provision for payment of the debts and other liabilities of the corporation and the amounts to which the holders of all classes of Preferred Stock may be entitled, the holders of the Common Stock shall be entitled to share ratably in the remaining assets of the corporation.

B. PREFERRED STOCK

1. *Authority of the Board of Directors to Amend the Articles of Incorporation to Fix the Preferences, Limitations and Relative Rights of Preferred Stock.* There is hereby vested in the Board of Directors of the corporation the authority to amend these Articles of Incorporation by resolution of such Board of Directors to fix the preferences, limitations and relative rights of the shares of Preferred Stock, and to establish and fix variations in relative rights as between series of Preferred Stock. In such regard and subject only to the limitations set forth in paragraph 2 below and by law, the Board

of Directors of the corporation may by resolution from time to time classify or reclassify and issue in one or more series any unissued shares of Preferred Stock, and may fix or alter in any one or more respects, from time to time before issuance of such shares, the number and designation of any series or classification, liquidation and dividend rights, preferences, voting powers, redemption rights, conversion rights, and any other rights, restrictions and qualifications of and the terms of any purchase, retirement or sinking fund which may be provided for such shares of Preferred Stock.

2. *Restriction on Non-Voting Securities.* Notwithstanding the provisions of paragraph 1 above relating to the authority of the Board of Directors of the corporation to fix the preferences, limitations and relative rights of the shares of Preferred Stock, and to establish and fix variations in the relative rights as between series of Preferred Stock, the Board of Directors of the corporation (a) may not authorize the issuance of any class or series of Preferred Stock without voting rights and (b) shall provide with respect to each class or series of Preferred Stock for an appropriate distribution of the voting power of the corporation, including, in the case of any class or series of Preferred Stock having a preference over the Common Stock or any other class or series of Preferred Stock with respect to dividends, adequate provision for the election of directors representing such class or series of Preferred Stock in the event of default in the payment of such dividends."

THIRD: The filing of these Articles of Amendment to the Company's Articles of Incorporation is provided for in the Plan and in the order of the Bankruptcy Court confirming the Plan.

FOURTH: The preferences, limitations and relative rights in respect of the shares of each class of capital stock of the Company and the variations in the relative rights and preferences as between each series of preferred or special class of capital stock of the Company are described in the Second Article of these Articles of Amendment to the Company's Articles of Incorporation.

IN WITNESS WHEREOF, the Company, as authorized and directed by the order of the Bankruptcy Court confirming the Plan, has caused these Articles of Amendment to the Articles of Incorporation of the Company to be signed by J. N. Averett, Jr., its President, and L. G. Caskey, its Secretary, respectively, on this ..... day of ....., 1986.

CRYSTAL OIL COMPANY

By .....
J. N. AVERETT, JR.
*President*

By .....
L. G. CASKEY
*Secretary*



RAM00147

STATE OF LOUISIANA
PARISH OF CADDO } SS.:

BEFORE ME, ..... a Notary in and for the said State and Parish, this day personally appeared J. N. Averett, Jr., appearing herein in his capacity as President of Crystal Oil Company, to me personally known to be the identical person whose name is subscribed to the foregoing instrument as representing Crystal Oil Company and acknowledged to me in the presence of the undersigned witnesses, that he executed the same on the date hereof on behalf of said Corporation, and that it was executed for the uses, purposes and considerations therein expressed by authority of the United States Bankruptcy Court for the Western District of Louisiana, Shreveport Division, as the free act and deed of the Corporation.

IN WITNESS WHEREOF, I have hereunto signed this acknowledgment with the appearer and the two competent witnesses at Shreveport, Louisiana, on the ..... day of ....., 1986, after reading of the whole.

.....
J. N. AVERETT, JR.
*President*

WITNESSES:

.....

.....

.....
NOTARY

.....
My Commission expires



RAM00148

# CERTIFICATE OF DESIGNATION, VOTING POWERS, PREFERENCES AND RIGHTS OF THE $.06 SENIOR CONVERTIBLE VOTING PREFERRED STOCK

EXHIBIT B

# CERTIFICATE OF DESIGNATION, VOTING POWERS, PREFERENCES AND RIGHTS OF THE $.06 SENIOR CONVERTIBLE VOTING PREFERRED STOCK OF CRYSTAL OIL COMPANY

Crystal Oil Company, a Louisiana corporation (the "Company"), pursuant to Sections 12:33 and 12:24B(6) of Louisiana Business Corporation Law, certifies that the Board of Directors of the Company at a meeting thereof duly called and held on [the Effective Date], at which a quorum was present and acting throughout, duly adopted the following resolutions providing for the issuance of a series of preferred stock, $.01 par value, to be designated the "$.06 Senior Convertible Voting Preferred Stock" and to consist of 50,062,000 shares:

RESOLVED, that pursuant to the authority expressly vested in the Board of Directors by Article Four of the Articles of Incorporation of the Company (which creates and authorizes 150,000,000 shares of Serial Preferred Stock having the par value of $.01 per share ("Serial Preferred Stock"), of which no shares are currently outstanding), there is hereby designated and authorized for issuance in connection with the confirmation of a Plan of Reorganization of the Company (the "Plan") under Chapter 11 of the United States Bankruptcy Code, a series of Serial Preferred Stock, $.01 par value, entitled "$.06 Senior Convertible Voting Preferred Stock" consisting of fifty million sixty-two thousand (50,062,000) shares (the "Senior Preferred Stock"); and

RESOLVED, that the Senior Preferred Stock shall have the following powers, preferences and relative, participating, voting, optional, conversion and other special rights, and the qualifications, limitations and restrictions thereon, in addition to those set forth in Article Four of the Articles of Incorporation of the Company:

(a) *Dividends.* The holders of shares of Senior Preferred Stock shall be entitled to receive, when, if, and as declared by the Board of Directors, noncumulative dividends out of funds legally available therefor in cash at the rate of $.06 per share per annum, and no more, payable annually on the fifteenth day of April in each year commencing [April after the Effective Date]. Dividends shall be payable to holders of record, as they appear on the stock transfer books of the Company, on such record dates as may be declared by the Board of Directors not more than sixty (60) days nor less than ten (10) days preceding the payment dates for such dividends. Notwithstanding the above, no dividends, whether in cash, stock or otherwise shall be paid or declared with respect to, nor shall any distribution be made on, the Senior Preferred Stock unless (i) there shall not be outstanding any Superior Indebtedness (as defined in the Indenture of Mortgage, Deed of Trust, Assignment and Security Agreement dated as of [the Effective Date], between the Company and J. Henry Schroder Bank & Trust Company pursuant to which the Company's Non-Interest Bearing Subordinated Convertible Secured Notes due [ten years after the Effective Date] (the "Notes"), were issued, (ii) any required sinking fund obligation of the Company with respect to the Notes shall have been made or provided for, (iii) after giving effect to such dividend or distribution the Company shall have at least $1.00 in consolidated retained earnings (calculated in accordance with generally accepted accounting principles then existing) and (iv) the declaration and payment of such dividends or the making of such distribution would not violate any applicable law or provision of any material contract to which the Company is a party. The determination of the amount of the Company's consolidated retained earnings shall be made as of the last day of the preceding month in which it is determined by the independent public accountants then engaged by the Company to audit the accounts of the Company generally, whose determination shall be conclusive.

(b) *Dividend Preference.* So long as any shares of Senior Preferred Stock are outstanding, no dividends whatsoever, whether in cash, stock or otherwise (except for dividends paid in shares of "junior stock" as defined below) shall be paid or declared, nor shall any distribution be made, on any junior stock, nor shall any shares of junior stock (other than junior stock acquired in exchange for junior stock, or out of proceeds of the issue of other junior stock for cash) be purchased, redeemed, retired or otherwise acquired

for valuable consideration by the Company, unless the circumstances described in (i) through (iv) of section (a) hereof under which the Company may declare and pay a dividend on the Senior Preferred Stock shall have been met and all required dividends, if any, on the Senior Preferred Stock for all past periods, including the dividend period immediately preceding such event, shall have been declared and paid or a sum sufficient for the payment thereof set apart for such payment. The term "junior stock" as used herein shall mean the common stock, $.01 par value ("Common Stock"), of the Company and all other shares of stock of the Company by their terms ranking junior to the Senior Preferred Stock as to dividends, rights to redemption (through sinking fund payments or otherwise) and distribution of assets upon a liquidation, dissolution or winding up of the Company.

(c) *Liquidation Preference.* Upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, the Senior Preferred Stock shall be entitled, before any distribution is made on the Common Stock or any other junior stock of the Company, to be paid $1.00 per share, plus all accrued and unpaid dividends to the date of such distribution. A consolidation or merger of the Company shall not be deemed to be a liquidation, dissolution or winding up of the Company.

(d) *Optional Redemption.* The Senior Preferred Stock shall be redeemable, in whole or in part, at the option of the Company, at any time or from time to time, at a redemption price of $1.00 per share plus any accrued and unpaid dividends thereon upon giving the notice provided below. Notice of redemption shall be mailed at least thirty (30) days but not more than sixty (60) days before the redemption date to each holder of record of shares of Senior Preferred Stock to be redeemed at the address shown on the stock transfer books of the Company (but no failure to mail such notice or any defect therein or in the mailing thereof shall affect the validity of the proceedings for such redemption except as to the holder to whom the Company has failed to mail such notice or except as to the holder whose notice was defective). The Company may not redeem less than all outstanding shares of Senior Preferred Stock unless all dividends, if any, on the Senior Preferred Stock for all past periods shall have been declared and paid or set apart for payment upon all outstanding shares of Senior Preferred Stock for the current dividend period. Shares of Senior Preferred Stock redeemed by the Company shall be restored to the status of authorized but unissued shares of Serial Preferred Stock, without designation as to series, and may thereafter be issued.

(e) *Restrictions on Dividends and Other Payments on Junior Stock.* So long as any shares of Senior Preferred Stock are outstanding, no dividends whatsoever, whether in cash, stock or otherwise, shall be paid or declared on, nor shall any distribution be made on, nor shall there be purchased, redeemed or retired or otherwise acquired for valuable consideration by the Company or any subsidiary of the Company, nor shall any distribution be made upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, on any junior stock unless (i) all dividends, if any, required to be paid on the Senior Preferred Stock for all past periods, including the dividend period immediately preceding such event, shall have been paid and declared or a sum sufficient for the payment thereof set apart and (ii) in the case of any voluntary or involuntary liquidation, dissolution or winding up of the Company, there shall have been distributed to the holders of Senior Preferred Stock all amounts to which they are entitled pursuant to section (c) hereof.

(f) *Conversion.* The holder of any shares of Senior Preferred Stock shall have the right at his option at any time, subject to the provisions of this section (f), to convert any such shares into Common Stock of the Company at the rate of four and one-half shares of fully paid and nonassessable Common Stock for each share of Senior Preferred Stock, as such rate may be adjusted from time to time, *provided, however,* that, with respect to any share of Senior Preferred Stock which shall be called for redemption, such right of conversion shall cease and terminate at the close of business on the day immediately preceding the date fixed for redemption of such share unless the Company shall default in payment or in providing for payment of the redemption price. The number of shares of Common Stock issuable at any time (and as adjusted from time to time) upon conversion of one share of Senior Preferred Stock is hereinafter called the "Conversion Rate".

The Conversion Rate shall be subject to the following adjustments:

(i) If the Company shall pay a dividend or make a distribution upon its Common Stock in shares of its Common Stock, then the Conversion Rate in effect immediately prior to the record date fixed for the determination of shareholders entitled to such dividend or distribution shall be increased in proportion to the increase in the number of outstanding shares of Common Stock effected through such stock dividend or distribution, such adjustment to become effective immediately after the opening of business on the day following such record date.

(ii) If the Company shall subdivide the outstanding shares of its Common Stock into a greater number of shares of Common Stock or combine the outstanding shares of Common Stock into a smaller number of shares of Common Stock, or issue by reclassification of its Common Stock any shares of the Company, then the Conversion Rate in effect immediately prior thereto shall be adjusted so that a holder of Senior Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number of shares that he would have owned or have been entitled to receive after the happening of any of the events described above had such Senior Preferred Stock been converted immediately prior to the happening of such event, such adjustment to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination or reclassification, as the case may be, becomes effective.

(iii) If the Company shall issue rights or warrants (other than warrants issued or to be issued pursuant to the Plan) to all holders of its Common Stock entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the current market price per share of Common Stock on the date of such issuance, then in each case the Conversion Rate in effect immediately prior thereto shall be adjusted so that the number of shares of Common Stock into which each share of Senior Preferred Stock shall thereafter be convertible shall be determined by multiplying the number of shares of Common Stock into which such share was theretofore convertible by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of additional shares of Common Stock offered for subscription or purchase, and the denominator of which shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of shares of Common Stock which the aggregate offering price of the total number of shares so offered would purchase at the current market price per share of Common Stock.

(iv) If the Company shall distribute to all holders of its Common Stock evidences of indebtedness or securities or assets (excluding those referred to in subsections (i), (ii) and (iii) of this section (f), those securities to be issued pursuant to the Plan and cash dividends payable out of consolidated retained earnings or dividends payable in shares of Common Stock), then the Conversion Rate in effect immediately prior to the record date for the determination of shareholders entitled thereto shall be adjusted by multiplying such Conversion Rate by a fraction, the numerator of which shall be the current market price per share of Common Stock on the date of such distribution and the denominator of which shall be such current market price per share of the Common Stock, less the fair market value (determined by the Board of Directors, whose determination shall be conclusive) of the portion of the assets or securities or evidences of indebtedness so distributed applicable to one share of Common Stock, such adjustment to become effective immediately after the opening of business on the day following the record date for the determination of shareholders entitled to receive such distribution. For purposes of this subsection (iv), consolidated retained earnings shall be determined by the independent public accountants then engaged by the Company to audit the accounts of the Company generally, whose determination shall be conclusive.

No adjustment in the Conversion Rate shall be made if, at the same time as the Company shall distribute property or issue securities of the Company as a dividend or distribution on the outstanding Common Stock, which would otherwise call for an adjustment in the Conversion Rate, the Company shall distribute such property or issue shares of such junior stock as a dividend or distribution on the outstanding Senior Preferred Stock equivalent to the amount of property or the number of shares distributable on the shares of Common Stock into which the Senior Preferred Stock is then convertible.

No adjustment in the Conversion Rate shall be made by reason of the issuance of shares of Common Stock or any security convertible into or exercisable for shares of Common Stock in exchange for cash, property or services.

If the Company shall be consolidated with or merged into any other company, then provisions shall be made as part of the terms of such consolidation or merger whereby the holders of any shares of Senior Preferred Stock outstanding immediately prior to such event shall thereafter be entitled to such conversion rights with respect to securities of the Company resulting from such consolidation or merger as shall be substantially equivalent to the conversion rights provided herein.

Notwithstanding anything in this section (f) to the contrary, the Company shall not be required, except as hereinafter provided, to make any adjustment of the Conversion Rate in any case in which the amount by which such Conversion Rate would be increased in accordance with the foregoing provisions would be less than one-hundredth of a share of Common Stock, but in such case any adjustment that would otherwise be required then to be made will be carried forward and made at the time at which the next subsequent adjustment which, together with any and all such adjustments so carried forward, shall amount to one-hundredth or more of a share of Common Stock, *provided, however*, that such adjustment shall be made in all events (regardless of whether or not the amount thereof or the cumulative amount thereof equals or exceeds one-hundredth of a share of Common Stock) not later than three years after the occurrence of the events specified in subsections (i) through (iv) of this section (f). In the event of any stock dividend, subdivision or other event referred to in subsection (i) or (ii) of this section (f) such amount of one-hundredth (as theretofore decreased or increased) shall be proportionately decreased or increased.

If more than one share of Senior Preferred Stock shall be surrendered for conversion at one time by the same holder, the number of full shares which shall be issuable upon conversion shall be determined on the basis of the aggregate number of shares so surrendered. No fraction of a share of Common Stock shall be issued upon conversion, but in lieu thereof the Company shall, notwithstanding any other provision of this section (f), pay cash equal to such fraction multiplied by the current market price per share of the Common Stock at the date of conversion.

Whenever the Conversion Rate is adjusted, the Company shall as soon as practicable (but in any event not later than 30 days after the event causing the adjustment) send to the transfer agent for the Senior Preferred Stock and the holders of the Senior Preferred Stock at the names and addresses as then listed in the transfer records of the Company a statement signed by two officers of the Company, stating the adjusted Conversion Rate and sufficient facts to show the reason for and the manner of computing the adjustments.

The purchase or other acquisition by the Company of Common Stock or other securities of the Company shall not effect any adjustment of the Conversion Rate.

For the purposes of this section (f), the term "current market price" shall mean the average daily closing price for a share of Common Stock for the 10 consecutive trading days commencing 20 days before the date of issuance of securities or grant of options or other day in question. The closing price per share of Common Stock for each such day shall be the last reported sales price regular way or, in the case no such reported sale takes place on such day, the reported closing bid price regular way on the principal national or regional securities exchange on which the shares of Common Stock are listed or admitted to trading as determined by the Company, which determination shall be conclusive, or, if not listed or admitted to trading on any national or regional securities exchange, the bid price per share of Common Stock as reported by the National Association of Securities Dealers Automated Quotation System or the National Quotation Bureau Incorporated or otherwise in the over-the-counter market, and if the Common Stock is not traded, as determined by the Board of Directors of the Company in good faith to be the fair value of one share of the Common Stock.

The Company shall at all times reserve and keep available, free from preemptive rights, out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of shares of Senior Preferred Stock, the full number of whole shares of Common Stock then issuable upon the conversion or exchange of all shares of Senior Preferred Stock at the time outstanding. For the purpose of

this paragraph, the full number of shares of Common Stock issuable upon the conversion of all outstanding shares of Senior Preferred Stock shall be computed as if at the time of computation of such number of shares of Common Stock all outstanding shares of Senior Preferred Stock were held by a single holder. The Company shall from time to time, in accordance with the laws of the State of Louisiana, use its best efforts to increase the authorized amount of its Common Stock if at any time the authorized amount of its Common Stock remaining unissued shall not be sufficient to permit the conversion of all shares of Senior Preferred Stock at the time outstanding. If any shares of Common Stock required to be reserved for issuance upon conversion of shares of Senior Preferred Stock hereunder require registration with or approval of any governmental authority under any federal or state law before such shares may be issued upon such conversion, the Company shall in good faith and as expeditiously as possible endeavor to cause such shares to be so registered or approved.

The Company shall pay any and all taxes that may be payable in respect of the issue or delivery of shares of Common Stock on conversion of the shares of Senior Preferred Stock pursuant hereto. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue or transfer and delivery of shares of Common Stock in a name other than that in which the shares of Senior Preferred Stock so converted were registered, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Company the amount of any such tax or has established to the satisfaction of the Company that such tax has been paid.

Before any holder of shares of Senior Preferred Stock shall be entitled to convert the same into Common Stock, such holder shall surrender the certificate or certificates therefor, duly endorsed or assigned to the Company or in blank, at the office of any transfer agent for such stock or at such other place or places, if any, as the Board of Directors of the Company may have designated, and shall give written notice to the Company at such office or place that such holder elects to convert the same and shall state in writing therein the name or names (with addresses) in which such holder wishes the certificate or certificates for Common Stock to be issued. Shares of Senior Preferred Stock surrendered for conversion during the period from the close of business on any record date for the payment of a dividend on the shares of Senior Preferred Stock to the opening of business on the date for payment of such dividend shall (except in the case of shares of Senior Preferred Stock which have been called for redemption on a redemption date within such period) be accompanied by payment of an amount equal to the dividend payable on such dividend payment date on the shares of Senior Preferred Stock being surrendered for conversion. Except as provided in the preceding sentence, no payment or adjustment shall be made upon any conversion on account of any dividend accrued on the shares of Senior Preferred Stock surrendered for conversion or on account of any dividends on the Common Stock issued upon conversion. The Company will, as soon as practicable thereafter, issue and deliver at such office or place to such holder of shares of Senior Preferred Stock, or to such holder's nominee or nominees, certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid. Shares of Senior Preferred Stock shall be deemed to have been converted as of the close of business on the date of the surrender of such shares for conversion as provided above, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common Stock as of the close of business on such date.

(g) *Voting.* In addition to any voting rights which may be provided by law, holders of Senior Preferred Stock shall have the voting rights set forth below:

(i) Subject to the provision for adjustment hereinafter set forth, each share of Senior Preferred Stock shall entitle the holder thereof to two votes for the election of directors and on all other matters submitted to a vote of shareholders of the Company.

(ii) Except as otherwise provided herein or by law, the holders of shares of Senior Preferred Stock and the holders of shares of Common Stock and all other capital stock of the Company entitled to vote generally in the election of directors and on all matters submitted to a vote of shareholders ("Voting Stock") shall vote together as one class on all matters submitted to a vote of shareholders of the Company.

(iii) In the event the Company shall at any time declare or pay any dividend on the Common Stock payable in shares of any class or series of Voting Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock or a reclassification of the Common Stock (otherwise than by payment of a dividend in shares of any class or series of such Voting Stock) into a greater or lesser number of shares of Common Stock, then in each case the number of votes per share to which the holders of shares of Senior Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which shall be the number of votes which the holders of the outstanding Common Stock had immediately after such event and the denominator of which shall be the number of votes which such holders had immediately prior to such event.

(iv) If at any time there shall be payable dividends on the shares of Senior Preferred Stock pursuant to section (a) hereof and such dividends shall be unpaid for more than 180 days, then the holders of Senior Preferred Stock then outstanding (voting as a class) shall have the right to elect two members of the Board of Directors of the Company. Such voting power shall terminate when all unpaid dividends on all outstanding shares of Senior Preferred Stock shall have been paid or declared and set aside for payment. Whenever the holders of the Senior Preferred Stock shall have the right as a class to elect directors, the Board of Directors of the Company may be increased by two directors, subject to the limitations set forth below, and the holders of the Senior Preferred Stock shall have the exclusive right as a class to elect two directors at the next annual meeting of shareholders and at each subsequent annual meeting of shareholders unless such right shall have terminated. Such two directors to be elected may be in addition to the number of directors theretofore authorized to be elected by the holders of all the Voting Stock unless the authorized number of directors of the Company would be increased beyond the then maximum authorized number thereof, in which event the number of directors to be elected by the holders of all the Voting Stock shall be decreased so that two of the directors to be elected at such annual meeting of shareholders shall be elected by the holders of the Senior Preferred Stock and the remaining directors shall be elected by the holders of the Common Stock. Upon the termination of the right of the holders of the Senior Preferred Stock to vote for directors, the term of office of all directors then in office elected by the holders of the Senior Preferred Stock shall terminate immediately. If the office of any director elected by the holders of the Senior Preferred Stock shall become vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise the remaining directors elected by such holders may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(v) So long as any shares of Senior Preferred Stock are outstanding, the Company shall not, without the affirmative vote or consent of the holders of at least a majority of the outstanding shares of Senior Preferred Stock, voting as a class (with each share of Senior Preferred Stock entitled to one vote), given in person or by proxy, either in writing or by vote at an annual meeting or a special meeting called for the purpose of such vote, (A) alter or amend the powers, designations, preferences and rights or qualifications, limitations or restrictions of the Senior Preferred Stock as set forth in this resolution in any way which would materially and adversely affect any right, preference or privilege of the Senior Preferred Stock or (B) authorize the merger or consolidation of the Company if the effect of such merger or consolidation would be to materially alter or change the powers, preferences or rights given to the holders of any shares of Senior Preferred Stock. Notwithstanding anything in this subsection (v) to the contrary, the issuance of additional shares of Common Stock or the creation and issuance of other series of preferred stock ranking junior to the Senior Preferred Stock with respect to distribution of assets upon liquidation, dissolution or winding up shall not be deemed to either materially or adversely affect any right, preference or privilege of the Senior Preferred Stock.

(vi) So long as any shares of Senior Preferred Stock are outstanding, the Company shall not, without the affirmative vote or consent of the holders of at least a majority of the outstanding shares of Senior Preferred Stock given in person or by proxy, either in writing or by vote at an annual meeting or a special meeting called for the purpose of such vote, issue any new shares of Senior Preferred Stock or authorize or create any class or series of capital stock of the Company ranking superior, either

as to payment of dividends, rights to redemption (through operation of a sinking fund or otherwise) or as to amounts distributable upon liquidation, dissolution, distribution or sale of assets, equal or prior to the Senior Preferred Stock.

(vii) Except as set forth herein, holders of the Senior Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with the holders of Voting Stock as set forth herein) for taking any corporate action.

IN WITNESS WHEREOF, the Company has caused this Certificate to be executed by its President and its Secretary, thereunto duly authorized, this ..... day of ....., 1986, and its corporate seal to be thereunto affixed.

CRYSTAL OIL COMPANY

By _____
J. N. Averett, Jr.
*President*

Attest:

By _____
*Secretary*

EXHIBIT C

# CERTIFICATE OF DESIGNATION, VOTING POWERS, PREFERENCES AND RIGHTS OF THE SERIES A CONVERTIBLE VOTING PREFERRED STOCK

EXHIBIT C

# CERTIFICATE OF DESIGNATION, VOTING POWERS, PREFERENCES AND RIGHTS OF THE SERIES A CONVERTIBLE VOTING PREFERRED STOCK OF CRYSTAL OIL COMPANY

Crystal Oil Company, a Louisiana corporation (the "Company"), pursuant to Sections 12:33 and 12:24B(6) of Louisiana Business Corporation Law, certifies that the Board of Directors of the Company at a meeting thereof duly called and held on [the Effective Date], at which a quorum was present and acting throughout, duly adopted the following resolutions providing for the issuance of a series of preferred stock, $.01 par value, to be designated the "Series A Convertible Voting Preferred Stock" and to consist of 66,867,000 shares:

RESOLVED, that pursuant to the authority expressly vested in the Board of Directors by Article Four of the Articles of Incorporation of the Company (which creates and authorizes 150,000,000 shares of Serial Preferred Stock having the par value of $.01 per share ("Serial Preferred Stock"), of which 50,062,000 shares designated as the $.06 Senior Convertible Voting Preferred Stock (the "Senior Preferred Stock") are currently outstanding), there is hereby designated and authorized for issuance in connection with the confirmation of a Plan of Reorganization of the Company (the "Plan") under Chapter 11 of the United States Bankruptcy Code, a series of Serial Preferred Stock, $.01 par value, entitled "Series A Convertible Voting Preferred Stock" consisting of sixty-six million eight hundred and sixty-seven thousand (66,867,000) shares (the "Series A Preferred Stock"); and

RESOLVED, that the Series A Preferred Stock shall have the following powers, preferences and relative, participating, voting, optional, conversion and other special rights, and the qualifications, limitations and restrictions thereon, in addition to those set forth in Article Four of the Articles of Incorporation of the Company:

(a) *Dividends.* The holders of shares of Series A Preferred Stock shall not be entitled to receive any dividends as a class or in participation with the holders of the Common Stock, $.01 par value ("Common Stock"), of the Company.

(b) *Dividend Restriction.* So long as any shares of Series A Preferred Stock are outstanding, no dividends whatsoever, whether in cash, stock or otherwise (except for dividends paid in shares of "junior stock" as defined below) shall be paid or declared, nor shall any distribution be made, on any junior stock, nor shall any shares of junior stock (other than junior stock acquired in exchange for junior stock, or out of proceeds of the issue of other junior stock for cash) be purchased, redeemed, retired or otherwise acquired for valuable consideration by the Company, unless (i) there shall not be outstanding any Superior Indebtedness (as defined in the Indenture of Mortgage, Deed of Trust, Assignment and Security Agreement dated as of [the Effective Date], between the Company and J. Henry Schroder Bank & Trust Company pursuant to which the Company's Non-Interest Bearing Convertible Subordinated Secured Notes due [ten years after the Effective Date] (the "Notes"), were issued, (ii) any required sinking fund obligation of the Company with respect to the Notes shall have been made or provided for, (iii) after giving effect to such dividend, distribution, purchase, redemption, retirement or other acquisition, the Company shall have at least $1.00 in consolidated retained earnings (calculated in accordance with generally accepted accounting principles then existing) and (iv) the declaration and payment of such dividends or distributions or the purchase, redemption, retirement or acquisition would not violate any applicable law or provision of any material contract to which the Company is a party. The term "junior stock" as used herein shall mean the Common Stock and all other shares of stock of the Company by their terms ranking junior to the Series A Preferred Stock as to dividends, rights to redemption (through sinking fund payments or otherwise) and distribution of assets upon a liquidation, dissolution or winding up of the Company. The determination of the amount of the Company's consolidated retained earnings shall be made as of the last day of the preceding month in which it is determined by the independent public accountants then engaged by the Company to audit the accounts of the Company generally, whose determination shall be conclusive.

(c) *Liquidation Preference.* Subject to the rights of the holders of "senior stock", as defined below, upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of the Series A Preferred Stock shall be entitled, before any distribution is made on the Common Stock or any other junior stock of the Company, to be paid $1.00 per share of the Series A Preferred Stock held by them. The term "senior stock" as used herein shall mean the Senior Preferred Stock and all other shares of stock of the Company by their terms ranking senior to the Series A Preferred Stock as to dividends, rights to redemption (through sinking fund payments or otherwise) and distribution of assets upon a liquidation, dissolution or winding up of the Company. A consolidation or merger of the Company shall not be deemed to be a liquidation, dissolution or winding up of the Company.

(d) *Optional Redemption.* The Series A Preferred Stock shall be redeemable, in whole or in part, at the option of the Company, at any time or from time to time, at a redemption price of $1.00 per share upon giving the notice provided below. Notice of redemption shall be mailed at least thirty (30) days but not more than sixty (60) days before the redemption date to each holder of record of shares of Series A Preferred Stock to be redeemed at the address shown on the stock transfer books of the Company (but no failure to mail such notice or any defect therein or in the mailing thereof shall affect the validity of the proceedings for such redemption except as to the holder to whom the Company has failed to mail such notice or except as to the holder whose notice was defective). Shares of Series A Preferred Stock redeemed by the Company shall be restored to the status of authorized but unissued shares of Serial Preferred Stock, without designation as to series, and may thereafter be issued.

(e) *Restrictions on Payments on Liquidation.* So long as any shares of Series A Preferred Stock are outstanding, no distribution may be made upon any voluntary or involuntary liquidation, dissolution or winding up of the Company on any junior stock unless there shall have been distributed to the holders of Series A Preferred Stock all amounts to which they are entitled pursuant to section (c) hereof.

(f) *Conversion.* The holder of any shares of Series A Preferred Stock shall have the right at his option at any time, subject to the provision of this section (f), to convert any such shares into Common Stock of the Company at the rate of four shares of fully paid and nonassessable Common Stock for each share of Series A Preferred Stock, as such rate may be adjusted from time to time, *provided, however*, that, with respect to any share of Series A Preferred Stock which shall be called for redemption, such right of conversion shall cease and terminate at the close of business on the day immediately preceding the date fixed for redemption of such share unless the Company shall default in payment or in providing for payment of the redemption price. The number of shares of Common Stock issuable at any time (and as adjusted from time to time) upon conversion of one share of Series A Preferred Stock is hereinafter called the "Conversion Rate".

The Conversion Rate shall be subject to the following adjustments:

(i) If the Company shall pay a dividend or make a distribution upon its Common Stock in shares of its Common Stock, then the Conversion Rate in effect immediately prior to the record date fixed for the determination of shareholders entitled to such dividend or distribution shall be increased in proportion to the increase in the number of outstanding shares of Common Stock effected through such stock dividend or distribution, such adjustment to become effective immediately after the opening of business on the day following such record date.

(ii) If the Company shall subdivide the outstanding shares of its Common Stock into a greater number of shares of Common Stock or combine the outstanding shares of Common Stock into a smaller number of shares of Common Stock, or issue by reclassification of its Common Stock any shares of the Company, then the Conversion Rate in effect immediately prior thereto shall be adjusted so that a holder of Series A Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number of shares that he would have owned or have been entitled to receive after the happening of any of the events described above had such Series A Preferred Stock been converted immediately prior to the happening of such event, such adjustment to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination or reclassification, as the case may be, becomes effective.

(iii) If the Company shall issue rights or warrants (other than warrants issued or to be issued pursuant to the Plan) to all holders of Common Stock entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the current market price per share of Common Stock on the date of such issuance, then in each case the Conversion Rate in effect immediately prior thereto shall be adjusted so that the number of shares of Common Stock into which each share of Series A Preferred Stock shall thereafter be convertible shall be determined by multiplying the number of shares of Common Stock into which such share was theretofore convertible by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of additional shares of Common Stock offered for subscription or purchase, and the denominator of which shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of shares of Common Stock which the aggregate offering price of the total number of shares so offered would purchase at the current market price per share of Common Stock.

(iv) If the Company shall distribute to all holders of Common Stock evidences of indebtedness or securities or assets (excluding those referred to in subsections (i), (ii) and (iii) of this section (f), those securities to be issued pursuant to the Plan and cash dividends payable out of consolidated retained earnings or dividends payable in shares of Common Stock), then the Conversion Rate in effect immediately prior to the record date for the determination of shareholders entitled thereto shall be adjusted by multiplying such Conversion Rate by a fraction, the numerator of which shall be the current market price per share of Common Stock on the date of such distribution and the denominator of which shall be such current market price per share of the Common Stock, less the fair market value (determined by the Board of Directors, whose determination shall be conclusive) of the portion of the assets or securities or evidences of indebtedness so distributed applicable to one share of Common Stock, such adjustment to become effective immediately after the opening of business on the day following the record date for the determination of shareholders entitled to receive such distribution. For purposes of this subsection (iv), consolidated retained earnings shall be determined as of the last day of the preceding month for which it is determined by the independent public accountants then engaged by the Company to audit the accounts of the Company generally, whose determination shall be conclusive.

No adjustment in the Conversion Rate shall be made if, at the same time as the Company shall distribute property or issue securities of the Company as a dividend or distribution on the outstanding Common Stock, which would otherwise call for an adjustment in the Conversion Rate, the Company shall distribute such property or issue shares of such junior stock as a dividend or distribution on the outstanding Series A Preferred Stock equivalent to the amount of property or the number of shares distributable on the shares of Common Stock into which the Series A Preferred Stock is then convertible.

No adjustment in the Conversion Rate shall be made by reason of the issuance of shares of Common Stock or any security convertible into or exercisable for shares of Common Stock in exchange for cash, property or services.

If the Company shall be consolidated with or merged into any other company, then provisions shall be made as part of the terms of such consolidation or merger whereby the holders of any shares of Series A Preferred Stock outstanding immediately prior to such event shall thereafter be entitled to such conversion rights with respect to securities of the Company resulting from such consolidation or merger as shall be substantially equivalent to the conversion rights provided herein.

Notwithstanding anything in this section (f) to the contrary, the Company shall not be required, except as hereinafter provided, to make any adjustment of the Conversion Rate in any case in which the amount by which such Conversion Rate would be increased in accordance with the foregoing provisions would be less than one-hundredth of a share of Common Stock, but in such case any adjustment that would otherwise be required then to be made will be carried forward and made at the time at which the next subsequent adjustment which, together with any and all such adjustments so carried forward, shall amount to one-hundredth or more of a share of Common Stock, *provided, however*, that such adjustment shall be made in all events (regardless of whether or not the amount thereof or the cumulative amount thereof equals or exceeds one-hundredth of a share of Common Stock) not later than three years after the occurrence of the events specified in subsections (i) through (iv) of this section (f). In the event of any

stock dividend, subdivision or other event referred to in subsection (i) or (ii) of this section (f) said amount of one-hundredth (as theretofore decreased or increased) shall be proportionately decreased or increased.

If more than one share of Series A Preferred Stock shall be surrendered for conversion at one time by the same holder, the number of full shares which shall be issuable upon conversion shall be determined on the basis of the aggregate number of shares so surrendered. No fraction of a share of Common Stock shall be issued upon conversion, but in lieu thereof the Company shall, notwithstanding any other provision of this section (f), pay therefor cash equal to such fraction multiplied by the current market price per share of the Common Stock at the date of conversion.

Whenever the Conversion Rate is adjusted, the Company shall as soon as practicable (but in any event not later than 30 days after the event causing the adjustment) send to the transfer agent for the Series A Preferred Stock and the holders of the Series A Preferred Stock at the names and addresses as then listed in the transfer records of the Company a statement signed by two officers of the Company, stating the adjusted Conversion Rate and sufficient facts to show the reason for and the manner of computing the adjustments.

The purchase or other acquisition by the Company of Common Stock or other securities of the Company shall not effect any adjustment of the Conversion Rate.

For the purposes of this section (f), the term "current market price" shall mean the average daily closing price for a share of Common Stock for the 10 consecutive trading days commencing 20 days before the date of issuance of securities or grant of options or other day in question. The closing price per share of Common Stock for each such day shall be the last reported sales price regular way or, in the case no such reported sale takes place on such day, the reported closing bid price regular way on the principal national or regional securities exchange on which the shares of Common Stock are listed or admitted to trading as determined by the Company, which determination shall be conclusive, or, if not listed or admitted to trading on any national or regional securities exchange, the bid price per share of Common Stock as reported by the National Association of Securities Dealers Automated Quotation System or the National Quotation Bureau Incorporated or otherwise in the over-the-counter market, and if the Common Stock is not traded, as determined by the Board of Directors of the Company in good faith to be the fair value of one share of the Common Stock.

The Company shall at all times reserve and keep available, free from preemptive rights, out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of shares of Series A Preferred Stock, the full number of whole shares of Common Stock then issuable upon the conversion or exchange of all shares of Series A Preferred Stock at the time outstanding. For the purpose of this paragraph, the full number of shares of Common Stock issuable upon the conversion of all outstanding shares of Series A Preferred Stock shall be computed as if at the time of computation of such number of shares of Common Stock all outstanding shares of Series A Preferred Stock were held by a single holder. The Company shall from time to time, in accordance with the laws of the State of Louisiana, use its best efforts to increase the authorized amount of its Common Stock if at any time the authorized amount of its Common Stock remaining unissued shall not be sufficient to permit the conversion of all shares of Series A Preferred Stock at the time outstanding. If any shares of Common Stock required to be reserved for issuance upon conversion of shares of Series A Preferred Stock hereunder require registration with or approval of any governmental authority under any federal or state law before such shares may be issued upon such conversion, the Company shall in good faith and as expeditiously as possible endeavor to cause such shares to be so registered or approved.

The Company shall pay any and all taxes that may be payable in respect of the issue or delivery of shares of Common Stock on conversion of the shares of Series A Preferred Stock pursuant hereto. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue or transfer and delivery of shares of Common Stock in a name other than that in which the shares of Series A Preferred Stock so converted were registered, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Company the amount of any such tax or has established to the satisfaction of the Company that such tax has been paid.

Before any holder of shares of Series A Preferred Stock shall be entitled to convert the same into Common Stock, such holder shall surrender the certificate or certificates therefor, duly endorsed or assigned to the Company or in blank, at the office of any transfer agent for such stock or at such other place or places, if any, as the Board of Directors of the Company may have designated, and shall give written notice to the Company at such office or place that such holder elects to convert the same and shall state in writing therein the name or names (with addresses) in which such holder wishes the certificate or certificates for Common Stock to be issued. No payment or adjustment shall be made upon any conversion on account of any dividends on the Common Stock issued upon conversion. The Company will, as soon as practicable thereafter, issue and deliver at such office or place to such holder of shares of Series A Preferred Stock, or to such holder's nominee or nominees, certificates for the number of whole shares of Common Stock to which such holder shall be entitled as aforesaid, together with cash in lieu of any fraction of a share. Shares of Series A Preferred Stock shall be deemed to have been converted as of the close of business on the date of the surrender of such shares for conversion as provided above, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common Stock as of the close of business on such date.

(g) *Voting.* In addition to any voting rights which may be provided by law, holders of Series A Preferred Stock shall have the voting rights set forth below:

(i) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to one vote for the election of directors and on all other matters submitted to a vote of shareholders of the Company.

(ii) Except as otherwise provided herein or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock and all other capital stock of the Company entitled to vote generally in the election of directors and on all matters submitted to a vote of shareholders ("Voting Stock") shall vote together as one class on all matters submitted to a vote of shareholders of the Company.

(iii) In the event the Company shall at any time declare or pay any dividend on the Common Stock payable in shares of any class or series of Voting Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock or a reclassification of the Common Stock (otherwise than by payment of a dividend in shares of any class or series of such Voting Stock) into a greater or lesser number of shares of Common Stock, then in each case the number of votes per share to which the holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which shall be the number of votes which the holders of the outstanding Common Stock had immediately after such event and the denominator of which shall be the number of votes which such holders had immediately prior to such event.

(iv) So long as any shares of Series A Preferred Stock are outstanding, the Company shall not, without the affirmative vote or consent of the holders of at least a majority of the outstanding shares of Series A Preferred Stock, voting as a class (with each share of Series A Preferred Stock entitled to one vote), given in person or by proxy, either in writing or by vote at an annual meeting or a special meeting called for the purpose of such vote, (A) alter or amend the powers, designations, preferences and rights or qualifications, limitations or restrictions of the Series A Preferred Stock as set forth in this resolution in any way which would materially and adversely affect any right, preference or privilege of the Series A Preferred Stock or (B) authorize the merger or consolidation of the Company if the effect of such merger or consolidation would be to materially alter or change the powers, preferences or rights given to the holders of any shares of Series A Preferred Stock. Notwithstanding anything in this subsection (iv) to the contrary, the issuance of additional shares of Common Stock or the creation and issuance of other series of preferred stock ranking junior to the Series A Preferred Stock with respect to distribution of assets upon liquidation, dissolution or winding up shall not be deemed to either materially or adversely affect any right, preference or privilege of the Series A Preferred Stock.

(v) So long as any shares of Series A Preferred Stock are outstanding, the Company shall not, without the affirmative vote or consent of the holders of at least a majority of the outstanding shares of Series A Preferred Stock given in person or by proxy, either in writing or by vote at an annual meeting or a special meeting called for the purpose of such vote, issue any new shares of Series A Preferred Stock or authorize or create any class or series of capital stock of the Company ranking superior, either as to payment of dividends, rights to redemption (through operation of a sinking fund or otherwise) or as to amounts distributable upon liquidation, dissolution, distribution or sale of assets, equal or prior to the Series A Preferred Stock.

(vi) Except as set forth herein, holders of the Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with the holders of Voting Stock as set forth herein) for taking any corporate action.

IN WITNESS WHEREOF, the Company has caused this Certificate to be executed by its President and its Secretary, thereunto duly authorized, this ..... day of ....., 1986, and its corporate seal to be thereunto affixed.

CRYSTAL OIL COMPANY

By _____
J. N. Averett, Jr.
*President*

Attest:

By _____
*Secretary*



RAM00163

EXHIBIT D

# FORM OF WARRANT CERTIFICATE

EXHIBIT D

[FORM OF FACE OF WARRANT CERTIFICATE]

..... Warrants

CUSIP .....

# CRYSTAL OIL COMPANY

Incorporated Under the Laws of the State of Louisiana

This Warrant Certificate certifies that ....., or registered assigns, is the registered holder of ..... Warrants (the "Warrants") to purchase Common Stock, par value $.01 per share (the "Common Stock"), of Crystal Oil Company, a Louisiana corporation (the "Company"). Each Warrant entitles the holder to purchase from the Company on or before the earlier of 5:00 p.m., New York City time, [twelve years after the Effective Date], and 5:00 p.m., New York City time, on the Call Date (as defined below) ..... fully paid and nonassessable share(s) of Common Stock of the Company at a per share exercise price (the "Warrant Price") of $..... upon surrender of this Warrant Certificate and payment of the Warrant Price at the principal corporate trust office of ..... (the "Warrant Agent") in ....., or such other office as may be designated pursuant to the terms of the Warrant Agreement dated as of ....., 198.... (the "Warrant Agreement"), duly executed and delivered by the Company to the Warrant Agent, but only subject to the conditions set forth herein and in the Warrant Agreement.

Payment of the Warrant Price shall be made (i) in cash in United States dollars or by certified or official bank check or bank draft or money order payable in United States dollars to the order of the Company, (ii) subject to certain restrictions described below, by surrendering for payment all or any portion of the principal amount of the Company's Non-Interest Bearing Convertible Subordinated Secured Notes due [ten years after the Effective Date] (the "Notes"), valued at 110% of the sum of the amount of the principal surrendered for payment (the "Surrendered Note Value"), (iii) subject to certain restrictions described below, by surrendering for payment shares of the Company's $.06 Senior Convertible Voting Preferred Stock, $.01 par value (the "Senior Preferred Stock"), valued at 100% of the liquidation preference with respect to such shares or (iv) by any combination of the payment methods set forth in (i), (ii) and (iii) hereof. The number of Warrants that may be exercised at any one time by surrender of any principal amount of the Notes and/or by surrender of any shares of the Senior Preferred Stock shall have an aggregate Warrant Price closest to, but not greater than, the sum of the Surrendered Note Value attributable to that portion of the principal of the Notes so surrendered and the aggregate liquidation preference of the shares of Senior Preferred Stock so surrendered, with the difference between the aggregate Warrant Price and the sum of the Surrendered Note Value and the aggregate liquidation preference of the shares of Senior Preferred Stock surrendered to be paid in cash or by certified or official bank check or bank draft or money order payable in United States dollars to the order of the Company. Notes may be surrendered for payment of the Warrant Price with respect to any Warrants only in denominations of $500 and integral multiples thereof. As used herein, the term "Warrant Shares" refers to the Common Stock and, where appropriate, to the other securities or property issuable upon exercise of a Warrant as provided for in the Warrant Agreement upon the happening of certain events. The Warrant Price and the number of Warrant Shares purchasable upon exercise of the Warrants are subject to adjustment upon the occurrence of certain events set forth in the Warrant Agreement.

The Warrants are subject to call for early termination by the Company at any time during which the Average Monthly Market Price (as defined below) for the Common Stock for each month during the immediately preceding six-month period has been in excess of [$.125 and] 150% of the then effective Warrant Price. The term "Average Monthly Market Price" means, with respect to any given month, the arithmetic mean of the high and low sale prices (or if no sale prices are reported, the average of the high and low bid prices) of the Common Stock on each trading day during such month as reported by the principal national or regional stock exchange on which the Common Stock is listed, or if the Common

Stock is not listed on a national or regional stock exchange, as reported by the National Association of Securities Dealers Automated Quotation System or the National Quotation Bureau Incorporated or otherwise in the over-the-counter market. The Company will cause notice of the call for early termination to be mailed to the registered holder not less than 30 days nor more than 60 days prior to the date designated as the call date (the "Call Date") and to be published not less than 10 days nor more than 20 days prior to the Call Date at least once in one or more newspapers printed in the English language and in general circulation in the City of New York, New York.

Reference is hereby made to the further provisions of this Warrant Certificate set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as though fully set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed under its corporate seal.

CRYSTAL OIL COMPANY

By _____
J. N. Averett, Jr.,
*President*

Attest:

By _____
L. G. Caskey,
*Secretary*

Countersigned:

_____
as Warrant Agent

By: _____
*Authorized Signature*

**THIS WARRANT CERTIFICATE SHALL NOT BE VALID UNLESS MANUALLY COUNTERSIGNED BY THE ABOVE-NAMED WARRANT AGENT.**

[FORM OF REVERSE OF WARRANT CERTIFICATE]

## CRYSTAL OIL COMPANY

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of ..... Warrants issued pursuant to the Warrant Agreement, which is hereby incorporated herein by reference and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties, and immunities thereunder of the Warrant Agent, the Company and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Warrants.

Warrants may be exercised to purchase Warrant Shares from the Company [at any time after one year after the Effective Date and] on or before the earlier of 5:00 p.m., New York City time, on [twelve years after the Effective Date], and 5:00 p.m., New York City time on the Call Date at the Warrant Price set forth on the face hereof, subject to adjustment as referred to below. The holder of Warrants evidenced by this Warrant Certificate may exercise such Warrants by surrendering this Warrant Certificate, with the form of election to purchase set forth hereon properly completed and executed, together with payment of the Warrant Price and any applicable transfer taxes at the principal corporate trust office of the Warrant Agent in ..... or such other office as may be designated. In the event that upon any exercise of Warrants evidenced hereby the number of Warrants exercised shall be less than the total number of Warrants evidenced hereby, there shall be issued to the holder hereof or his assignee a new Warrant Certificate evidencing the number of Warrants not exercised. No adjustment shall be made for any dividends on any Warrant Shares issuable upon exercise of this Warrant.

The Warrant Agreement provides that, upon the occurrence of certain events, the Warrant Price set forth on the face hereof may, subject to certain conditions, be adjusted. If the Warrant Price is adjusted, the Warrant Agreement provides that, at the election of the Company, either (i) the number of Warrants Shares purchasable upon the exercise of each Warrant shall be adjusted or (ii) each outstanding Warrant shall be adjusted to become a different number of Warrants. In the case of (ii), the Company will cause to be distributed to registered holders of Warrant Certificates either Warrant Certificates representing the additional Warrants issuable pursuant to the adjustment or substitute Warrant Certificates to replace all outstanding Warrant Certificates. No fractions of a Warrant will be issued upon any such adjustment but the persons entitled to such fractional interest will be paid, as provided in the Warrant Agreement, an amount in cash equal to the current market value of such fractional Warrant. The holder of a Warrant, by the acceptance of the Warrant, expressly waives his right to receive any fractional Warrant or any fractional share of Common Stock upon exercise of a Warrant.

Warrant Certificates, when surrendered at the principal corporate trust office of the Warrant Agent in ..... ....., or such other office as may be designated, by the registered holder thereof in person or by a legal representative duly authorized in writing, may be exchanged, in the manner and subject to the limitations provided for in the Warrant Agreement, but without payment of any service charge, for another Warrant Certificate or Warrant Certificates of like tenor evidencing in the aggregate a like number of Warrants.

Upon due presentment for registration of transfer of this Warrant Certificate at the principal corporate trust office of the Warrant Agent in ..... ..... ..... or such other office as may be designated, a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided in the Warrant Agreement, without charge except for any tax or other governmental charge imposed in connection therewith.

The Company and the Warrant Agent may deem and treat the registered holder(s) hereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, and of any distribution to the holder(s) hereof, and for all other purposes, and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary.

All terms used in this Warrant Certificate which are defined in the Warrant Agreement shall have the meanings assigned to them in the Warrant Agreement.



RAM00167

## ELECTION TO PURCHASE

**(To be executed upon exercise of Warrant)**

The undersigned hereby irrevocably elects to exercise the right, represented by this Warrant Certificate, to purchase ..... Warrant Shares and herewith tenders in payment for such Warrant Shares (i) cash or a certified or official bank check or bank draft or money order payable to the order of Crystal Oil Company in the amount of $..... (ii), if applicable, a Note in the principal amount of $..... of which $ ..... principal having a Surrendered Note Value of $..... is being applied for payment for the Warrant Shares, and (iii) if applicable, ..... shares of Senior Preferred Stock having an aggregate liquidation preference of $....., all in accordance with the terms hereof. The undersigned requests that a certificate for such Warrant Shares be registered in the name of _____ whose address is _____ and that such certificate be delivered to _____ whose address is _____. If such number of Warrant Shares is less than all of the Warrant Shares purchasable hereunder, the undersigned requests that a new Warrant Certificate representing the right to purchase the remaining balance of the Warrant Shares be registered in the name of _____ whose address is _____ and that such Warrant Certificate be delivered to _____ whose address is _____. If the undersigned has tendered for payment a Note, the Surrendered Note Value of which is greater than the aggregate Warrant Price of the Warrant Shares purchasable hereunder, the undersigned requests that a new Note representing the portion of the Note not applied to the purchase be issued in the name of _____ whose address is _____ and that such new Note be delivered to _____ whose address is _____. If the undersigned has tendered for payment shares of Senior Preferred Stock and the certificate(s) representing such shares is for a greater number of shares than is being tendered, the undersigned requests that a certificate for the shares of Senior Preferred Stock not being applied to the purchase be issued in the name of _____ whose address is _____ and that such shares be delivered to _____, whose address is _____

Dated: _____

_____

(Insert Social Security or Other Identifying Number of Holder)

Signature Guarantee
(required if an assignment on exercise, or an assignment of Warrants remaining after exercise, is made upon exercise):

Signature _____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

## ASSIGNMENT

**(To be signed only upon assignment of Warrant)**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____

_____

_____

(Name and Address of Assignee
Must be Printed or Typewritten)

_____

_____

Insert Social Security No. of Assignee

the within Warrant, hereby irrevocably constituting and appointing _____

_____

attorney to transfer said Warrant on the books of the Company, with full power of substitution in the premises.

DATED: _____, 19__

_____

Signature of Registered Holder

Signature Guaranteed

NOTE: The above signature must correspond with the name as written on the face of this Warrant Certificate in every particular, without alteration or enlargement or any change whatever.

DISCLOSURE STATEMENT

# CRYSTAL OIL COMPANY

**Solicitation of Ballots**
**to**
**Plan of Reorganization**
**to be filed under**
**Chapter 11 of the United States Bankruptcy Code**

This Disclosure Statement (this "Disclosure Statement") and the accompanying forms of ballot are being furnished by Crystal Oil Company, a Louisiana corporation (the "Company"), to its known impaired creditors pursuant to Sections 1125(a) and 1126(b) of the United States Bankruptcy Code (the "Bankruptcy Code") in connection with a solicitation by the Board of Directors of the Company of ballots for the acceptance of a Plan of Reorganization (the "Plan") of the Company prior to the commencement of a case under Chapter 11 of the Bankruptcy Code. **The Company is not currently a debtor in a case under Chapter 11 of the Bankruptcy Code. However, if the Company receives ballots accepting the Plan from the holders of at least two-thirds in amount and more than half in number of each class of its impaired creditors voting on the Plan, the Company, subject to certain conditions described herein, intends to file a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code and to seek as promptly as practicable confirmation of the Plan using the acceptances received pursuant to this solicitation to satisfy the requirements of Section 1129 of the Bankruptcy Code relating to class approval of the Plan by such creditors.** Further, even if the Company does not receive the requisite approval of the Plan from each class of its impaired creditors, or if an involuntary petition under Chapter 11 of the Bankruptcy Code is filed against the Company prior to the Company's receipt of such approval, the Company may nevertheless use any of the acceptances received pursuant to this solicitation to seek confirmation of the Plan or of any modification of the Plan that does not adversely change the treatment of the claim of any impaired creditor who has accepted the Plan. See "VOTING PROCEDURES AND REQUIREMENTS—Possible Reclassification of Creditors and Interest Holders".

Pursuant to Rule 3018 of the Bankruptcy Rules under the Bankruptcy Code, the Board of Directors of the Company has fixed the close of business on June 16, 1986, as the record date for the determination of creditors from whom acceptances or rejections of the Plan will be accepted. The solicitation period for ballots with respect to the Plan will expire at 5:00 p.m., New York City time, on Friday, August 8, 1986, unless and until the Company, in its sole discretion, shall have extended the period of time for which ballots will be accepted. Except to the extent allowed by the Bankruptcy Court, ballots that are received after the expiration of the solicitation period may not be accepted or used by the Company in connection with the Company's request for confirmation of the Plan or any modification thereof. See "VOTING PROCEDURES AND REQUIREMENTS—Ballots and Voting Deadline".

*While the successful implementation of the Plan contemplates and requires a reorganization of the Company under Chapter 11 of the Bankruptcy Code, the Company believes that the Plan provides for the maximum and earliest recovery for all creditors of the Company and that if the Company can obtain the necessary acceptances of the Plan from its impaired creditors prior to the commencement of a case under Chapter 11, the cost and time related to such a reorganization could be substantially reduced. Accordingly, the Board of Directors believes that approval of the Plan is in the best interests of the Company and its creditors, and recommends that all its impaired creditors vote to accept the Plan.*

**THIS TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE FAIRNESS OR MERITS OF SUCH TRANSACTION NOR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.**

**The Date of this Disclosure Statement is July 9, 1986.**

This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan, and nothing contained herein shall constitute an admission of any fact or liability by the Company, or be admissible in any proceeding involving the Company or any other party, or be deemed advice on the tax or other legal effects of the Plan on holders of claims or interests. Certain of the information contained in this Disclosure Statement, by its nature, is forward looking, contains estimates and assumptions which may prove not to have been the case, and contains financial projections which may be materially different from actual future experiences.

The securities to be issued pursuant to the Plan have not been registered with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933 (the "Securities Act") or under any state securities act or similar state law in reliance upon an exemption from registration provided by Section 1145 of the Bankruptcy Code. Further, such securities have not been approved by the Commission or any state securities commission or similar authority. Neither the Commission nor any state commission has passed upon the accuracy or adequacy of the information contained in this Disclosure Statement or upon the merits of the Plan. Any representation to the contrary is unlawful.

Pursuant to Section 1126 of the Bankruptcy Code, each holder of an impaired claim or interest under the Plan will be entitled to accept or reject the Plan. Although the holders of the Company's Common Stock, $.01 par value (the "Common Stock"), may be considered impaired under the Plan, the Company does not currently intend to solicit the acceptance of the Plan by such holders until such time as it has obtained the acceptance of the Plan by all classes of its impaired creditors and has filed a petition for reorganization under Chapter 11 of the Bankruptcy Code. Further, the Company may submit to the Bankruptcy Court for determination the issue whether, in light of all circumstances, the holders of the Common Stock are impaired under the Plan and may seek confirmation of the Plan without soliciting the holders of the Common Stock pursuant to the "cram-down" provisions of Section 1129(b) of the Bankruptcy Code on the basis that the Plan does not discriminate unfairly and is fair and equitable to the holders of the Common Stock. In addition, if the Company does solicit the holders of the Common Stock and is unable to obtain the acceptance of the Plan by such holders, the Company will likely seek confirmation of the Plan pursuant to such provisions. The ability of the Company to obtain confirmation of the Plan pursuant to the cram-down provisions of the Bankruptcy Code, however, is subject to the Bankruptcy Court making certain factual and legal determinations with respect to the Plan. Therefore, there can be no assurance that the Company would be able to have the Plan confirmed if the Company does not solicit the holders of the Common Stock or if the Company does solicit the holders of the Common Stock and such holders do not vote to accept the Plan. See "VOTING PROCEDURES AND REQUIREMENTS—Classes Entitled to Vote" and "CONFIRMATION OF THE PLAN".

Amendments to the Plan's classification and treatment of one or more classes under the Plan that do not materially and adversely change the treatment of the other classes may be made to the Plan either before or after a petition under Chapter 11 of the Bankruptcy Code is filed. Such amendments may be approved by the Bankruptcy Court at the confirmation hearing without resolicitation of creditors who are not further impaired. See "THE PLAN—Modification of the Plan".

The Plan contemplates the issuance of a substantial number of new shares, and rights to receive new shares, of the Company's common stock and voting preferred stock. Accordingly, if the Plan is confirmed, the percentage of ownership of the Company's common stock held by the current holders of the Company's common stock, and percentage of the total voting power with respect thereto, will be reduced to approximately 36% and 17%, respectively, which interest could be further reduced to as low as approximately 11% and 8%, respectively, if certain new warrants to purchase the Company's common stock are exercised. See "RISK FACTORS—Risks with Respect to the New Securities—Dilution and Possible Change in Control", "PURPOSE AND EFFECTS OF THE PLAN—CERTAIN CONSIDERATIONS—Effects on Ownership of Common Stock" and "PURPOSE AND EFFECTS OF THE PLAN—CERTAIN CONSIDERATIONS—Effects on Voting Power".

If the Plan is accepted and confirmed, the Company will have authorized 2,300,000,000 shares of common stock, of which approximately 142,448,000 will be issued and outstanding as of the effective date of the Plan and 2,015,822,000 will be reserved for future issuance upon conversion of certain convertible securities and the exercise of certain warrants. Although the Company believes that such capitalization is



RAM00171

desirable in order to gain approval of and to implement the Plan, the potential issuance of over 2,000,000,000 shares of common stock will likely result in an extremely low market price for the Company's common stock for the foreseeable future and may restrict the marketability of such stock. Accordingly, there can be no assurance as to the price or marketability of the Company's common stock if the Plan is confirmed.

The Company is required under Section 1122 of the Bankruptcy Code to classify the claims or interests of its creditors and interest holders into classes that contain claims and interests that are substantially similar to the other claims or interests in such class. While the Company believes that it has classified all claims or interests in compliance with the provisions of Section 1122, it is possible that once a case has been commenced in bankruptcy, a creditor or interest holder may challenge the Company's classification of such holder's claim or interest and the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In such event, it is the present intent of the Company to modify the Plan to provide for whatever reasonable classification might be required by the Bankruptcy Court for confirmation and to use the acceptances received by the Company from any creditor pursuant to this solicitation for the purpose of obtaining the approval of the class or classes of which such creditor is ultimately deemed to be a member. Any such reclassification of creditors could adversely affect the class in which such creditor was initially a member, or any other class under the Plan, by changing the composition of such class and the required vote thereof for approval of the Plan. Further, a reclassification of the claims of creditors after approval of the Plan and its classification of such creditors could necessitate the resolicitation of a completely new plan of reorganization. See "THE PLAN—Classification and Treatment of Claims and Interests".

Although this solicitation relates to a plan of reorganization of the Company to be filed under Chapter 11 of the Bankruptcy Code, no such filing has been made or is contemplated to be made by the Company until such time as the Plan has been accepted by the requisite number of the Company's impaired creditors or the Company shall have determined that such a filing is necessary to protect the Company's property and interests. The Company, however, is currently in default under several covenants with respect to its secured bank debt and is or soon will be in default with respect to all of its other long-term debt because of its decisions in April and May 1986 to suspend all payments of principal and interest on such debt. As a result of such defaults, it is possible that an involuntary Chapter 7 or Chapter 11 case could be commenced against the Company pursuant to Section 303 of the Bankruptcy Code prior to the completion of this solicitation. If such an involuntary case were to be commenced, the Plan could become inoperative. In such event, the Company may elect to prepare and send to its creditors an alternative plan of reorganization which may contain various alternative terms and conditions, including, for example, payments and treatment of allowed claims and allowed interests different than those set forth in the Plan. In addition, if the Company is required to modify the Plan, the Company could be required to resolicit from its creditors acceptances and rejections concerning the Plan as modified.

The statements contained in this Disclosure Statement are made as of the date hereof unless another time is specified herein, and neither the delivery of this Disclosure Statement nor any exchange of rights made in connection with the Plan shall, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the date hereof.

For the definitions of certain capitalized terms used herein, see "GLOSSARY OF TERMS".

## AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Commission. Such reports, proxy statements and information filed by the Company with the Commission may be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549; and at the Commission's Regional Offices at Room 1204, Everett McKinley Dirksen Building, 219 South Dearborn Street, Chicago, Illinois 60604; Jacob K. Javits Federal Building, 26 Federal Plaza, New York, New York 10007; and Suite 500 East, 5757 Wilshire Boulevard, Los Angeles, California 90036-3648. Copies of such material can be obtained from



RAM00172

the Public Reference Section of the Commission at prescribed rates. Reports, proxy statements and other information concerning the Company can also be inspected and copied at the offices of the Pacific Stock Exchange, Incorporated, 301 Pine Street, San Francisco, California 94104.

More detailed information regarding the Company is available in the Company's Annual Report on Form 10-K for the year ended December 31, 1985 (the "Company's Annual Report"), and Quarterly Report on Form 10-Q for the three months ended March 31, 1986 (the "Company's Quarterly Report"), filed with the Commission pursuant to Section 13 of the Exchange Act. The Company's Annual Report and the Company's Quarterly Report are attached hereto as Annex A and Annex B, respectively. Such documents form a part of this Disclosure Statement.

## VOTING AGENT AND BALLOT SOLICITOR

RepublicBank Dallas, National Association has agreed to provide certain services as Voting Agent, and D. F. King & Co., Inc. has agreed to act as Ballot Solicitor in connection with the ballot solicitation. If you require assistance in voting, please contact the Voting Agent at 350 North St. Paul Street, 9th Floor, Dallas, Texas 75201, telephone number (214) 922-6147, the Ballot Solicitor at 60 Broad Street, New York, New York 10004, telephone number (212) 269-5550 (collect), or L. G. Caskey, Secretary of the Company, at 400 Crystal Building, Shreveport, Louisiana 71101, telephone number (318) 222-7791 (collect).



RAM00173

# TABLE OF CONTENTS


| | Page |
|---|---|
| Disclosure Statement Summary | 1 |
| The Company | 1 |
| Classification of Creditors | 1 |
| Voting Procedure | 2 |
| Vote Required | 3 |
| Purpose and Effects of the Plan | 3 |
| The Plan | 9 |
| Comparison of Securities | 15 |
| Risk Factors | 15 |
| Certain Income Tax Consequences | 15 |
| Voting and Ballot Solicitor | 15 |
| Market and Trading Information | 15 |
| Trading of the New Convertible Secured Notes, the Preferred Stock, the New Common Stock and the Warrants | 16 |
| Information | 16 |
| Introduction | 17 |
| General | 17 |
| Purpose of Disclosure Statement | 17 |
| Brief Explanation of Chapter 11 | 19 |
| Purpose and Effects of the Plan—Certain Considerations | 19 |
| Purpose of the Plan and Background | 19 |
| Recommendation of the Company | 21 |
| Negotiations with Certain Creditors | 22 |
| Trading of the New Securities | 22 |
| Subordination | 23 |
| Effects on Ownership of Common Stock | 24 |
| Effects on Voting Power | 25 |
| Capitalization | 26 |
| Selected Financial Data | 28 |
| The Plan | 30 |
| Concept of the Plan | 30 |
| Classification and Treatment of Claims and Interests | 31 |
| Implementation of the Plan | 42 |
| Contingent Claims | 50 |
| Treatment of Executory Contracts and Unexpired Leases | 50 |
| Preferences, Fraudulent Conveyances and Objections to Claims | 51 |
| Subordination | 52 |
| Liens of Indenture Trustees | 53 |
| Reclamation Claims | 53 |
| The Company's Causes of Action | 53 |
| Legally Binding Effect: Discharge of Claims and Interests | 53 |
| Modification of the Plan | 53 |
| Subsidiaries of the Company | 54 |
| Certain Conditions | 54 |
| Jurisdiction of Bankruptcy Court | 55 |
| *Anticipated Operations During the Chapter 11 Case* | 56 |
| Feasibility of the Plan | 57 |
| Alternatives to the Plan | 67 |
| Liquidation Analysis | 67 |
| Comparison of Estimated Distributions under the Plan with Estimated Recoveries in Liquidation | 71 |
| Alternatives | 73 |
| Voting Procedures and Requirements | 74 |
| Ballots and Voting Deadline | 74 |
| Classes Entitled to Vote | 74 |
| Vote Required for Class Acceptance | 75 |
| Votes of Holders of Claims in Classes 8A and 8B | 75 |
| Contested and Unliquidated Claims | 76 |
| Possible Reclassification of Creditors and Interest Holders | 76 |
| Beneficial Holders | 76 |
| Confirmation of the Plan | 77 |
| Confirmation Hearing | 77 |
| Requirements for Confirmation of the Plan | 77 |
| Conditions Precedent to Confirmation | 80 |
| Effect of Confirmation | 80 |
| Securities Law Considerations | 81 |
| The Section 1145 Exemption from Securities Act Registration of Securities issued under the Plan | 81 |
| Sections 12 and 16(b) of the Exchange Act | 82 |
| Fees and Expenses of Solicitation | 83 |
| The New Securities | 84 |
| The New Bank Note and the Letters of Credit | 84 |
| The New Halliburton Note | 85 |
| The New Convertible Secured Notes | 86 |
| The Senior Preferred Stock | 90 |
| The Series A Preferred Stock | 93 |
| The Warrants | 95 |
| The New Common Stock | 97 |
| Market and Trading Information | 99 |
| Purchases of Certain Securities by the Company | 100 |
| Principal Security Holders and Certain Security Ownership | 101 |
| Common Stock | 101 |
| Record Holders of the 15% Senior Notes and the Debentures | 101 |
| Security Ownership of Executive Officers, Directors and Affiliates | 101 |
| The Company | 102 |
| General | 102 |
| Management of the Company | 103 |
| Additional Reserve Information | 105 |
| 1986 Annual Meeting of Shareholders | 106 |
| Management's Discussion and Analysis of Financial Condition and Results of Operations | 106 |
| Risk Factors | 106 |
| General Conditions in the Crude Oil and Natural Gas Industry | 106 |
| Financial Condition of the Company and Results of Operations | 108 |
| Reserve Values | 110 |
| Bankruptcy Considerations | 111 |
| Risks With Respect to the New Securities | 113 |
| Net Operating Loss Carryforward | 114 |
| *Financial Projections* | 114 |
| General Business Risks | 114 |
| Certain Federal Income Tax Consequences | 115 |
| Tax Consequences to Exchanging Debt Holders | 116 |
| Tax Consequences to the Holder of the Bank Note | 117 |
| Tax Consequences to the Holder of the Halliburton Note | 120 |




RAM00174

# DISCLOSURE STATEMENT SUMMARY

The following is a brief summary of certain information contained elsewhere in this Disclosure Statement. The summary is necessarily incomplete and selective and is qualified in its entirety by reference to the more detailed information, the consolidated financial statements, including the notes thereto, the financial projections, including the notes thereto, the capitalization table, including the notes thereto, and the Annexes and Exhibits appearing elsewhere in this Disclosure Statement. See "GLOSSARY OF TERMS" for the meaning of certain capitalized terms used herein.

## THE COMPANY

The Company was incorporated in 1926 under the laws of the State of Maryland and became principally engaged in crude oil and natural gas exploration and production when it merged with Roberts Petroleum Company during 1963. In 1984, the Company moved its state of incorporation to the State of Louisiana. In recent years, the Company emphasized the development of its crude oil and natural gas exploration and production activities. This emphasis, together with present economic conditions, resulted in a decision by the Company in 1985 to discontinue its refinery operations and to sell or hold for sale its refinery assets. Since 1980, the Company has devoted a significant portion of its drilling activity to its properties in the Vernon, Arkana and North Missionary Lake Fields located primarily in northern Louisiana. Numerous properties located outside of these principal operational areas were sold during 1984 and 1985, with the proceeds used primarily to reduce indebtedness of the Company. High interest costs on borrowings made to finance the Company's previously active drilling program have combined with falling crude oil and natural gas prices to render the Company unable to service any of its indebtedness other than its secured bank debt and, possibly, part of its secured indebtedness to Halliburton, and to threaten the Company's ability to continue as a going concern. In response to the Company's financial problems, the Company's drilling activities have been substantially curtailed since the third quarter of 1984, and the Company has been forced to postpone indefinitely certain development drilling which might improve its cash flow by bringing certain proved developed non-producing and proved undeveloped reserves into production. However, under most current crude oil and natural gas prices, it is doubtful that additional drilling and completions on the Company's development properties would contribute significantly to cash flow even if the Company had funds for such drilling.

The Company's executive offices are located at 400 Crystal Building, Shreveport, Louisiana 71101, and its telephone number is (318) 222-7791.

## CLASSIFICATION OF CREDITORS

Section 1123 of the Bankruptcy Code provides that a plan of reorganization shall classify the claims and interests of a debtor's creditors and interest holders into classes that contain claims and interests that are substantially similar. The Plan divides the Company's creditors and interest holders into the following classes:

Class 1 —Administrative Expenses
Class 2 —Wage Related Claims
Class 3 —Employee Benefit Plan Claims
Class 4 —Tax Claims
Class 5 —Additional Priority Claims
Class 6 —The Bank's Secured Claims
Class 7 —Halliburton Claim
Class 8A —15% Senior Note Secured Claims
Class 8B —15% Senior Note Unsecured Claims
Class 9 —Mechanics and Materialmen Lien Claims



RAM00175

Class 10 —Secured Trustee Claim
Class 11 —Unsecured Claims
Class 12 —14⅞% Debenture Claims
Class 13 —Subordinated Debenture Claims
Class 14 —Intercompany Claims
Class 15 —Shareholder Claims of Interest

## VOTING PROCEDURE

Pursuant to Rule 3018 of the Bankruptcy Rules under the Bankruptcy Code, the Board of Directors of the Company has fixed the close of business on June 16, 1986, as the record date for the determination of creditors from whom acceptances or rejections of the Plan will be accepted. The solicitation period for ballots with respect to the Plan will expire at 5:00 p.m., New York City time, on Friday, August 8, 1986, unless and until the Company, in its sole discretion, shall have extended the period of time for which ballots will be accepted. Except to the extent allowed by the Bankruptcy Court, ballots that are received after the expiration of the solicitation period may not be accepted or used by the Company in connection with the Company's request for confirmation of the Plan or any modification thereof. See "VOTING PROCEDURES AND REQUIREMENTS—Ballots and Voting Deadline".

Only classes that are impaired under the Plan are entitled to vote to accept or reject the Plan. Generally, Section 1124 of the Bankruptcy Code provides that a class of claims or interests is considered to be impaired under a plan of reorganization unless the plan does not alter the legal, equitable and contractual rights of the holders of such claims or interests. In addition, such classes will be considered impaired unless all outstanding defaults, other than defaults relating to the insolvency or financial condition of the debtor or the commencement of a bankruptcy case, are to be cured and the holders of claims or interests in such classes are to be compensated for any damages incurred as a result of any reasonable reliance by such holders on any contractual provisions or applicable law to demand accelerated payment. For the reasons discussed in "THE PLAN—Classification and Treatment of Claims and Interests", the Company has determined that only the following classes of its creditors and interest holders may or will be impaired under the Plan:

Class 6 —The Bank
Class 7 —Halliburton
Class 8A —15% Senior Note Holders (Secured Claims)
Class 8B —15% Senior Note Holders (Unsecured Claims)
Class 12 —14⅞% Debenture Holders
Class 13 —Subordinated Debenture Holders
Class 14 —Intercompany Claim—CEPCO
Class 15 —Common Stock Holders*

* The determination of whether this class is impaired under the Plan may be submitted to the Bankruptcy Court.

All other classes will not be impaired under the Plan, and therefore, will not be entitled to vote with respect to the acceptance or rejection of the Plan. Further, although the holders of the Common Stock, whose interests are classified in Class 15, may be considered impaired under the Plan and may be entitled to vote to accept or reject the Plan, the Company is not soliciting the acceptance of the Plan by such holders pursuant to this solicitation and does not currently intend to solicit such acceptance until such time as it has obtained the acceptance of the Plan by all classes of its impaired creditors and has filed a petition for the reorganization of the Company under Chapter 11 of the Bankruptcy Code. In addition, the



RAM00176

Company may submit to the Bankruptcy Court for determination the issue whether, in light of all circumstances, the holders of the Common Stock are impaired under the Plan and may seek Confirmation of the Plan pursuant to the cram-down provisions of Section 1129(b) of the Bankruptcy Code in lieu of or notwithstanding a vote by the holders of the Common Stock. See "CONFIRMATION OF THE PLAN". **Accordingly, no acceptances or rejections of the Plan by any holder of the Common Stock with respect to such holder's interest in the Common Stock is being requested nor will they be accepted by the Company in connection with this solicitation.**

## VOTE REQUIRED

Once a petition for reorganization of the Company has been filed, the Bankruptcy Court will determine whether the impaired classes described above have accepted the Plan by determining whether sufficient acceptances have been received from the holders of Allowed Claims and Allowed Interests in such classes. An impaired class of claims will be determined to have accepted the Plan if the holders of Allowed Claims in that class casting votes in favor of the Plan (i) hold at least two-thirds of the dollar amount of all the Allowed Claims of the holders in such class *voting* on the Plan and (ii) comprise more than half in number of the holders of the Allowed Claims in such class *voting* on the Plan. An impaired class of interests, if one exists, will be determined to have accepted the Plan if the holders of the Allowed Interests casting votes in favor of the Plan hold at least two-thirds in amount of the Allowed Interests as to which votes are cast. As discussed above, the Company may submit to the Bankruptcy Court for determination the issue of whether, in light of all circumstances, the holders of the Common Stock are impaired under the Plan and may seek confirmation of the Plan without soliciting the holders of the Common Stock pursuant to the cram-down provisions of Section 1129(b) of the Bankruptcy Code on the basis that the Plan does not discriminate unfairly and is fair and equitable to the holders of the Common Stock. *Ballots of holders of impaired claims received pursuant to this solicitation that are signed and returned, but not expressly voted either for acceptance or rejection of the Plan, will be counted as ballots for acceptance of the Plan. Except as may be allowed by the Bankruptcy Court, a ballot accepting the Plan may not be revoked.*

## PURPOSE AND EFFECTS OF THE PLAN

### General

Beginning in 1984, the effects of the worldwide decline in demand and excess supply of crude oil and natural gas and the corresponding decline in crude oil and natural gas prices began to seriously affect the operations of the Company. This decline in prices, coupled with the high interest costs associated with the funds borrowed by the Company to finance a portion of its exploration and development activities, began to threaten the Company's financial condition in 1984. While the Company had experienced losses from operations in the two years prior to 1984, the Company was able in such years to obtain outside financing for its activities. As the severity and extended duration of the recession in the oil and gas industry became more apparent, management of the Company in late 1984 and in 1985 began implementing steps to reduce and restructure the Company's outstanding indebtedness to a level that management believed the Company could service while carrying on the development drilling activities necessary to improve its cash flow by bringing proved non-producing and other reserves into production. Principal among the Company's efforts to reduce and restructure its indebtedness in 1985, were (i) its agreement with Halliburton in April 1985 to extend (with a monthly amortization schedule) the term of a sizeable trade payable to Halliburton through April 1987 and (ii) its Exchange Offers for its Debentures that were closed on October 3, 1985. Pursuant to the Exchange Offers, the Company exchanged approximately

$125,155,000 face amount of the 15% Senior Notes and 7,418,000 shares of Common Stock for approximately $234,216,000 face amount of the Debentures, having a net book value of approximately $217,846,000. As a result of the Exchange Offers, the Company reduced the face amount of its outstanding indebtedness by approximately $109,000,000 and its annual cash interest costs by approximately $12,719,000. On December 5, 1985, the Company obtained from its shareholders approval of an amendment to its Articles of Incorporation increasing the number of its authorized shares of Common Stock from 35,000,000 to 90,000,000 and decreasing the par value thereof from $1.00 to $.01 so as to provide the Company with the ability to exercise an option with respect to the 15% Senior Notes to pay accrued interest thereon and to make certain redemptions of the 15% Senior Notes with shares of Common Stock. On December 15, 1985, the Company exercised its option to pay the first semi-annual interest payment due on the 15% Senior Notes with shares of Common Stock by issuing to the holders of the 15% Senior Notes approximately 23,150,000 shares of Common Stock valued at approximately $.54 per share. The Company's exercise of this option saved the Company approximately $9,400,000 in cash.

While past restructuring efforts (see "PURPOSE AND EFFECTS OF THE PLAN—CERTAIN CONSIDERATIONS—Purpose of the Plan and Background") together with the Company's efforts to decrease, where possible or advisable, its fixed general and administrative costs, provided the Company with some temporary relief from its heavy debt burden, it has become apparent to management of the Company, particularly in light of the recent substantial decline in prices for crude oil and natural gas, that the anticipated results of the Exchange Offers have not been fully achieved and that more dramatic debt restructuring efforts are necessary if the Company is to continue as a going concern. In that regard, management has concluded that for any restructuring of the Company to be successful, a substantial portion of the Company's outstanding indebtedness must be converted into equity. Accordingly, the Plan provides for a reduction in the outstanding face amount of the Company's indebtedness (excluding intercompany indebtedness and $33,100,000 in Letters of Credit) from $277,399,000 to $129,022,000 ($75,093,000 of which will be non-interest bearing), with the holders of the eliminated debt to receive a combination of Preferred Stock, New Common Stock and Warrants.

The Plan was conceived by management as an alternative to the more drastic measures available to the Company for restructuring its debt, such as a liquidation of its properties in the current depressed market or an immediate filing for protection under Chapter 11 of the Bankruptcy Code. The terms of the Plan were arrived at after consultation with the Company's financial advisors as to what type of plan might be feasible and after lengthy negotiations with certain of the Company's senior secured creditors and certain other parties in interest. The Company believes that the Plan provides the Company's creditors and shareholders with distributions of property in the form of new securities having a value not less than the amount that such holders would receive if the Company were to be liquidated under Chapter 7 of the Bankruptcy Code and should provide for the maximum possible recovery for all classes of the Company's creditors and shareholders. While the successful implementation of the Plan contemplates and requires a reorganization of the Company under Chapter 11 of the Bankruptcy Code, the Company believes that if it can obtain the necessary acceptances of the Plan from its creditors prior to the commencement of a case under Chapter 11 of the Bankruptcy Code, the costs and time related to such a reorganization could be substantially reduced. *While there can be no assurance that the Plan, if approved, will be successful or confirmed or that no further restructuring of the Company's indebtedness will be required, the Company believes that reorganization under the Plan is feasible and that the Plan does provide for the greatest and earliest possible recoveries for its creditors and shareholders.*

**Negotiations with Certain Creditors**

During the past few months, the Company has conducted negotiations with the Bank and Halliburton, the Company's two most senior creditors, with respect to a possible reorganization of the Company. While the terms of the Plan reflect the Company's understanding of an approach that might be acceptable to the Bank, the terms of the Plan have not been definitely agreed to by the Bank. The Company has also



RAM00178

discussed the terms of the Plan with Halliburton, but does not have any understanding that such terms will be acceptable to Halliburton. To date, the most important unresolved points with Halliburton relate to the terms of a proposed intercreditor agreement between Halliburton and the Bank and, specifically, the sharing ratio between the Bank and Halliburton as to the Company's cash flow available for debt service and whether and to what extent Halliburton will have an obligation to repay to the Bank any amounts paid to Halliburton by the Company if in the future the Company is unable to satisfy its obligations to the Bank. The resolution of such issues is not expected to materially affect the rights of other impaired creditors under the Plan because the Plan contemplates that the Company will, in effect, dedicate all available cash flow to the payment of indebtedness to the Bank and to Halliburton in recognition of their senior security positions prior to applying any cash flow to the payment of obligations under any of the other New Securities. The Company is also negotiating with Halliburton as to the amount of interest that will accrue on the New Halliburton Note and as to whether some additional principal and interest payments will be made on the Halliburton Note prior to the Company's commencement of the Chapter 11 case contemplated by this Disclosure Statement. However, the Company in preparing the Plan has provided that the New Halliburton Note will accrue interest at a reasonable annual rate of interest, ¼% above prime, and has taken into consideration the possibility of making certain additional payments to Halliburton prior to the Company's filing for reorganization. Accordingly, the Company believes that if the Plan is ultimately modified to provide for a different rate of interest on the New Halliburton Note or if the Company does decide to make any further payments of principal or interest to Halliburton prior to filing for reorganization, such events would not materially adversely affect the feasibility of the Plan or further impair the claims of the holders of any of the other impaired claims under the Plan. See "FEASIBILITY OF THE PLAN". The Company will continue to attempt to persuade Halliburton as to the merits of the Plan after this Disclosure Statement is distributed and while ballots are being solicited. However, there can be no assurance that Halliburton, the Bank or any other impaired creditor under the Plan will accept the Plan and there is the possibility that a revised plan of reorganization will be negotiated with creditors for future presentation thereto.

The Company has also conducted negotiations with the representatives of holders believed by the Company to control in excess of $85,000,000 (68%) of the 15% Senior Notes. While such negotiations were preliminary and limited to ascertaining the basic terms that such holders might be willing to agree upon in any comprehensive restructuring of the Company's outstanding indebtedness, the Company believes that such holders might be willing to accept the Plan as currently proposed. However, the Company emphasizes that all such negotiations were preliminary in form and that the specific terms of the Plan have not been definitely agreed upon with such holders. Accordingly, there can be no assurance that any of such holders will accept the Plan.



RAM00179

**Effects of the Plan**

The following table sets forth the aggregate face amount, the book value and the estimated aggregate Allowed Amounts of Allowed Claims of the Old Securities (other than the Common Stock) and the Letters of Credit at June 16, 1986, the record date for this solicitation, and the aggregate face amount or number of shares or Warrants of the New Securities to be issued under the Plan to the holders of the Bank Note, the Halliburton Note, the 15% Senior Notes, the 14⅞% Debentures and the Subordinated Debentures and to the issuer of the Letters of Credit. See "CAPITALIZATION".

| | Old Securities | | |
|---|---|---|---|
| | Face Amount | Book Value | Estimated Aggregate Amount of Allowed Claims(1) |
| | (In Thousands) | | |
| Bank Note(2) | $ 43,651 | $ 43,651 | $ 43,864 |
| Letters of Credit(3) | 33,100 | 747 | 33,100 |
| Halliburton Note(4) | 10,278 | 10,278 | 10,515 |
| 15 % Senior Notes | 125,155 | 200,581 | 134,542 |
| 14⅞% Debentures | 16,691 | 16,445 | 17,706 |
| 12⅜% Debentures due 1990 | 7,715 | 7,715 | 8,202 |
| 9 % Debentures | 14,259 | 14,259 | 15,061 |
| 11⅜% Debentures | 20,412 | 18,507 | 20,111 |
| 13¾% Debentures | 12,919 | 12,728 | 13,477 |
| 12⅝% Debentures due 2001 | 26,319 | 20,371 | 22,923 |
| Total | $310,499 | $345,282 | $319,501 |

(1) The Allowed Amounts of the Allowed Claims of the holders of the 14⅞% Debentures, the 11⅜% Debentures, the 13¾% Debentures and the 12⅝% Debentures due 2001 have been adjusted for the original issue discount with respect to such Debentures, assuming a petition for the reorganization of the Company had been filed on June 16, 1986. Such adjustments are required under the Bankruptcy Code because Section 502(b)(2) of the Bankruptcy Code provides that the Allowed Amount of a claim of a holder of a debt security may not reflect any unmatured interest. Accordingly, because the face amounts of the 14⅞% Debentures, the 11⅜% Debentures, the 13¾% Debentures and the 12⅝% Debentures due 2001 reflect some amounts of unmatured interest, the Allowed Amounts of the Allowed Claims with respect to such Debentures have been adjusted using the straight-line method of allocating interest so that only that portion of the original issue discount that represents matured interest on such Debentures is included in the estimated Allowed Amounts of the Allowed Claims. In all instances, estimated Allowed Amounts of Allowed Claims include accrued but unpaid interest to June 16, 1986, which, for purposes of the information contained in this table, is treated as the Petition Date. In addition, the estimated Allowed Amount of the Bank's claim with respect to the Bank Note includes $45,000 in expenses of the Bank required to be paid by the Company pursuant to the Loan Agreement.



RAM00180

| New Securities | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| New Notes | | | Preferred Stock | | | Warrants | | |
| Bank Note | Halliburton Note | Convertible Secured Notes | Senior Preferred | Series A Preferred | New Common Stock | $0.075 Warrants | $0.10 Warrants | $0.125 Warrants |
| | | | (In Thousands) | | | | | |
| $43,651 | $ — | $ — | — | — | — | 20,000 | — | — |
| — | — | — | — | — | — | — | — | — |
| — | 10,278 | — | — | — | 12,000 | 20,000 | — | — |
| — | — | 75,093 | 50,062 | — | 40,050 | 87,609 | 75,093 | — |
| — | — | — | — | 13,186 | 5,591 | — | 15,022 | 11,684 |
| — | — | — | — | 5,519 | 2,375 | — | 6,129 | 6,129 |
| — | — | — | — | 10,135 | 4,361 | — | 11,254 | 11,254 |
| — | — | — | — | 13,533 | 5,824 | — | 15,027 | 15,027 |
| — | — | — | — | 9,069 | 3,903 | — | 10,070 | 10,070 |
| — | — | — | — | 15,425 | 6,638 | — | 17,128 | 17,128 |
| $43,651 | $10,278 | $75,093 | 50,062 | 66,867 | 80,742 | 127,609 | 149,723 | 71,292 |

(2) The Company intends to continue, at least until the commencement of the Chapter 11 case contemplated by this Disclosure Statement, to make monthly installments of principal (currently approximately $1,147,000) and interest on the Bank Note, and may, with Bankruptcy Court approval, continue to make such payments at the same or at some reduced level after the commencement of such a proceeding and until Confirmation of the Plan.

(3) The Company will continue to be contingently obligated for possible reimbursement to the Bank for the full amount of the Letters of Credit under the Plan.

(4) The Company is currently negotiating with Halliburton as to whether some additional principal and interest payments will be made on the Halliburton Note prior to the Company's commencement of the Chapter 11 case contemplated by this Disclosure Statement, and may, with Bankruptcy Court approval, make some payments on the Halliburton Note after the commencement of such a proceeding and until Confirmation of the Plan.



RAM00181

**Distributions Under the Plan to the Holders of the 15% Senior Notes and the Debentures per $1,000 Face Amount**

The following table sets forth for each $1,000 face amount of the 15% Senior Notes and each issue of the Debentures (i) the estimated Allowed Amounts of Allowed Claims with respect to the 15% Senior Notes and each issue of the Debentures, assuming a petition for the reorganization of the Company had been filed as of June 16, 1986, and (ii) the face amount of the New Convertible Secured Notes and the number of shares of the Preferred Stock and New Common Stock and the number of Warrants to be issued to the holders of the 15% Senior Notes and each issue of the Debentures assuming the Plan is confirmed. **Holders of the 15% Senior Notes and the Debentures should note that the actual Allowed Amounts of their Allowed Claims with respect to their securities as of the Petition Date and the distributions to be provided to such holders under the Plan with respect to each $1,000 face amount of such securities may be different than as set forth below as a result of the accrual of interest, including amortization of original issue discount, on such securities from June 16, 1986, to the Petition Date.**

| | Estimated Allowed Amount of Principal Per $1,000 Face Amount (1) | Estimated Allowed Amount of Interest Per $1,000 Face Amount | Face Amount or Number of New Securities to be issued for each $1,000 Face Amount of the 15% Senior Notes and the Debentures | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | New Convertible Secured Notes | Senior Preferred Stock | Series A Preferred Stock | New Common Stock | $.075 Warrants | $0.10 Warrants | $.125 Warrants |
| 15 % Senior Notes | $1,000 | $75 | $600 | 400 | — | 320 | 700 | 600 | — |
| 14⅞% Debentures | 986 | 74 | — | — | 790 | 335 | — | 900 | 700 |
| 12⅝% Debentures due 1990 | 1,000 | 63 | — | — | 715 | 308 | — | 794 | 794 |
| 9 % Debentures | 1,000 | 56 | — | — | 711 | 306 | — | 789 | 789 |
| 11⅜% Debentures | 909 | 76 | — | — | 663 | 285 | — | 736 | 736 |
| 13¼% Debentures | 986 | 57 | — | — | 702 | 302 | — | 779 | 779 |
| 12⅝% Debentures due 2001 | 806 | 63 | — | — | 586 | 252 | — | 651 | 651 |

(1) The Allowed Amounts of the Allowed Claims of the holders of the 14⅞% Debentures, the 11⅜% Debentures, the 13¼% Debentures and the 12⅝% Debentures due 2001 have been adjusted for the original issue discount with respect to such Debentures. Such adjustment is required under the Bankruptcy Code because Section 502(b)(2) of the Bankruptcy Code provides that the Allowed Amount of a claim of a holder of a debt security may not reflect any unmatured interest. Accordingly, because the face amounts of the 14⅞% Debentures, the 11⅜% Debentures, the 13¼% Debentures and the 12⅝% Debentures due 2001 reflect some amounts of unmatured interest, the Allowed Amounts of the Allowed Claims with respect to such Debentures have been adjusted using the straight-line method of allocating interest so that only that portion of the original issue discount that represents matured interest on such Debentures is included in the estimated Allowed Amounts of the Allowed Claims.



RAM00182

## THE PLAN

**The concept of the Plan is to allow those creditors of the Company (secured, unsecured, senior and subordinated) to receive a claim against or interest in the Company, or combination thereof, that represents the true nature and character of their current interest in the Company and to provide to the shareholders of the Company the right to participate in the future of the Company when, and if, the Company has been successfully revitalized and the holders of all superior claims have been compensated for such claims in accordance with the Plan. In addition, the Plan seeks to provide to all parties in interest, from the most senior secured creditors, whose cooperation and assistance is essential for the successful reorganization of the Company, to management, whose skills and day-to-day efforts will be necessary for the continued operation of the Company during the Chapter 11 reorganization and for the success of the Company after reorganization, the opportunity to share in any future profits of the Company.**

The Plan attempts to achieve the above goals in the following manner. First, the Plan provides for the elimination through the exchange of securities of approximately $164,244,000 of the Company's prepetition debt, including interest, and the restructuring of an additional $129,427,000 of such debt. Second, the Plan allows the holders of the Company's secured debt to retain their present secured positions in certain assets of the Company and provides to all the holders of debt, secured or unsecured, who, after giving effect to all existing subordination agreements, might receive a distribution in a liquidation of the Company (if the Company were to be liquidated in the near future) the right to continue to hold a claim as a creditor of the Company in an amount at least equal to the amount of such possible distribution. Third, the Plan provides that a significant portion of the Company's remaining prepetition debt (including all unsecured subordinated debt, which would likely receive nothing if the Company were to be liquidated today) shall be converted into equity, or rights to receive equity, in the Company. Fourth, the Plan provides that all trade debt and all debt incurred in the ordinary course of business ($9,960,000 at March 31, 1986) shall be paid in full because of the anticipated relative small amount of such debt and the necessity and importance of the services, goods and rights, including the right to develop many of the Company's crude oil and natural gas properties, provided by the holders thereof to the continuing operation of the Company. Further, a distinction exists between such trade debt and ordinary course of business debt from other unsecured debt represented by the Debentures (which is impaired under the Plan) in that the subordination provisions of the Debentures would, in effect, require in all likelihood the distribution of amounts otherwise distributable thereto but for the Plan to the holders of Senior Indebtedness.

With respect to the approach under the Plan as to trade debt and debt incurred in the ordinary course of business, a substantial portion of the amounts thereof $7,322,000 (74%) relates to the Company's obligations to royalty owners and to joint interest owners with respect to properties operated by the Company. Considering the amount of such indebtedness in relation to the Company's total indebtedness, and considering the nature of such indebtedness and the fact that it is not subordinated to Senior Indebtedness, the Company does not propose to impair the claims of its trade and ordinary course of business creditors and has provided in the Plan that such creditors will be paid in full. In that regard, the Company has attempted to keep such indebtedness current and the amount thereof to a minimum. The Company regards it as most important for its future and the preservation of its properties to keep royalty payments, working interest obligations and obligations as to which mechanics' and materialmens' liens could attach current and unimpaired. The Company believes that this approach is in the best interest of all interested parties.

The Plan calls for the issuance of four general forms of New Securities. The New Securities are (i) New Notes, (ii) Preferred Stock, (iii) New Common Stock and (iv) Warrants. The New Notes will be issued to the Bank, Halliburton and the holders of the 15% Senior Notes, with the principal amount of the New Notes to be issued to each of such holders to be equal to or greater than the amount which such



RAM00183

holders might receive if the Company were to be liquidated in a Chapter 7 case. The payment schedules for the New Notes to be issued to the Bank and Halliburton will be partially a function of the Company's cash flow and are intended to provide the Company with a flexible means of meeting its future debt obligations. The New Notes to be issued to the holders of the 15% Senior Notes will be non-interest bearing, will be convertible into approximately seven shares of New Common Stock per $1.00 face amount and will not be due until ten years after the Effective Date. The Preferred Stock will be issued in two series, with one series, the $.06 Senior Convertible Voting Preferred Stock (the "Senior Preferred Stock"), to be issued to the holders of the 15% Senior Notes and the other series, the Series A Convertible Voting Preferred Stock (the "Series A Preferred Stock"), to be issued to the holders of the 14⅛% Debentures and the Subordinated Debentures. Each series of the Preferred Stock will have a liquidation preference over the New Common Stock, will have full voting rights with the New Common Stock and will be convertible into shares of the New Common Stock. Each share of the Senior Preferred Stock will have a liquidation preference over the Series A Preferred Stock, will be entitled to a $.06 noncumulative annual dividend under certain limited circumstances and will be convertible into four and one-half shares of the New Common Stock. The Series A Preferred Stock will be entitled to no dividends and each share will be convertible into four shares of New Common Stock. The number of shares of the Series A Preferred Stock to be issued to the holders of the 14⅛% Debentures and the Subordinated Debentures will vary depending upon their current relative status as to right of payment. The New Common Stock will be the common stock of the Company to be issued to the holders of the Common Stock as of the Effective Date. In addition, a substantial additional number of shares of the New Common Stock will be issued to (i) Halliburton in partial consideration for its agreement to accept the modifications to the Halliburton Note, (ii) the holders of the 15% Senior Notes and the Debentures to reflect their true equity interest in the Company and (iii) members of current and future management in consideration for their agreement to remain or become employees of the Company during the Chapter 11 case and as additional incentive for them to continue as or become employees of the Company upon Confirmation of the Plan. Copeland and PWI, the Company's financial advisors, will also receive shares of the New Common Stock as partial compensation for their services to the Company with respect to the development and implementation of the Plan. Finally, Warrants to purchase shares of the New Common Stock will be issued to all of the above parties (other than PWI) in a manner intended to reflect each of the recipient's current and future interest in the Company. The Warrants will have exercise prices ranging between $.075 and $.25 per share, and the holders of the New Bank Note, the New Halliburton Note and the New Convertible Secured Notes will be entitled to pay all or any part of the exercise price of any of the Warrants held by them by surrendering all or any portion of the principal and accrued interest, if any, on such New Notes, with that portion of such New Notes so surrendered being valued at 110% of the amount thereof. Similarly, the holders of the Senior Preferred Stock will be entitled to pay all or any part of the exercise price of any of the Warrants held by them by surrendering any of such shares held by them to the Company, with the shares so surrendered being valued at 100% of their liquidation preference. For a more complete description of the New Securities and their relative rights and preferences, see "THE NEW SECURITIES".

In summary, the Plan attempts to balance the relative rights and interests of the Company's creditors and interest holders, and to resolve numerous potential priority, preference, subordination and similar issues affecting the relative claims of creditors and interest holders in the Company. The terms of the Plan were arrived at after lengthy discussions between the Company and certain of its senior secured creditors and other parties in interest and are based upon the Company's analysis of all claims, an evaluation of the relative merits of potential conflicting claims and a compromise between such claims consistent with the goal of reorganizing the Company into a viable operating entity, which management hopes will prosper for the benefit of all creditors and interest holders.



RAM00184

A brief description of the characteristics of the distribution to each class of creditors and interest holders under the Plan is set forth below:

| Class Description | Estimated Amount of Claims (In Thousands) | Estimated Number of Claimants in Class | Brief Description of Distribution under the Plan |
|---|---|---|---|
| **Class 1** | | | |
| Administrative Expenses(1) | $ 1,700 | 15 | Paid in full or provided for by escrow on the Effective Date. |
| **Class 2** | | | |
| Wage Related Claims(2) | $ 162 | 195 | Paid in full or provided for by escrow on the Effective Date. |
| **Class 3** | | | |
| Employee Benefit Plan Claims(2) | $ 0 | 0 | Paid in full or provided for by escrow on the Effective Date. |
| **Class 4** | | | |
| Tax Claims(2)(3) | $ 2,045 | 66 | Paid in full or provided for by escrow on the Effective Date; provided, however, payments may be deferred at the option of the Company and paid in full in six equal annual installments from the earlier of the date of assessment and the Effective Date. The Company intends to request the Bankruptcy Court to estimate, if possible, the amount of any unliquidated tax claims against the Company and order that an amount equal to such estimate be escrowed for the payment thereof. |
| **Class 5** | | | |
| Additional Priority Claims(2) | $ 0 | 0 | Paid in full or provided for by escrow on the Effective Date. |
| **Class 6** | | | |
| The Bank Secured Claims(4) | $76,964 | 1 | New Bank Note in the Allowed Amount of the Bank's Class 6 claim with respect to the Bank Note ($43,864,000 at June 16, 1986) less all amounts paid thereon during the Chapter 11 case, and $.075 Warrants to purchase 20,000,000 shares of New Common Stock. The Company will continue to be contingently obligated to the Bank for the full amount of the Letters of Credit ($33,100,000 at June 16, 1986) under the Plan. Further, the Bank will be paid in full on the Effective Date the Allowed Amount of its Class 6 claim with respect to its reimbursable expenses under the Loan Agreement. |
| **Class 7** | | | |
| Halliburton Claim(4) | $10,515 | 2 | New Halliburton Note in the Allowed Amount of Halliburton's Class 7 claim with respect to the Halliburton Note ($10,515,000 at June 16, 1986) less all amounts paid thereon during the Chap- |

*Table continued on next page.*



RAM00185

| Class Description | Estimated Amount of Claims (In Thousands) | Estimated Number of Claimants in Class | Brief Description of Distribution under the Plan |
|---|---|---|---|
| | | | ter 11 case, $.075 Warrants to purchase 20,000,000 shares of New Common Stock and 12,000,000 shares of New Common Stock. |
| **Class 8** | | | |
| 15% Senior Note Claims(5)(6) | $134,542 | 234 | |
| Class 8A | | | |
| 15% Senior Note Secured Claims(5) | | | Pro Rata distribution of $75,093,000 New Convertible Secured Notes. |
| Class 8B | | | |
| 15% Senior Note Unsecured Claims(5) | | | Pro Rata distribution of (i) 50,062,000 shares of Senior Preferred Stock, (ii) $.075 Warrants to purchase 87,609,000 shares of New Common Stock, (iii) $.10 Warrants to purchase 75,093,000 shares of New Common Stock and (iv) 40,050,000 shares of New Common Stock. |
| **Class 9** | | | |
| M&M Lien Claims(2) | $ 1,861 | 304 | Paid in cash not later than the first day of the first month beginning not later than 30 days after the Effective Date or provided for by escrow if not then determined. |
| **Class 10** | | | |
| Secured Trustee Claim(2) | $ 0 | 1 | Paid in cash not later than the first day of the first month beginning not later than 30 days after the Effective Date or provided for by escrow if not then determined. |
| **Class 11** | | | |
| Unsecured Claims(2) | $ 7,937 | 7,400 | Paid in cash not later than the first day of the first month beginning not later than 30 days after the Effective Date to the extent not paid during the course of the Chapter 11 case or provided for by escrow or other appropriate arrangement if the amount of the claim or name and location of the claimant is not then determined. |
| **Class 12** | | | |
| 14⅞% Debenture Claims(6)(7) | $17,706 | 37 | Pro Rata distribution of (i) 13,186,000 shares of Series A Preferred Stock, (ii) $.10 Warrants to purchase 15,022,000 shares of New Common Stock, (iii) $.125 Warrants to purchase 11,684,000 shares of New Common Stock and (iv) 5,591,000 shares of New Common Stock. |

*Table continued on next page.*



RAM00186

| Class Description | Estimated Amount of Claims | Estimated Number of Claimants in Class | Brief Description of Distribution under the Plan |
|---|---|---|---|
| | (In Thousands) | | |
| **Class 13** Subordinated Debenture Claims(6)(7) | $79,774 | 494 | Pro Rata distribution of (i) 53,681,000 shares of Series A Preferred Stock, (ii) $.10 Warrants to purchase 59,608,000 shares of New Common Stock, (iii) $.125 Warrants to purchase 59,608,000 shares of New Common Stock and (iv) 23,101,000 shares of New Common Stock. |
| **Class 14** Intercompany Claims(2) | $69,411 | 1 | Will receive no distributions. |
| **Class 15** Shareholder Claims of Interest(8) | 51,506 shares | 7,671 | Pro Rata distribution of (i) 51,705,723 shares of New Common Stock, (ii) $.125 Warrants to purchase 200,000,000 shares of New Common Stock, (iii) $.15 Warrants to purchase 200,000,000 shares of New Common Stock and (iv) $.25 Warrants to purchase 200,000,000 shares of New Common Stock. |
| **Copeland** | * | 1 | $350,000 and not less than 2,700,000 shares of New Common Stock. In addition, Copeland will receive $.075 Warrants to purchase 7,000,000 shares of New Common Stock and $.10 Warrants to Purchase 7,000,000 shares of New Common Stock. |
| **PWI** | * | 1 | $150,000 and not less than 1,500,000 shares of New Common Stock. |
| **Management**(8)(9) | ** | ** | 5,000,000 shares of New Common Stock, $.075 Warrants to purchase 17,000,000 shares of New Common Stock and $.10 Warrants to purchase 17,000,000 shares of New Common Stock. |

* Copeland and PWI will receive the cash fee and New Securities to be issued to them under the Plan in consideration for the services rendered by them for the Company in developing and implementing the Plan. See "FEES AND EXPENSES OF SOLICITATION".

** Members of management will receive the New Securities to be issued to them under the Plan in consideration for their agreement to remain or become employees of the Company during the Chapter 11 case and as an additional incentive for them to continue or become employees of the Company upon Confirmation of the Plan. The estimated number of members of management that will receive such New Securities is not currently determinable.

(1) Excludes expenses incurred in the ordinary course of business and expenses associated with the Company's investment advisors and assumes (i) the Effective Date of the Plan is 122 days after the Petition Date and (ii) the Plan is accepted by all classes of impaired creditors pursuant to this solicitation and no material amendments to the Plan are made that would require a resolicitation of such creditors. See "THE PLAN—Classification and Treatment of Claims and Interests—Class 1—Administrative Expenses" and "FEES AND EXPENSES OF SOLICITATION".

*Notes continued on next page.*



RAM00187

(2) As of March 31, 1986.

(3) Calculated after all anticipated offsets, credits and refunds are considered.

(4) As of June 16, 1986, the record date for this solicitation. The Company intends to continue, at least until the filing of a petition for reorganization under Chapter 11, to make monthly installments of principal (currently approximately $1,147,000) and interest on the Bank Note and may, with Bankruptcy Court approval, continue to make such payments at the same or at some reduced level after such filing and until Confirmation of the Plan. The Company is also currently negotiating with Halliburton as to whether some additional principal and interest payments will be made on the Halliburton Note prior to the Company's filing of a petition for reorganization under Chapter 11 and may, with Bankruptcy Court approval, make some payments on the Halliburton Note after such filing and until Confirmation of the Plan.

(5) The Company has not attempted to estimate the specific amount of the claims in either Class 8A or Class 8B because of the integral relationship between such claims and the inherent uncertainties in valuing the collateral securing the payment of the 15% Senior Notes after giving effect to the Bank's and Halliburton's prior mortgages and security interests in such collateral. The Company, however, has calculated the aggregate amount of such claims ($134,542,000 at June 16, 1986) and has provided in the Plan for distributions to the holders thereof based on such aggregate amount. Under the Plan, each holder of a Class 8A or Class 8B claim will be entitled to receive with respect to his Allowed Claim in each such class a Pro Rata distribution (based on the aggregate Class 8A and Class 8B claims) of the consideration to be distributed to the holders in such class.

(6) The estimated Allowed Amounts of the Allowed Claims of the holders of the 15% Senior Notes and the Debentures are set forth as of June 16, 1986, the record date for this solicitation. The actual Allowed Amounts of Allowed Claims of the holders of the 15% Senior Notes and the Debentures as of the Petition Date will be different than is set forth above as a result of the accrual of interest, including amortization of original issue discount, on such securities from June 16, 1986, to the Petition Date.

(7) As of June 16, 1986. The estimated Allowed Amounts of the Allowed Claims of the holders of the 14⅛% Debentures, the 11⅛% Debentures, the 13¾% Debentures and the 12⅝% Debentures due 2001 have been adjusted for the original issue discount with respect to such Debentures, assuming a petition for the reorganization of the Company had been filed on June 16, 1986. Such adjustments are required under the Bankruptcy Code because Section 502(b)(2) of the Bankruptcy Code provides that the Allowed Amount of a claim of a holder of a security may not reflect any unmatured interest. Accordingly, because the face amounts of the 14⅛% Debentures, the 11⅛% Debentures, the 13¾% Debentures and the 12⅝% Debentures due 2001 reflect some amounts of unmatured interest, the estimated Allowed Amounts of the Allowed Claims with respect to such Debentures have been adjusted using the straight-line method of allocating interest so that only that portion of the original issue discount that represents matured interest on such Debentures is included in the estimated Allowed Amounts of the Allowed Claims.

(8) As of June 16, 1986. The estimated amount of claims excludes 200,000 shares of Common Stock issued to Mark A. Roberts pursuant to a severance and consulting agreement with the Company effective as of July 1, 1986. See "THE PLAN—Implementation of the Plan— Management of the Company".

(9) Excludes 800,000 shares of New Common Stock that may be issued to Robert F. Roberts and 800,000 $.25 Warrants that may be issued to Robert F. Roberts and Mark A. Roberts pursuant to the Plan. See "THE PLAN—Implementation of the Plan—Management of the Company".

## COMPARISON OF SECURITIES

The New Securities to be issued under the Plan to the holders of the 15% Senior Notes and the Debentures will have substantially different rights and characteristics than the 15% Senior Notes and the Debentures. A chart describing some of the principal differences between the 15% Senior Notes, the New Convertible Secured Notes and the New Senior Preferred Stock is set forth in Exhibit H to this Disclosure Statement and is incorporated herein by reference. A chart describing some of the principal differences between the Series A Preferred Stock and each issue of the Debentures is set forth in Exhibit I to this Disclosure Statement and is incorporated herein by reference. In addition to reviewing the description of the New Securities set forth in this Disclosure Statement, holders of the 15% Senior Notes and the Debentures are urged to review the comparison charts set forth in Exhibits H and I to this Disclosure Statement.

## RISK FACTORS

Acceptance or rejection of the Plan is subject to a number of substantial risks relating to the Company, the Bankruptcy laws, the New Securities and the crude oil and natural gas industry in general. See "PURPOSE AND EFFECTS OF THE PLAN—CERTAIN CONSIDERATIONS" and "RISK FACTORS".

## CERTAIN INCOME TAX CONSEQUENCES

The Company believes that the Consummation of the Plan will constitute a "recapitalization" of the Company under the Internal Revenue Code of 1954, as amended (the "IRC"), and that the non-recognition provisions of Section 354(a) of the IRC will apply. Therefore, subject to certain exceptions, no gain or loss will be recognized by the holders of the Old Securities (except with respect to the Halliburton Note) upon the exchange of such Old Securities for the New Securities (excluding the Warrants). Whether the holders of the Bank Note and the Halliburton Note will recognize any gain or loss in connection with the Plan will depend upon, among other things, whether the Bank Note, the Halliburton Note, the New Bank Note and the New Halliburton Note are securities. Gain, if any, will be recognized to the extent of the fair market value of the Warrants. Additional tax considerations will be applicable to Copeland, PWI, members of management, certain foreign persons and other entities subject to special tax rules. See "CERTAIN FEDERAL INCOME TAX CONSEQUENCES".

## VOTING AND BALLOT SOLICITOR

RepublicBank Dallas, National Association has agreed to act as Voting Agent, and D.F. King & Co., Inc. has agreed to act as Ballot Solicitor in connection with the Company's solicitation of ballots for the acceptance of the Plan. In addition, Copeland and PWI will provide certain solicitation services to the Company in connection with the Company's solicitation of ballots for the acceptance of the Plan.

## MARKET AND TRADING INFORMATION

As a result of the Company's financial condition, losses and inability to meet its public debt obligations, the American Stock Exchange, Inc. (the "AMEX") on May 19, 1986, suspended trading on the Common Stock, the 15% Senior Notes and the Debentures. Subsequently, on May 30, 1986, the Common Stock, the 15% Senior Notes and the Debentures were delisted from the AMEX. As a result of such actions, the Common Stock is currently listed only on the Pacific Stock Exchange, Incorporated (the "PSE") and the Intermountain Stock Exchange (the "ISE"), and the 15% Senior Notes and the



RAM00189

Debentures are not listed on any national securities exchange and are traded only in the over-the-counter market. On July 7, 1986, the closing sale price of the Common Stock (symbol: COR) as reported by the PSE was $.25 per share. Since the AMEX's suspension and delisting of the 15% Senior Notes and the Debentures, reported trading with respect to such securities has been very limited and the Company has been unable to obtain any meaningful information with respect to the current market prices for such securities. Information on the historical market prices of the 15% Senior Notes, the Debentures and the Common Stock is set forth in "MARKET AND TRADING INFORMATION".

## TRADING OF THE NEW CONVERTIBLE SECURED NOTES, THE PREFERRED STOCK, THE NEW COMMON STOCK AND THE WARRANTS

The Company intends to explore the possibility of listing the New Common Stock, the Preferred Stock, the New Convertible Secured Notes and the Warrants on the PSE or on one or more other national securities exchanges upon the Effective Date. However, there can be no assurance that the Company will make an application to list any of such New Securities or if such an application is made that any of such New Securities would be approved for listing. The inability of the Company to secure the listing of any of such New Securities or the decision not to list such New Securities could affect the liquidity and marketability of such New Securities. In addition, the large number of shares of the New Common Stock that could potentially be outstanding upon Confirmation of the Plan, combined with the low conversion ratios and exercise prices of the New Convertible Secured Notes, the Preferred Stock and the Warrants, will likely depress the prices at which some or all of the New Securities will trade for the foreseeable future, limit the marketability of such New Securities and adversely affect the ability of the Company to list such New Securities on the PSE or on any other national securities exchange. Whether or not any such New Securities are approved for listing on the PSE or on any other national securities exchange, such New Securities may trade in the over-the-counter market. However, even if the New Common Stock, the Preferred Stock, the New Convertible Secured Notes and the Warrants are approved for listing on the PSE or on any other national securities exchange, there can be no assurance as to the prices at which any of such New Securities may be traded when issued or that an established market for any of such securities will develop.

## INFORMATION

For assistance in voting and copies of the documents relating to the Plan, contact the Ballot Solicitor, telephone number (212) 269-5550 (collect), the Voting Agent, telephone number (214) 922-6147, or L. G. Caskey, Secretary of the Company, telephone number (318) 222-7791 (collect).



RAM00190

# INTRODUCTION

## GENERAL

The Company is furnishing this Disclosure Statement and forms of ballot to all its known impaired creditors of record as of June 16, 1986, pursuant to the requirements of Sections 1125 and 1126 of the Bankruptcy Code and Bankruptcy Rule 3018 thereunder for the purpose of soliciting ballots for the acceptance of the Plan prior to commencement of a case under Chapter 11 of the Bankruptcy Code. Reorganization pursuant to Chapter 11 of the Bankruptcy Code depends upon receipt of a sufficient number of votes in favor of the Plan. **Your vote, therefore, is important.**

The Plan is being proposed by the Company after several months of negotiations with certain of its senior secured creditors and with certain other parties in interest and after consultation with the Company's financial advisors as to what type of debt restructuring might be feasible.

The consummation of the transactions described herein is subject to numerous conditions in addition to the acceptance of the Plan by all classes of the Company's impaired creditors, and there can be no assurance that such transactions will be consummated. See "THE PLAN—Certain Conditions".

This Disclosure Statement describes various transactions contemplated under the Plan. A copy of the Plan is attached hereto as Exhibit A and made a part of this Disclosure Statement. The following overview is qualified in its entirety by the more detailed information contained herein and in the Plan. *You are urged to study the Plan in full and to consult with your legal and financial advisors about the Plan and its impact, including possible tax consequences, upon your legal rights. Please read this Disclosure Statement carefully before voting on the Plan.*

## PURPOSE OF DISCLOSURE STATEMENT

The Company has determined that because of its difficult financial problems, which have rendered it unable to service any of its long-term debt other than its secured bank debt, and, possibly, part of its secured debt to Halliburton, and the current depressed status of the crude oil and natural gas industry, it likely will not be able to continue as a going concern beyond 1986 unless it is able to restructure its outstanding indebtedness to a level that it will be able to service and that will permit it to carry on the development drilling activities necessary to improve its cash flow by bringing proved developed non-producing and other reserves into production. After consultation with its financial advisors and negotiations with certain of its senior secured creditors and certain other parties in interest, the Company has developed the Plan, which it believes provides to its creditors and shareholders distributions equal to or greater than the distributions that such persons would receive if the Company were liquidated in an orderly manner. The Company believes that the Plan will provide for the efficient reorganization of the Company and will permit the maximum recovery possible for all classes of claims and interests. By obtaining approval of the Plan by the Company's impaired creditors prior to the commencement of a case under Chapter 11 of the Bankruptcy Code, the Company hopes to expedite and reduce the time and cost of a reorganization of the Company once a filing under Chapter 11 has been made.

If upon the expiration of the solicitation period, the Company receives ballots approving the Plan from at least two-thirds in the amount and more than half in number of each class of its impaired creditors voting on the Plan, the Company, subject to certain conditions described herein, intends to file a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code and to seek as promptly as practicable the Confirmation of the Plan. Under the Bankruptcy Code, in order for the Plan to be confirmed, the Plan must be accepted by at least one impaired class of claims or interests. However, it is an essential feature of the Plan that all classes of impaired creditors accept the Plan. A claim that will not be repaid in full or as to which legal rights are altered, or an interest that is adversely affected, is "impaired". A holder of an impaired claim or interest is entitled to vote to accept or reject the Plan if such claim or interest has been allowed under Section 502 of the Bankruptcy Code or temporarily allowed for



RAM00191

voting under Bankruptcy Rule 3018. Generally, in order for a class of claims to accept the Plan, votes representing at least two-thirds in amount and more than half in number of claims voting in that class must be cast in favor of acceptance of the Plan. In order for a class of interests to accept the Plan, votes representing at least two-thirds of the shares voting on the Plan must be cast in favor of acceptance of the Plan. Pursuant to Bankruptcy Rule 3018, the Bank, Halliburton and the holders of the 15% Senior Notes and the Debentures as of June 16, 1986, will be considered holders of Allowed Claims for purposes of voting on the Plan prior to the Company's filing of a petition for reorganization under Chapter 11 of the Bankruptcy Code. Although the holders of the Common Stock may be entitled to vote to accept or reject the Plan, the Company is not soliciting the acceptance of the Plan by such holders pursuant to this Disclosure Statement. Any such solicitation, if required, is not expected to occur until such time as the Company has obtained the acceptance of the Plan by its impaired creditors pursuant to this solicitation and a petition under Chapter 11 of the Bankruptcy Code for the reorganization of the Company has been filed. Further, the Company does not believe that a liquidation of the Company would result in any distribution to the holders of the Common Stock. However, if the Plan receives the requisite approval of all classes of the Company's impaired creditors, then the Plan would give the holders of the Common Stock a continuing interest in the Company through their receipt of shares of the New Common Stock and through the Warrants. The Company does not believe that any more satisfactory ownership interest in the Company by the holders of the Common Stock is feasible than that proposed by the Plan. While under these circumstances it would not appear to be necessary to solicit a vote of the holders of the Common Stock on the Plan, the Company will so solicit their votes if it is found necessary by the Bankruptcy Court. However, even if such a vote is required, the Company may seek Confirmation of the Plan without a favorable vote of the holders of the Common Stock pursuant to the cram-down provisions under Section 1129(b) of the Bankruptcy Code since there is no claim or interest junior to the Common Stock that will receive any securities or other property under the Plan. See "CONFIRMATION OF THE PLAN".

Under Section 1126(b) of the Bankruptcy Code, a holder of a claim that has accepted or rejected a plan of reorganization before the commencement of the Chapter 11 case will be deemed to have accepted or rejected the plan for purposes of Confirmation of the plan under Chapter 11 of the Bankruptcy Code if the solicitation of such acceptance or rejection is in compliance with any applicable nonbankruptcy law, rule, or regulation governing the adequacy of disclosure in connection with such a solicitation. The Company believes that the only material nonbankruptcy laws, rules or regulations governing the adequacy of the Company's disclosure with respect to this solicitation will be the general anti-fraud provisions of the Securities Act, the Exchange Act and the various securities laws of the states having jurisdiction over the Company, which provisions require generally that an issuer shall not in connection with any purchase or sale of securities make any untrue statement of a material fact or omit to state a material fact necessary in order to make any statements made not misleading. The Company believes that this Disclosure Statement does not contain any untrue statement of any material fact or omit to state a material fact necessary to make the statements made herein not misleading. Therefore, the Company believes that it has complied with the requirements of Section 1126(b), and any acceptances or rejections received in connection with this solicitation may be used to obtain the Confirmation of the Plan.

The Company also believes that this Disclosure Statement contains information that is in compliance with the "adequate information" requirement of Section 1125(a) of the Bankruptcy Code. Under the Bankruptcy Code, the solicitation of acceptances of a plan of reorganization must be preceded or accompanied by disclosure materials containing information of a kind and in sufficient detail to enable solicited creditors and interest holders to make informed judgments about the plan and the acceptance or rejection thereof. The Company believes that this Disclosure Statement contains information that is sufficient to enable its impaired creditors to make an informed judgment in regard to the Plan, and to the best of the Company's knowledge, the contents of this Disclosure Statement are accurate and complete in all material respects.

Although the Company intends to file a petition under Chapter 11 of the Bankruptcy Code and to seek Confirmation of the Plan by the Bankruptcy Court if it receives the requisite ballots accepting the Plan from all classes of its creditors voting on the Plan, the Company will be under no obligation to make such a filing or seek Confirmation of the Plan if, at any time prior to such filing or Confirmation, there shall have

occurred any event that in the sole judgment of the Company, regardless of the circumstances (including an omission by the Company) giving rise to such event, would or might prohibit, restrict or delay Consummation of the Plan or have a material adverse effect on the contemplated benefits of the Plan to the Company.

*This Disclosure Statement should be read in its entirety prior to voting on the Plan. No solicitation of votes will be made except pursuant to this Disclosure Statement and the Annexes and Exhibits hereto. Therefore, for purposes of voting on the Plan, parties in interest should not rely on any information relating to the Company and its business other than that contained in this Disclosure Statement and in the Annexes and Exhibits hereto.*

### BRIEF EXPLANATION OF CHAPTER 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Upon the filing of a petition under Chapter 11 with respect to the Company, whether voluntary or involuntary, the Company will be authorized to operate and reorganize its business for the benefit of its creditors and interest holders. The automatic stay provisions of Section 362 of the Bankruptcy Code, unless lifted by court order, will generally prohibit or restrict attempts by creditors, secured or unsecured, or other claimants to collect or enforce any claims against the Company that arose prior to the commencement of the Chapter 11 case.

Formulation and Confirmation of a plan of reorganization is the principal purpose of a Chapter 11 reorganization case. The plan of reorganization is the vehicle for satisfying the holders of claims against, and equity interests in, the Company. Unless the Bankruptcy Court orders otherwise, the Company will have the exclusive right to file a plan of reorganization during the first 120 days after the Petition Date. Furthermore, unless the Bankruptcy Court orders otherwise, any party in interest may file a plan of reorganization if the Company does not file a plan within the first 120 days after the Petition Date or if a plan of reorganization is not accepted by each class of claims or interests that is impaired under the Plan within the first 180 days after the Petition Date. If the Company receives the requisite approval of the Plan prior to the filing of a petition under Chapter 11 with respect to the Company, subject to certain conditions described herein, it intends to file and to seek Confirmation of the Plan as soon as practicable after the receipt of such approval.

## PURPOSE AND EFFECTS OF THE PLAN— CERTAIN CONSIDERATIONS

### PURPOSE OF THE PLAN AND BACKGROUND

Beginning in 1984, the effects of the worldwide decline in demand and excess supply of crude oil and natural gas and the corresponding decline in crude oil and natural gas prices began to seriously affect the operations of the Company. This decline in prices, coupled with the high interest costs associated with the funds borrowed by the Company to finance a portion of its exploration and development activities, began to threaten the Company's financial condition in 1984. While the Company had experienced losses from operations in the two years prior to 1984, the Company was able in such years to obtain outside financing for its activities. As the severity and extended duration of the recession in the oil and gas industry became more apparent, management of the Company in late 1984 and in 1985 began implementing steps to reduce and restructure the Company's outstanding indebtedness to a level that management believed the Company could service while carrying on the development drilling activities necessary to improve its cash flow by bringing proved non-producing and other reserves into production. Principal among the Company's efforts to reduce and restructure its indebtedness in 1985 were (i) its agreement with Halliburton in April 1985 to extend (with a monthly amortization schedule) the term of a sizeable trade payable to Halliburton through April 1987 and (ii) the Exchange Offers that were closed on October 3, 1985. Pursuant to the Exchange Offers, the Company exchanged approximately $125,155,000 face amount of the 15% Senior Notes and 7,418,000 shares of Common Stock for approximately $234,216,000



RAM00193

face amount of the Debentures, having a net book value of approximately $217,846,000. See "PURCHASES OF CERTAIN SECURITIES BY THE COMPANY". As a result of the Exchange Offers, the Company reduced the face amount of its outstanding indebtedness by approximately $109,000,000 and its annual cash interest costs by approximately $12,719,000. On December 5, 1985, the Company obtained from its shareholders approval of an amendment to its Articles of Incorporation increasing the number of its authorized shares of Common Stock from 35,000,000 to 90,000,000 and decreasing the par value thereof from $1.00 to $.01 so as to provide the Company with the potential ability to exercise an option with respect to the 15% Senior Notes to pay accrued interest thereon and to make certain redemptions of the 15% Senior Notes with shares of Common Stock. On December 15, 1985, the Company exercised its option to pay the first semi-annual interest payment on the 15% Senior Notes with shares of Common Stock by issuing to the holders of the 15% Senior Notes approximately 23,150,000 shares of Common Stock valued at approximately $.54 per share. The Company's exercise of this option saved the Company approximately $9,400,000 in cash.

While the above restructuring efforts, together with the Company's efforts to decrease, where possible or advisable, its fixed general and administrative costs, provided the Company with some temporary relief from its heavy debt burden, it has become apparent to management of the Company, particularly in light of the recent substantial decline in prices for crude oil and natural gas, that the anticipated results of the Exchange Offers have not been fully achieved and that more dramatic debt restructuring efforts are necessary if the Company is to continue as a going concern. In that regard, management has concluded that for any restructuring of the Company to be successful, a substantial portion of the Company's outstanding indebtedness must be converted into equity. Accordingly, the Plan provides for a reduction in the outstanding face amount of the Company's indebtedness (excluding intercompany indebtedness and $33,100,000 in Letters of Credit) from $277,399,000 to $129,022,000 ($75,093,000 of which will be non-interest bearing), with the holders of the eliminated debt to receive a combination of Preferred Stock, New Common Stock and Warrants. See "THE PLAN".

The Plan was conceived by management as an alternative to the more drastic measures available to the Company for restructuring of its debt, such as a liquidation of its properties in the current depressed market or an immediate filing for protection under Chapter 11 of the Bankruptcy Code. The terms of the Plan were arrived at after consultation with the Company's financial advisors as to what type of plan might be feasible and after lengthy negotiations with certain of the Company's senior secured creditors and certain other parties in interest. The Company believes that the Plan provides the Company's creditors and shareholders with distributions of property in the form of new securities having a value not less than the amount that such holders would receive if the Company were to be liquidated under Chapter 7 of the Bankruptcy Code and should provide for the maximum possible recovery for all classes of the Company's creditors and shareholders. While the successful implementation of the Plan contemplates and requires a reorganization of the Company under Chapter 11 of the Bankruptcy Code, the Company believes that if it can obtain the necessary acceptances of the Plan from its impaired creditors prior to the commencement of a case under Chapter 11 of the Bankruptcy Code, the costs and time related to such a reorganization could be substantially reduced. *While there can be no assurance that the Plan, if approved, will be successful or confirmed or that no further restructuring of the Company's indebtedness will be required, the Company believes that reorganization under the Plan is feasible and that the Plan does provide for the greatest and earliest possible recoveries for the Company's creditors and shareholders.*



RAM00194

## RECOMMENDATION OF THE COMPANY

The Board of Directors of the Company has unanimously approved the terms of the Plan and believes that the Plan is in the best interests of all of the Company's creditors and shareholders and will permit the maximum and earliest recovery for all classes of claims and interests in a reorganization of the Company under Chapter 11 of the Bankruptcy Code. In arriving at its conclusion, the Board of Directors considered (i) the limited alternatives available to the Company to restructure its debt, and the respective risks attendant to each such alternative, (ii) the estimated liquidation value of the Company's assets and the amounts which the Company's creditors would likely receive in a liquidation of such assets, (iii) the respective rights, in both right of payment and security position, of the Company's creditors and (iv) the present status of the crude oil and natural gas industry and its anticipated effect on the Company's future cash flow. The Board of Directors believes that, based upon the above factors, the Plan is fair to the holders of the 15% Senior Notes and the Debentures (the Company's public debt holders). The Company did not retain any representative to act on behalf of the holders of the 15% Senior Notes or any of the issues of the Debentures in connection with the negotiation and preparation of the Plan or to prepare any report or appraisal, other than the reserve report prepared for the Company by Gruy for use in making the projections set forth herein (the "Gruy Report") and the reserve report prepared by Gruy for consideration in connection with the Company's Quarterly Report (the "10-Q Gruy Report"), or to make any finding of fairness of the Plan to the holders of the 15% Senior Notes or the Debentures. The Plan, however, was arrived at after discussions and negotiations with certain major holders of such securities. Further, the conclusion of the Board of Directors that the Plan is feasible was based, in part, upon a letter to the Company from Copeland (the "Copeland Letter") stating that the assumptions described in "FEASIBILITY OF THE PLAN" as to the future prices for crude oil and natural gas are reasonable. Gruy, which has acted as the Company's regular independent petroleum engineers since 1978, was chosen to prepare the Gruy Report and the 10-Q Gruy Report because of its expertise and familiarity with the Company and its properties, and that firm received its normal compensation for preparing the Gruy Report and the 10-Q Gruy Report. Copeland, who is the Company's principal financial advisor with respect to the Plan, was chosen to advise and assist the Company with respect to the Plan because of its expertise in the oil and gas industry, and that firm did not and will not receive any additional consideration from the Company for delivering the Copeland Letter. Copeland will, however, receive $350,000 in cash and certain of the New Securities if the Plan is confirmed. A summary of the Gruy Report and the 10-Q Gruy Report are attached hereto as Exhibit F and Exhibit G, respectively, and a copy of the Copeland Letter is available for inspection and copying at the principal executive offices of the Company during regular business hours by any interested security holder of the Company or such holder's designated representative. For further information with respect to the Gruy Report, see "FEASIBILITY OF THE PLAN", and for information with respect to the 10-Q Gruy Report, see "THE COMPANY—Additional Reserve Information" and "Other Information" in the Company's Quarterly Report. For further information with respect to the Company's fee arrangement with Copeland, see "FEES AND EXPENSES OF SOLICITATION".

The Plan is not conditioned upon acceptance by a majority of the unaffiliated holders of the 15% Senior Notes, the Debentures or the Common Stock, but is conditioned on the Company receiving the approval of the Plan by the holders of at least two-thirds in amount and more than half in number of the Allowed Claims voting on the Plan in each of the classes of its impaired creditors and, if necessary, at least two-thirds in amount of the Allowed Interests voting on the Plan. *Holders of the 15% Senior Notes and the Debentures are urged to carefully read this Disclosure Statement and to consult with their own financial advisors in deciding whether to approve or reject the Plan.*

While the Company has had during the past 18 months discussions with various parties with respect to possible transactions pursuant to which the Company's indebtedness might be restructured and has had correspondence with one company as to a proposed acquisition of the Company (although many terms were never addressed in such correspondence and the terms that were addressed were not acceptable to the Company), the Company has not received any definitive offers involving (i) a merger or consolidation of the Company, (ii) a sale or transfer of all or substantially all of the Company's assets or (iii) a purchase of securities of the Company that would enable the holder thereof to exercise control over the Company.



RAM00195

## NEGOTIATIONS WITH CERTAIN CREDITORS

During the past few months, the Company has conducted negotiations with the Bank and Halliburton, the Company's two most senior creditors, with respect to a possible reorganization of the Company. While the terms of the Plan reflect the Company's understanding of an approach that might be acceptable to the Bank, the terms of the Plan have not been definitely agreed to by the Bank. The Company has also discussed the terms of the Plan with Halliburton, but does not have any understanding that such terms will be acceptable to Halliburton. To date, the most important unresolved points with Halliburton relate to the terms of a proposed intercreditor agreement between Halliburton and the Bank and, specifically, the sharing ratio between the Bank and Halliburton as to the Company's cash flow available for debt service and whether and to what extent Halliburton will have an obligation to repay to the Bank any amounts paid to Halliburton by the Company if in the future the Company is unable to satisfy its obligations to the Bank. The resolution of such issues is not expected to materially affect the rights of other impaired creditors under the Plan because the Plan contemplates that the Company will, in effect, dedicate all available cash flow to the payment of indebtedness to the Bank and to Halliburton in recognition of their senior security positions prior to applying any cash flow to the payment of obligations under any of the other New Securities. The Company is also negotiating with Halliburton as to the matter of interest on the New Halliburton Note and as to whether some additional principal and interest payments will be made on the Halliburton Note prior to the Company's commencement of the Chapter 11 case contemplated by this Disclosure Statement. However, the Company in preparing the Plan has provided that the New Halliburton Note will accrue interest at a reasonable annual rate of interest, ¾% above prime, and has taken into consideration the possibility of making certain additional payments to Halliburton prior to the Company's filing for reorganization. Accordingly, the Company believes that if the Plan is ultimately modified to provide for a different rate of interest on the New Halliburton Note or if the Company does decide to make any further payments of principal or interest to Halliburton prior to filing for reorganization, such events would not materially adversely affect the feasibility of the Plan or further impair the claims of the holders of any of the other impaired claims under the Plan. See "FEASIBILITY OF THE PLAN". The Company will continue to attempt to persuade Halliburton as to the merits of the Plan after this Disclosure Statement is distributed and while ballots are being solicited. However, there can be no assurance that Halliburton, the Bank or any other impaired creditor under the Plan will accept the Plan and there is the possibility that a revised Plan will be negotiated with creditors for future presentation thereto.

The Company has also conducted negotiations with the representatives of holders believed by the Company to control in excess of $85,000,000 (68%) in face amount of the 15% Senior Notes. While such negotiations were preliminary and limited to ascertaining the basic terms that such holders might be willing to agree upon in any comprehensive restructuring of the Company's outstanding indebtedness, the Company believes that such holders might be willing to accept the Plan as currently proposed. However, the Company emphasizes that all such negotiations were preliminary in form and that the specific terms of the Plan have not been definitively agreed upon with such holders. Accordingly, there can be no assurance that any of such holders will accept the Plan.

## TRADING OF THE NEW SECURITIES

The Company intends to explore the possibility of listing the New Common Stock, the Preferred Stock, the New Convertible Secured Notes and the Warrants on the PSE or on one or more other national securities exchanges upon the Effective Date of the Plan. However, there can be no assurance that the Company will make an application to list any of such New Securities or if such an application is made that any of such New Securities would be approved for listing. The inability of the Company to secure the listing of any of such New Securities or the decision not to list such New Securities could affect the liquidity and marketability of such New Securities. In addition, the large number of shares of the New Common Stock that could potentially be outstanding upon Confirmation of the Plan combined with the low conversion ratios and exercise prices of the New Convertible Secured Notes, the Preferred Stock and the Warrants, will likely depress the prices at which some or all of the New Securities will trade for the

foreseeable future, limit the marketability of such New Securities and adversely affect the ability of the Company to list such New Securities on the PSE or on any other national securities exchange. Whether or not any such New Securities are approved for listing on the PSE or on any other national securities exchange, such New Securities may trade in the over-the-counter market. However, even if the New Common Stock, the Preferred Stock, the New Convertible Secured Notes and the Warrants are approved for listing on the PSE or on any other national securities exchange, there can be no assurance as to the prices at which any of such New Securities may be traded when issued or that an established market for any of such securities will develop.

## SUBORDINATION

The 15% Senior Notes are currently subordinate in right of payment to the Company's obligations with respect to the Bank Note, the Letters of Credit, the Halliburton Note and all other First Mortgage Obligations, as defined in the 15% Senior Note Indenture. Similarly, the 14⅞% Debentures are currently subordinate in right of payment to the Company's obligations with respect to the Bank Note, the Letters of Credit, the Halliburton Note, the 15% Senior Notes and all other Senior Indebtedness, as defined in the 14⅞% Debenture Indenture. Further, each issue of the Subordinated Debentures is currently subordinate in right of payment to the Company's obligations with respect to the Bank Note, the Letters of Credit, the Halliburton Note, the 15% Senior Notes, the 14⅞% Debentures and all other Senior Indebtedness, as defined in the Debenture Indentures. As a result of such subordination, if the Company were to be liquidated in the near future, all distributions that otherwise would be made to the holders of the 14⅞% Debentures and the Subordinated Debentures would be required to be paid Pro Rata to the holders of the 15% Senior Notes and, to the extent the property securing the payment of the Halliburton Note were insufficient to pay all amounts owing under the Halliburton Note, all distributions that otherwise would be made to the holders of the 15% Senior Notes (including those distributions to the holders of the 14⅞% Debentures and the Subordinated Debentures that would be required to be paid to the holders of the 15% Senior Notes) would be required to be paid to Halliburton until the Halliburton Note had been paid in full. See "ALTERNATIVES TO THE PLAN—Liquidation Analysis". The Company, in providing for the classification and treatment of all claims and interests under the Plan, has taken into consideration, among other things, the relative subordination rights of its creditors. The Company believes that the distributions to creditors and interest holders provided for under the Plan give appropriate effect to such rights. However, certain creditors who probably would not be entitled to any distributions if the Company were liquidated in the near future will receive distributions under the Plan. In order to implement the Plan and to avoid potential conflicting claims, the Plan provides that the holders of the Bank Note, the Halliburton Note, the 15% Senior Notes and the 14⅞% Debentures and the issuer of the Letters of Credit will each be deemed to have agreed to limit the enforcement of the subordination agreements which they may be the beneficiaries of to their right to receive the consideration to be provided to them under the Plan and to have agreed to allow the holders of the 15% Senior Notes, the 14⅞% Debentures and the Subordinated Debentures, as the case may be, to receive the consideration to be provided to them under the Plan, free of any subordination claims. Notwithstanding the above, in the event any holder of a 15% Senior Note, 14⅞% Debenture or Subordinated Debenture challenges the Plan's classification of such holder's unsecured claims and such holder is successful in obtaining a Final Order by the Bankruptcy Court reclassifying such claims, or the unsecured claims of any other class, then the Plan will likely become inoperative and, in connection with any possible liquidation of the Company or in connection with any other plan of reorganization that may be confirmed by the Bankruptcy Court, all distributions with respect to such reclassified claims could be subject to all subordination rights of all other creditors. In that regard, the Bankruptcy Court could then order that any distributions that otherwise would have been distributed to such holders be distributed to such other creditors of the Company as may be required by the terms and provisions of any and all applicable subordination agreements. For information as to the distinction between the treatment of subordinated unsecured claims and subordinated secured claims under the Plan, see "THE PLAN—Concept of the Plan" and "THE PLAN—Classification and Treatment of Claims and Interests".



RAM00197

## EFFECTS ON OWNERSHIP OF COMMON STOCK

The following table sets forth the total percentages of ownership of the New Common Stock which the holders of the Ba Note, the Halliburton Note, the 15% Senior Notes, the 14⅛% Debentures, the Subordinated Debentures and the Common St and which Copeland, PWI and management would have immediately upon Confirmation of the Plan, assuming various of the N Securities are converted or exercised. **It is important to note that although the exercise of the Warrants at various levels and conversion of any of the New Convertible Secured Notes could result in substantial increases in the number of outstanding sha of New Common Stock, the exercise of Warrants and the conversion of the New Convertible Secured Notes would also resul either additional cash being contributed to the Company or a reduction in the Company's outstanding indebtedness.**

| Currently Holder(s) | Type of Securities to be Received Under the Plan and Percentage of Ownership of the New Common Stock Upon Confirmation: Type of Security | Percentage of Ownership | Percentage of Ownership of the New Common Stock(1): Assuming all $.075 Warrants Exercised | Assuming all $.10 Warrants Exercised | Assuming all $.125 Warrants Exercised | Assuming all New Convertible Secured Notes Converted(2) | Assuming all $.15 Warrants Exercised | Assuming all Shares of Senior Preferred Stock Converted(3) | Assuming all Shares of Series A Preferred Stock Converted(4) | Assum all $ Warra Exerc |
|---|---|---|---|---|---|---|---|---|---|---|
| Holder of the Bank Note..... | $.075 Warrants | 0% | 6.80% | 4.28% | 2.71% | 1.58% | 1.37% | 1.18% | 1.02% | 0 |
| Holder of the Halliburton Note..... | New Common Stock | 8.42 | 4.08 | 2.57 | 1.62 | 0.95 | 0.82 | 0.71 | 0.61 | 0 |
| | $.075 Warrants | 0 | 6.80 | 4.28 | 2.71 | 1.58 | 1.37 | 1.18 | 1.02 | 0 |
| | | 8.42 | 10.88 | 6.85 | 4.33 | 2.53 | 2.19 | 1.89 | 1.63 | 1 |
| Holders of the 15% Senior Notes..... | New Common Stock | 28.12 | 13.62 | 8.56 | 5.42 | 3.17 | 2.73 | 2.37 | 2.05 | 1 |
| | New Convertible Secured Notes(2) | 0 | 0 | 0 | 0 | 41.56 | 35.89 | 31.10 | 26.85 | 24 |
| | Senior Preferred Stock(3) | 0 | 0 | 0 | 0 | 0 | 0 | 13.33 | 11.51 | 10 |
| | $.075 Warrants | 0 | 29.79 | 18.72 | 11.83 | 6.96 | 5.97 | 5.19 | 4.44 | 4 |
| | $.10 Warrants | 0 | 0 | 16.05 | 10.16 | 5.94 | 5.13 | 4.44 | 3.84 | 3 |
| | | 28.12 | 43.41 | 43.33 | 27.41 | 57.63 | 49.72 | 56.43 | 48.69 | 44 |
| Holders of the 14⅛% Debentures..... | New Common Stock | 3.92 | 1.90 | 1.20 | 0.76 | 0.44 | 0.38 | 0.33 | 0.29 | 0 |
| | Series A Preferred Stock(4) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2.69 | 2 |
| | $.10 Warrants | 0 | 0 | 3.21 | 2.03 | 1.19 | 1.03 | 0.89 | 0.77 | 0 |
| | $.125 Warrants | 0 | 0 | 0 | 1.58 | 0.92 | 0.80 | 0.69 | 0.60 | 0 |
| | | 3.92 | 1.90 | 4.41 | 4.37 | 2.55 | 2.21 | 1.91 | 4.35 | 3 |
| Holders of the Subordinated Debentures..... | New Common Stock | 16.22 | 7.86 | 4.94 | 3.13 | 1.83 | 1.58 | 1.37 | 1.18 | 1 |
| | Series A Preferred Stock(4) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10.97 | 9 |
| | $.10 Warrants | 0 | 0 | 12.74 | 8.07 | 4.71 | 4.07 | 3.53 | 3.05 | 2 |
| | $.125 Warrants | 0 | 0 | 0 | 8.07 | 4.71 | 4.07 | 3.53 | 3.05 | 2 |
| | | 16.22 | 7.86 | 17.68 | 19.27 | 11.25 | 9.72 | 8.43 | 18.25 | 16 |
| Holders of the Common Stock..... | New Common Stock | 36.16 | 17.52 | 11.01 | 6.97 | 4.07 | 3.52 | 3.05 | 2.63 | 2 |
| | $.125 Warrants | 0 | 0 | 0 | 27.06 | 15.81 | 13.65 | 11.83 | 10.22 | 9 |
| | $.15 Warrants | 0 | 0 | 0 | 0 | 0 | 13.65 | 11.83 | 10.22 | 9 |
| | $.25 Warrants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9 |
| | | 36.16 | 17.52 | 11.01 | 34.03 | 19.88 | 30.82 | 26.71 | 23.07 | 30 |
| Copeland..... | New Common Stock | 1.90 | 0.92 | 0.58 | 0.37 | 0.21 | 0.18 | 0.16 | 0.14 | 0 |
| | $.075 Warrants | 0 | 2.38 | 1.50 | 0.95 | 0.55 | 0.48 | 0.41 | 0.36 | 0 |
| | $.10 Warrants | 0 | 0 | 1.50 | 0.95 | 0.55 | 0.48 | 0.41 | 0.36 | 0 |
| | | 1.90 | 3.30 | 3.58 | 2.27 | 1.31 | 1.14 | 0.98 | 0.86 | 0 |
| PWI..... | New Common Stock | 1.05 | 0.51 | 0.32 | 0.20 | 0.12 | 0.10 | 0.09 | 0.08 | 0 |
| Management(5)..... | New Common Stock | 4.21 | 2.04 | 1.28 | 0.81 | 0.47 | 0.41 | 0.36 | 0.31 | 0 |
| | $.075 Warrants | 0 | 5.78 | 3.63 | 2.30 | 1.34 | 1.16 | 1.01 | 0.87 | 0 |
| | $.10 Warrants | 0 | 0 | 3.63 | 2.30 | 1.34 | 1.16 | 1.01 | 0.87 | 0 |
| | $.25 Warrants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | 4.21 | 7.82 | 8.54 | 5.41 | 3.15 | 2.73 | 2.38 | 2.05 | 1 |
| Total..... | | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 1 |

(1) The percentages of ownership set forth in the above table assume that the New Securities that may be exercised to purchase shares of New Common Stock converted into shares of New Common Stock are exercised or converted in the order presented. Depending upon the relationship between the market price the New Convertible Secured Notes and the Preferred Stock and the basis of the holders thereof in such securities to the market price of the New Comm Stock, it is possible that certain of the New Convertible Secured Notes and shares of the Preferred Stock may be converted into shares of New Common Stock an order other than that presented above. Further, such percentages could be affected by the exercise of Warrants with New Notes or shares of Senior Prefe Stock. Accordingly, the effects on the ownership of the New Common Stock after the Effective Date of the Plan could be materially different than that descri in the above table.

(2) Convertible into approximately seven shares of New Common Stock per $1.00 face amount.

(3) Convertible into four and one-half shares of New Common Stock per share.

(4) Convertible into four shares of New Common Stock per share.

(5) Includes (i) 500,000 shares of New Common Stock, 1,000,000 $.075 Warrants and 2,000,000 $.10 Warrants to be issued to J. N. Averett, Jr. pursuant to employment agreement with the Company, (ii) 200,000 shares of New Common Stock to be issued to Mark A. Roberts in exchange for 200,000 shares Common Stock issued to him under a severance and consulting agreement with the Company effective July 1, 1986, and (iii) up to 800,000 shares of N Common Stock that may be issued to Robert F. Roberts and 800,000 $.25 Warrants that may be issued to Robert F. Roberts and Mark A. Roberts under Plan. See "THE PLAN—Implementation of the Plan—Management of the Company".

RAM00198

## EFFECTS ON VOTING POWER

The following table sets forth the percentages of total voting power which the holders of the Bank Note, the Halliburton Note, the 15% Senior Notes, the 14⅛% Debentures, the Subordinated Debentures and the Common Stock and which Copeland, PWI and management would have immediately upon Confirmation of the Plan, assuming various of the New Securities are converted or exercised.

| Current Holder(s) | Type of Securities to be Received Under the Plan and Percentage of Voting Power Upon Confirmation: Type of Security | Percentage of Voting Power | Percentage of Voting Power(1): Assuming all $.075 Warrants Exercised | Assuming all $.10 Warrants Exercised | Assuming all $.125 Warrants Exercised | Assuming all New Convertible Secured Notes Converted(2) | Assuming all $.15 Warrants Exercised | Assuming all Shares of Senior Preferred Stock Converted(3) | Assuming all Shares of Series A Preferred Stock Converted(4) | Assuming all $.25 Warrants Exercised |
|---|---|---|---|---|---|---|---|---|---|---|
| Holder of the Bank Note | $.075 Warrants | 0% | 4.34% | 3.15% | 2.21% | 1.40% | 1.23% | 1.14% | 1.02% | 0.93% |
| Holder of the Halliburton Note | New Common Stock | 3.88 | 2.60 | 1.89 | 1.32 | 0.84 | 0.74 | 0.68 | 0.61 | 0.56 |
| | $.075 Warrants | 0 | 4.34 | 3.15 | 2.21 | 1.40 | 1.23 | 1.14 | 1.02 | 0.93 |
| | | 3.88 | 6.94 | 5.04 | 3.53 | 2.24 | 1.97 | 1.82 | 1.63 | 1.49 |
| Holders of the 15% Senior Notes | New Common Stock | 12.94 | 8.69 | 6.31 | 4.42 | 2.80 | 2.45 | 2.28 | 2.05 | 1.86 |
| | New Convertible Secured Notes(2) | 0 | 0 | 0 | 0 | 36.71 | 32.21 | 29.92 | 26.85 | 24.36 |
| | Senior Preferred Stock(3) | 32.36 | 21.69 | 15.78 | 11.01 | 6.98 | 6.13 | 12.81 | 11.52 | 10.39 |
| | $.075 Warrants | 0 | 19.02 | 13.78 | 9.70 | 6.13 | 5.36 | 5.00 | 4.43 | 4.07 |
| | $.10 Warrants | 0 | 0 | 11.83 | 8.29 | 5.24 | 4.60 | 4.27 | 3.84 | 3.48 |
| | | 45.30 | 49.40 | 47.70 | 33.42 | 57.86 | 50.75 | 54.28 | 48.69 | 44.16 |
| Holders of the 14⅛% Debentures | New Common Stock | 1.81 | 1.21 | 0.88 | 0.62 | 0.39 | 0.34 | 0.32 | 0.29 | 0.26 |
| | Series A Preferred Stock(4) | 4.26 | 2.86 | 2.08 | 1.46 | 0.92 | 0.81 | 0.75 | 2.69 | 2.44 |
| | $.10 Warrants | 0 | 0 | 2.37 | 1.66 | 1.05 | 0.92 | 0.86 | 0.77 | 0.70 |
| | $.125 Warrants | 0 | 0 | 0 | 1.29 | 0.82 | 0.72 | 0.67 | 0.60 | 0.54 |
| | | 6.07 | 4.07 | 5.33 | 5.03 | 3.18 | 2.79 | 2.60 | 4.35 | 3.94 |
| Holders of the Subordinated Debentures | New Common Stock | 7.47 | 5.01 | 3.64 | 2.55 | 1.61 | 1.42 | 1.31 | 1.18 | 1.07 |
| | Series A Preferred Stock(4) | 17.35 | 11.64 | 8.46 | 5.92 | 3.75 | 3.29 | 3.06 | 10.97 | 9.95 |
| | $.10 Warrants | 0 | 0 | 9.39 | 6.58 | 4.16 | 3.65 | 3.39 | 3.05 | 2.76 |
| | $.125 Warrants | 0 | 0 | 0 | 6.58 | 4.16 | 3.65 | 3.39 | 3.05 | 2.76 |
| | | 24.82 | 16.65 | 21.49 | 21.63 | 13.68 | 12.01 | 11.15 | 18.25 | 16.54 |
| Holders of the Common Stock | New Common Stock | 16.64 | 11.17 | 8.11 | 5.68 | 3.60 | 3.16 | 2.93 | 2.63 | 2.39 |
| | $.125 Warrants | 0 | 0 | 0 | 22.07 | 13.97 | 12.26 | 11.38 | 10.22 | 9.27 |
| | $.15 Warrants | 0 | 0 | 0 | 0 | 0 | 12.26 | 11.38 | 10.22 | 9.27 |
| | $.25 Warrants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9.27 |
| | | 16.64 | 11.17 | 8.11 | 27.75 | 17.57 | 27.68 | 25.69 | 23.07 | 30.20 |
| Copeland | New Common Stock | 0.87 | 0.59 | 0.43 | 0.30 | 0.19 | 0.17 | 0.15 | 0.14 | 0.13 |
| | $.075 Warrants | 0 | 1.52 | 1.10 | 0.77 | 0.49 | 0.43 | 0.40 | 0.36 | 0.32 |
| | $.10 Warrants | 0 | 0 | 1.10 | 0.77 | 0.49 | 0.43 | 0.40 | 0.36 | 0.32 |
| | | 0.87 | 2.11 | 2.63 | 1.84 | 1.17 | 1.03 | 0.95 | 0.86 | 0.77 |
| PWI | New Common Stock | 0.48 | 0.33 | 0.24 | 0.17 | 0.10 | 0.09 | 0.09 | 0.08 | 0.07 |
| Management(5) | New Common Stock | 1.94 | 1.30 | 0.95 | 0.66 | 0.42 | 0.37 | 0.34 | 0.31 | 0.28 |
| | $.075 Warrants | 0 | 3.69 | 2.68 | 1.88 | 1.19 | 1.04 | 0.97 | 0.87 | 0.79 |
| | $.10 Warrants | 0 | 0 | 2.68 | 1.88 | 1.19 | 1.04 | 0.97 | 0.87 | 0.79 |
| | $.25 Warrants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.04 |
| | | 1.94 | 4.99 | 6.31 | 4.42 | 2.80 | 2.45 | 2.28 | 2.05 | 1.90 |
| Total | | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

(1) The percentages of voting power set forth in the above table assume that the New Securities that may be exercised to purchase shares of New Common Stock or converted into shares of New Common Stock are exercised or converted in the order presented. Depending upon the relationship between the market price of the New Convertible Secured Notes and the Preferred Stock and the basis of the holders thereof in such securities to the market price of the New Common Stock, it is possible that certain of the New Convertible Secured Notes and shares of the Preferred Stock may be converted into shares of New Common Stock in an order other than that presented above. Further, such percentages could be affected by the exercise of Warrants with New Notes or shares of Senior Preferred Stock. Accordingly, the effects on the voting power in the Company after the Effective Date of the Plan could be materially different than that described in the above table.

(2) Convertible into approximately seven shares of New Common Stock per $1.00 face amount.

(3) Entitled to vote with the holders of the New Common Stock and the Series A Preferred Stock on all matters submitted to a vote of shareholders of the Company, with each share entitled to two votes with respect to such matters, and may be converted into four and one-half shares of New Common Stock per share.

(4) Entitled to vote with the holders of the New Common Stock and the Senior Preferred Stock on all matters submitted to a vote of shareholders of the Company, with each share entitled to one vote with respect to such matters, and may be converted into four shares of New Common Stock per share.

(5) Includes (i) 500,000 shares of New Common Stock, 1,000,000 $.075 Warrants and 2,000,000 $.10 Warrants to be issued to J. N. Averett, Jr. pursuant to his employment agreement with the Company, (ii) 200,000 shares of New Common Stock to be issued to Mark A. Roberts in exchange for 200,000 shares of Common Stock issued to him under a severance and consulting agreement with the Company effective July 1, 1986, and (iii) up to 800,000 shares of New Common Stock that may be issued to Robert F. Roberts and 800,000 $.25 Warrants that may be issued to Robert F. Roberts and Mark A. Roberts under the Plan. See "THE PLAN—Implementation of the Plan—Management of the Company".



RAM00199

# CAPITALIZATION

The following table sets forth the short-term debt and consolidated capitalization of the Company at June 16, 1986 (except that the accumulated deficit is as of March 31, 1986), and as adjusted to give pro forma effect upon the Effective Date of the Plan and the readjustment of the recorded amounts of the Company's assets and liabilities effected in a form similar to a quasi-reorganization (see "Notes to the table below"). This information should be read in conjunction with the Company's Consolidated Financial Statements (including the Notes thereto) included in the Company's Annual Report and the Company's Quarterly Report, copies of which are attached hereto as Annex A and Annex B, respectively, and the information set forth under the caption "FEASIBILITY OF THE PLAN" included elsewhere herein.

| | Historical | Pro Forma Effects of the Plan(1) |
|---|---|---|
| | (In Thousands) | |
| Current liabilities (2): | | |
| Bank Note and New Bank Note, respectively | $ 43,651 | $ 11,457 |
| Halliburton Note and New Halliburton Note, respectively | 10,278 | 2,250 |
| 15% Senior Notes (3) | 200,581 | — |
| Debentures | 90,025 | — |
| Other(4) | 747 | 204 |
| Total current liabilities | $ 345,282 | $ 13,911 |
| Long-term liabilities: | | |
| New Bank Note | $ — | $ 32,194 |
| New Halliburton Note | — | 8,028 |
| New Convertible Secured Notes | — | 21,114 |
| Other(4) | — | 543 |
| Total long-term liabilities | — | 61,879 |
| Stockholders' equity (deficiency): | | |
| Preferred stock, par value $.01 per share: | | |
| Senior Preferred (liquidation preference of $1.00 per share) | — | 501 |
| Series A Preferred (liquidation preference of $1.00 per share) | — | 669 |
| Common Stock and New Common Stock; par value $.01 per share; authorized 90,000,000 and 2,300,000,000, respectively | 515 | 1,424 |
| Additional paid-in-capital | 68,406 | 51,844 |
| Accumulated deficit | (295,990) | — |
| Total stockholders' equity (deficiency in assets) | (227,069) | 54,438 |
| Total capitalization (deficiency), excluding short-term liabilities(4) | $(227,069) | $116,317 |

(1) Considers the Effective Date of the Plan is June 16, 1986, and assumes that the New Convertible Secured Notes and the shares of Preferred Stock to be issued under the Plan are not converted into shares of New Common Stock and that the Warrants to be issued under the Plan are not exercised. In addition, the table considers 6,000,000, 2,700,000 and 1,500,000 shares of Common Stock or New Common Stock that are to be issued to or that may be issuable to current, future or former members of management of the Company, Copeland, and PWI, respectively. Simultaneously with the Effective Date of the Plan, the Company's Board of Directors intends to approve a corporate readjustment of the recorded amounts of its assets and liabilities to fair value, effected in a form similar to a quasi-reorganization. The adjustments to the fair value of assets are based on the Company's estimates thereof and the actual adjustments will be primarily based on appraisals prepared by independent

*Notes continued on next page.*



RAM00200

experts. In addition, the principal amount of the New Convertible Secured Notes are discounted to reflect an imputed interest rate of 15%. The financial gain associated with the Plan will be credited directly to additional paid-in-capital and, the accumulated deficit will be applied to reduce additional paid-in-capital. Therefore, the effects of the quasi-reorganization represent management's best estimate of the reorganization. However, the actual effects of the readjustment will be based on the fair values of the Company's assets and liabilities on the Effective Date, which will likely be different than considered herein.

The pro forma effects on the Effective Date also consider that the Company will continue to make monthly payments on the Bank Note of $1,147,000, plus interest, through August 1986, and thereafter make the Minimum Payments on the Bank Note or the New Bank Note as contemplated by the Plan. In addition, principal payments are considered to be made on the Halliburton Note and the New Halliburton Note in the amount of $2,250,000 during the one year period ending June 16, 1987, and thereafter as contemplated by the Plan. The current portion of such liabilities do not consider approximately $364,000 attributable to the "Cash Sweep" provisions with respect to the New Bank Note and the New Halliburton Note. See "GLOSSARY OF TERMS", "THE NEW SECURITIES—The New Bank Note and the Letters of Credit" and "THE NEW SECURITIES—The New Halliburton Note".

(2) The Company is not in compliance with certain of the covenants of the Loan Agreement and is, therefore, subject to the Bank taking action with respect to the default thereunder, including calling the Company's loan and taking action to enforce the liens granted to the Bank to secure the Bank Note and the Letters of Credit. In addition, the Company is or will shortly be in default with respect to all of its debt under its long-term debt instruments due to decisions in April and May 1986 to suspend all payments of principal and interest on such debt other than its bank debt. In accordance with the Financial Accounting Standards Board No. 78, "Classification of Obligations that are Callable by Creditors", all of the Company's borrowings outstanding at June 16, 1986, are classified as current liabilities.

(3) The Exchange Offers were accounted for pursuant to Financial Accounting Standards Board Statement No. 15 entitled "Accounting by Debtors and Creditors for Troubled Debt Restructurings". Accordingly, the carrying value of the 15% Senior Notes for financial reporting purposes represents the book value of the Debentures tendered (including accrued interest thereon), less related deferred financing costs and the fair market value of Common Stock issued in connection with the exchange. Interest expense for financial reporting purposes is computed utilizing the interest method to the extent future interest and principal payments on the 15% Senior Notes exceed the carrying amount of the 15% Senior Notes for financial reporting purposes. The effective interest rate, based upon such carrying value of the 15% Senior Notes, is approximately 5.52%, excluding the interest expense associated with the Company's options to issue shares of Common Stock to pay interest on, and under certain circumstances to redeem, the 15% Senior Notes.

(4) As of June 16, 1986, there was outstanding $33,100,000 in the Letters of Credit as to which annual fees from 0.5% to 0.75% are paid. The Letters of Credit primarily relate to guarantees of tax benefits sold and will be outstanding for periods of up to approximately ten years. See "THE OLD DEBT SECURITIES—The Bank Note and the Letters of Credit". In addition, subsidiaries of the Company serve as the general partner in partnerships formed for the exploration and development of crude oil and natural gas reserves and, accordingly, such subsidiaries, but not the Company, are contingently liable for obligations of such partnerships. A subsidiary of the Company, CPL, is contingently liable, solely as a matter of partnership law, for an obligation of one of these partnerships to the Bank currently aggregating approximately $2,348,000. No collateral of the Company or any such subsidiaries secures such partnership liability. The contingent liabilities referred to in this note are not included in the table, except that the present value of the cumulative annual fees due on the Letters of Credit are recorded as an "Other" liability. The contingent reimbursement obligations of the Company with respect to the Letters of Credit, along with the Bank Note, is secured by a first lien on substantially all the Company's producing crude oil and natural gas properties and by the Company's refinery assets.



RAM00201

# SELECTED FINANCIAL DATA

The following information is selected or derived from the consolidated financial statements of the Company and its subsidiaries. This information should be read in conjunction with the Company's Consolidated Financial Statements (including the Notes thereto) contained in the Company's Annual Report and the Company's Quarterly Report, which are attached hereto as Annex A and Annex B, respectively, and are included as part of this Disclosure Statement. The report of Touche Ross & Co., the Company's independent certified public accountants, on the Company's financial statements for each of the three years in the period ended December 31, 1985, is qualified as to the realization of the Company's assets and its ability to continue as a going concern. The Company's consolidated financial statements for the three month periods ended March 31, 1985 and 1986, are unaudited.

| | Year Ended December 31, | | | Three Months Ended March 31, | |
|---|---|---|---|---|---|
| | 1983 | 1984 | 1985 | 1985 | 1986(2) |
| | (In Thousands, Except Ratio and Per Share Amounts) | | | | |
| Operating Financial data: | | | | | |
| Crude oil and natural gas revenues | $139,093 | $140,416 | $ 88,927 | $ 25,292 | $ 16,126 |
| Total revenues | 146,529 | 148,771 | 94,366 | 27,069 | 17,166 |
| Loss from continuing operations before income taxes and extraordinary items | (20,040) | (25,666) | (53,613) | (12,650) | (185,891) |
| Net loss | (10,896) | (21,357) | (67,831) | (12,957) | (195,906) |
| Net loss per share of common stock | (.52) | (1.02) | (2.83) | (.62) | (3.80) |
| Cash dividends per share of common stock | .36 | .27 | — | — | — |
| Ratio of earnings to fixed charges(1) | — | — | — | — | — |
| Funds provided from continuing operations, excluding extraordinary items | 58,615 | 47,833 | 10,503 | 3,306 | 1,710 |
| Total funds provided from operations and extraordinary items | 60,481 | 56,860 | 16,178 | 4,363 | 1,710 |
| Crude oil and natural gas properties capital expenditures | 104,021 | 92,765 | 8,886 | 2,920 | 3,759 |
| Total capital expenditures | 106,346 | 95,222 | 9,032 | 2,992 | 3,786 |
| Balance sheet: | | | | | |
| Property, plant and equipment— Producing crude oil and natural gas properties (net) | 335,304 | 349,267 | 292,190 | 329,116 | 110,191 |
| Total assets | 443,306 | 459,079 | 341,694 | 438,552 | 143,799 |
| Long-term liabilities, excluding current portion | 324,002 | 307,757 | — | 318,907 | — |
| Retained earnings (Accumulated deficit) | (10,896) | (32,253) | (100,084) | (45,210) | (295,990) |
| Stockholders' equity (deficiency in assets) | 40,962 | 13,952 | (31,163) | 995 | (227,069) |
| Working capital (deficit) | (32,933) | (81,508) | (344,874) | (61,723) | (346,353) |
| Working capital (deficit), excluding current portion of long-term liabilities | (30,402) | (3,444) | 10,239 | 16,695 | 3,092 |

Numeric references are to footnotes on the next page.



RAM00202

(1) The ratios of earnings to fixed charges for the years ended December 31, 1983, 1984 and 1985, and the three-month periods ended March 31, 1985 and 1986, were less than 1.0. Earnings for such periods were less than fixed charges by $20,366,000, $26,294,000 and $53,678,000, $12,692,000 and $185,890,000, respectively. For purposes of computing the ratio of earnings to fixed charges, earnings consist of income or loss from continuing operations before income taxes (credits) plus fixed charges (other than capitalized interest). Fixed charges consist of all interest and debt costs plus that portion of rental expense representing an interest factor.

(2) During the quarter ended March 31, 1986, prices for crude oil and natural gas declined sharply resulting in significant decreases in the undiscounted future net cash flow from proved crude oil and natural gas reserves attributable to the Company's properties. These price declines, along with the Company's current financial position, make it doubtful as to whether the Company will have sufficient funds to develop its proved non-producing reserves. Because of the drastic decline in prices and the Company's lack of sufficient funds to develop its proved non-producing reserves, the Company recorded a valuation adjustment as of March 31, 1986, aggregating $174,000,000 to reduce the carrying value of the Company's crude oil and natural gas properties to the total of the estimated undiscounted future net cash flow from proved producing crude oil and natural gas reserves attributable thereto.



RAM00203

# THE PLAN

Set forth below is a brief description of the Plan, which highlights its major terms and provisions. The following description is qualified in its entirety by reference to the Plan itself, a copy of which is attached hereto as Exhibit A.

## CONCEPT OF THE PLAN

**The concept of the Plan is to allow those creditors of the Company (secured, unsecured, senior and subordinated) to receive a claim against or interest in the Company, or combination thereof, that represents the true nature and character of their current interest in the Company and to provide to the shareholders of the Company the right to participate in the future of the Company when, and if, the Company has been successfully revitalized and the holders of all superior claims have been compensated for such claims in accordance with the Plan. In addition, the Plan seeks to provide to all parties in interest, from the most senior secured creditors, whose cooperation and assistance is essential for the successful reorganization of the Company, to management, whose skills and day-to-day efforts will be necessary for the continued operation of the Company during the Chapter 11 reorganization and for the success of the Company after reorganization, the opportunity to share in any future profits of the Company.**

The Plan attempts to achieve the above goals in the following manner. First, the Plan provides for the elimination through the exchange of securities of approximately $164,244,000 of the Company's prepetition debt, including interest, and the restructuring of an additional $129,427,000 of such debt. Second, the Plan allows the holders of the Company's secured debt to retain their present secured positions in certain assets of the Company and provides to all the holders of debt, secured or unsecured, who, after giving effect to all existing subordination agreements, might receive a distribution in a liquidation of the Company (if the Company were to be liquidated in the near future) the right to continue to hold a claim as a creditor of the Company in an amount at least equal to the amount of such possible distribution. Third, the Plan provides that a significant portion of the Company's remaining prepetition debt (including all unsecured subordinated debt, which would likely receive nothing if the Company were to be liquidated today) shall be converted into equity, or rights to receive equity, in the Company. Fourth, the Plan provides that all trade debt and all debt incurred in the ordinary course of business ($9,960,000 at March 31, 1986) shall be paid in full because of the anticipated relative small amount of such debt and the necessity and importance of the services, goods and rights, including the right to develop many of the Company's crude oil and natural gas properties, provided by the holders thereof to the continuing operation of the Company. Further, a distinction exists between such trade debt and ordinary course of business debt from other unsecured debt represented by the Debentures (which is impaired under the Plan) in that the subordination provisions of the Debentures would, in effect, require in all likelihood the distribution of amounts otherwise distributable thereto but for the Plan to the holders of Senior Indebtedness.

With respect to the approach under the Plan as to trade debt and debt incurred in the ordinary course of business, a substantial portion of the amounts thereof $7,322,000 (74%) relates to the Company's obligations to royalty owners and to joint interest owners with respect to properties operated by the Company. Considering the amount of such indebtedness in relation to the Company's total indebtedness, and considering the nature of such indebtedness and the fact that it is not subordinated to Senior Indebtedness, the Company does not propose to impair the claims of its trade and ordinary course of business creditors and has provided in the Plan that such creditors will be paid in full. In that regard, the Company has attempted to keep such indebtedness current and the amount thereof to a minimum. The Company regards it as most important for its future and the preservation of its properties to keep royalty payments, working interest obligations and obligations as to which mechanics' and materialmens' liens could attach current and unimpaired. The Company believes that this approach is in the best interest of all interested parties.

The Plan calls for the issuance of four general forms of New Securities. The New Securities are (i) New Notes, (ii) Preferred Stock, (iii) New Common Stock and (iv) Warrants. The New Notes will be issued to the Bank, Halliburton and the holders of the 15% Senior Notes, with the principal amount of the



RAM00204

New Notes to be issued to each of such holders to be equal to or greater than the amount which such holders might receive if the Company were to be liquidated in a Chapter 7 case. The payment schedules for the New Notes to be issued to the Bank and Halliburton will be partially a function of the Company's cash flow and are intended to provide the Company with a flexible means of meeting its future debt obligations. The New Notes to be issued to the holders of the 15% Senior Notes will be non-interest bearing, will be convertible into approximately seven shares of New Common Stock per $1.00 face amount and will not be due until ten years after the date of the Effective Date. The Preferred Stock will be issued in two series, with the Senior Preferred Stock to be issued to the holders of the 15% Senior Notes and the Series A Preferred Stock to be issued to the holders of the 14⅛% Debentures and the Subordinated Debentures. Each series of the Preferred Stock will have a liquidation preference over the New Common Stock, will have full voting rights with the New Common Stock and will be convertible into shares of the New Common Stock. Each share of the Senior Preferred Stock will have a liquidation preference over the Series A Preferred Stock, will be entitled to a $.06 noncumulative dividend under certain limited circumstances and will be entitled to be converted into four and one-half shares of the New Common Stock. The Series A Preferred Stock will be entitled to no dividends and each share will be convertible into four shares of New Common Stock. The number of shares of the Series A Preferred Stock to be issued to the holders of the 14⅛% Debentures and the Subordinated Debentures will vary depending upon their current relative status as to right of payment. The New Common Stock will be the common stock of the Company to be issued to the holders of the Common Stock as of the Effective Date of the Plan. In addition, a substantial additional number of shares of the New Common Stock will be issued to (i) Halliburton in partial consideration for its agreement to accept the modifications to the Halliburton Note, (ii) the holders of the 15% Senior Notes and the Debentures to reflect their true equity interest in the Company and (iii) members of current and future management in consideration for their agreement to remain or become employees of the Company during the Chapter 11 case and as additional incentive for them to continue as or become employees with the Company upon Confirmation of the Plan. Copeland and PWI, the Company's financial advisors, will also receive shares of the New Common Stock as partial compensation for their services to the Company with respect to the development and implementation of the Plan. Finally, Warrants to purchase shares of the New Common Stock will be issued to all of the above parties (other than PWI) in a manner intended to reflect each of the recipient's current and future interest in the Company. The Warrants will have exercise prices ranging between $.075 and $.25 per share, and the holders of the New Bank Note, the New Halliburton Note and the New Convertible Secured Notes will be entitled to pay all or any part of the exercise price of any of the Warrants held by them by surrendering all or any portion of the principal and accrued interest, if any, on such New Notes, with that portion of such New Note so surrendered being valued at 110% of the amount thereof. Similarly, the holders of the Senior Preferred Stock will be entitled to pay all or any part of the exercise price of any of the Warrants held by them by surrendering any of such shares held by them to the Company, with the shares so surrendered being valued at 100% of their liquidation preference.

In summary, the Plan attempts to balance the relative rights and interests of the Company's creditors and interest holders, and to resolve numerous potential significant priority, preference, subordination, and similar issues affecting the relative claims of creditors and interest holders in the Company. The terms of the Plan were arrived at after lengthy discussions between the Company and certain of its senior secured creditors and other parties in interest and are based upon the Company's analysis of all claims, an evaluation of the relative merits of potential conflicting claims and a compromise between such claims consistent with the goal of reorganizing the Company into a viable operating entity, which management hopes will prosper for the benefit of all creditors and interest holders.

## CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

Section 1123 of the Bankruptcy Code provides that a plan of reorganization shall classify the claims of a debtor's creditors and interest holders. The Plan divides claims and interests into classes and sets forth the treatment afforded to each class. Under the Plan, each claim or interest is either unimpaired or the holder of such claim or interest is to receive various types of consideration (e.g., New Notes, Preferred Stock, New Common Stock or Warrants) depending upon the nature of such holders' claim or interest. A claim is unimpaired under the Plan if the Plan (i) leaves unaltered the legal, equitable and contractual



RAM00205

rights of the holder of such claim, (ii) provides for cash payment of the full amount of such claim on the Effective Date of the Plan or (iii) notwithstanding any contractual provision or law that entitles the holder of the claim to demand or receive accelerated payment after the occurrence of a default, cures any such default, reinstates the maturity of the claim as it existed before the default, and compensates the holder of the claim for any damages incurred as a result of any reasonable reliance by such holder on any provision or law that entitles the holder of such claim to demand accelerated payment. As discussed below, the only claims or interests that are or may be impaired under the Plan, and therefore are or may be entitled to vote to accept or reject the Plan, are Classes 6, 7, 8A, 8B, 12, 13, 14 and 15. With respect to the interests of the holders of the Common Stock (Class 15), the Company may submit to the Bankruptcy Court for determination the issue whether, in light of all circumstances, such interests are impaired under the Plan and may seek Confirmation of the Plan without soliciting such holders pursuant to the cram-down provisions under Section 1129(b) of the Bankruptcy Code on the basis that the Plan does not discriminate unfairly and is fair and equitable to the holders of the Common Stock. See "CONFIRMATION OF THE PLAN".

Section 1122 of the Bankruptcy Code requires that, except for certain unsecured claims that may be classified for administrative convenience, a plan of reorganization may place a claim or interest of a creditor or interest holder in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class. While the Company believes that it has classified all claims or interests in compliance with the provisions of Section 1122, it is possible that once a case has been commenced in bankruptcy, the Bankruptcy Court may find that a different classification is required in order for the Plan to be confirmed. In such event, it is the present intent of the Company to modify the Plan to provide for whatever reasonable classification might be required by the Bankruptcy Court for Confirmation and to use the acceptances received by the Company from any creditor pursuant to this solicitation for the purpose of obtaining the approval of the class or classes of which such creditor ultimately is deemed to be a member. Any such reclassification of creditors could adversely affect the class in which such creditor was initially a member, or any other class under the Plan, by changing the composition of such class and the required vote thereof for approval of the Plan.

Similarly, Section 1123(a)(4) of the Bankruptcy Code provides that a plan of reorganization must provide the same treatment for each claim or interest of a particular class, unless the holder of a particular claim or interest agrees to a less favorable treatment of his claim or interest. While the Company believes that it has complied with Section 1123(a)(4), in the event that the Bankruptcy Court finds that the Plan violates Section 1123(a)(4) and the creditors or shareholders affected do not consent to the treatment afforded them under the Plan, the Bankruptcy Court could deny Confirmation of the Plan. *To the extent permitted by the Bankruptcy Court, acceptance by any creditor of the Plan pursuant to this solicitation will be deemed to be a consent to the Plan's treatment of such creditor regardless of the class such creditor is ultimately deemed to be a member of.*

In order for the holder of a claim or interest to participate in the Plan and receive the treatment afforded to the applicable class, such holder's claim or interest must be allowed. A claim or interest will be allowed if it is filed or deemed filed, unless a timely objection to allowance of the claim or interest is made. Generally, in order for a claim or interest to be filed, a proof of claim or proof of interest must be timely filed on behalf of the holder thereof with the Bankruptcy Court. A claim or interest will also be deemed to be filed if (i) it is listed on the Schedule of Liabilities to be filed with the Bankruptcy Court, unless it is listed as disputed, contingent or unliquidated, or (ii) in the case of an equity security holder, his interest is reflected in the records of the Company. For purposes of this solicitation and pursuant to Rule 3018 of the Bankruptcy Code, the Company will deem all claims of known impaired creditors to be temporarily allowed for voting purposes at the amount set forth on the books and records of the Company as of June 16, 1986. If an objection to a claim or interest is made, the Bankruptcy Court must make a determination with respect to allowance of such claim or interest. Only holders of Allowed Claims and Allowed Interests are entitled to participate in and receive distributions in accordance with the Plan. The Schedule of Liabilities is available for inspection at the executive offices of the Company during ordinary business hours.

The following is a summary of the classes of creditors and interest holders of the Company under the Plan and of the provisions made therein for each class.

**Class 1—Administrative Expenses**

Class 1 is comprised of the administrative expenses and claims under Section 503(b) of the Bankruptcy Code and all fees and charges assessed against the Estate under Chapter 123 of Title 28, United States Code. Administrative expenses include all actual and necessary expenses relating to the preservation of the Estate or the operation of Estate's business (including loans or other advances to the Company after the Petition Date) and all allowances of compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Code. Administrative expenses also may include certain pre-chapter 11 obligations of the Company or its officers and directors that are assumed by the Company during the course of the Chapter 11 case. Among such obligations may be certain legal expenses of the Company's officers and directors and certain unexpired leases or executory contracts that the Company may be required to assume in order to retain property subject to the provisions of the Bankruptcy Code.

The compensation of professionals, such as attorneys and accountants hired by the Company or any official Committee after the Petition Date, are also regarded as administrative expenses. Payments to such professionals for compensation and reimbursement of expenses will be made in accordance with detailed procedures established by the Bankruptcy Code relating to the payment of interim and final fees. In addition, the expenses of members of any official Committee may be entitled to administrative expense status. The Bankruptcy Court will review all requests for compensation and reimbursement of expenses.

The Company has estimated that allowances of compensation and reimbursement of expenses of professionals and other costs and expenses, excluding the fees payable to Copeland and PWI, associated with a Chapter 11 case after the filing of a petition with respect thereto may amount to approximately $1,700,000, assuming that the Effective Date is 122 days after the Petition Date, the Plan is accepted by all classes of impaired creditors pursuant to this solicitation and no material amendments to the Plan are made that would require resolicitation of such creditors. Further, such estimate assumes that there will be no material litigation in the Chapter 11 proceeding involving any aspect of the Plan or any claims thereunder and that the Plan will be confirmed without substantial controversy. If any such events occur or if Confirmation of the Plan is delayed for any reason, such expenses could be substantially greater than estimated herein.

Class 1 claims, to the extent not paid during the Chapter 11 case, are to be paid in full in cash on the Effective Date, or provided for by escrow payment if not then determined, except that current trade or other payables will be paid in the ordinary course of business. Because the Class 1 claims are to be paid in cash in full, such claims will not be impaired under the Plan and acceptance of the Plan by the holders of such claims will not be required.

**Class 2—Wage Related Claims**

Class 2 is comprised of claims against the Company under Section 507(a)(3) of the Bankruptcy Code for accrued wages, salaries or commissions, including vacation, severance and sick leave pay, if any, to the extent such items were earned within 90 days prior to the Petition Date, up to a maximum of $2,000 per employee. Class 2 claims are to be paid in cash in full on the Effective Date, or provided for by escrow payment if not then determined. Because the Class 2 claims are to be paid in cash in full, such claims will not be impaired under the Plan and acceptance of the Plan by the holders of such claims will not be required.

**Class 3—Employee Benefit Plan Claims**

Class 3 is comprised of unsecured claims against the Company under Section 507(a)(4) of the Bankruptcy Code for contributions to employee benefit plans arising within 180 days prior to the Petition Date, up to a maximum of $2,000 per employee covered by such plans and less the aggregate amount paid to all such employees as claimants under Class 2. The only Class 3 claims that the Company anticipates will be for contributions to its Employees' Thrift Plan, which, because of the Company's efforts to keep such payments current, are not expected to exceed $12,000. Class 3 claims are to be paid in cash in full on the Effective Date, or provided for by escrow payment if not then determined. Because the Class 3 claims are to be paid in cash in full, such claims will not be impaired under the Plan and acceptance of the Plan by the holders of such claims will not be required.

**Class 4—Tax Claims**

Class 4 is comprised of claims against the Company entitled to priority in accordance with Section 507(a)(7) of the Bankruptcy Code. Such claims consist of certain unsecured claims of governmental units for taxes. The amount of Class 4 claims, after offsets, credits and refunds, as of March 31, 1986 (assuming a petition under Chapter 11 had been filed), was $2,045,000. Included in this amount is the Company's estimate of the potential Allowed Amount for a windfall profit tax audit claim for 1980 asserted by the Service against the Company (the "Windfall Profit Tax Claim"). The Company is currently negotiating a possible settlement with the Service of the Windfall Profit Tax Claim and believes that such claim will be settled for an amount that will approximate the estimated Allowed Amounts of such claim. See Note K to Notes to Consolidated Financial Statements set forth in the Company's Annual Report. Unless the Windfall Profit Tax Claim is settled prior to Confirmation of the Plan, the Company intends to request the Bankruptcy Court to estimate the amount of such claim and, if possible, to order an escrow of such amount on the Effective Date. See "THE PLAN—Implementation of the Plan—Disputed Claims or Interests". Not included in the Windfall Profit Tax Claim are additional possible claims by the Service for windfall profit taxes for years subsequent to 1980. The Company is currently under audit with respect to two subsequent years and expects additional claims to be made by the Service as a result of such audit, but the amount and nature of such claims and the Company's defenses thereto cannot currently be predicted with any certainty. However, it is the Company's intent to attempt to cause such claims, if any are made, to be resolved in the course of the Chapter 11 case. Class 4 claims are to be paid, in the Company's sole discretion, either (i) in cash in full on the Effective Date, or provided for by escrow payment if not then determined, or (ii) pursuant to the provisions of Section 1129(a)(9)(C) of the Bankruptcy Code in cash in full over six years from the earlier of the date of assessment of such tax or the Effective Date, together with interest thereon equal to the six-month United States Treasury Bill rate from and after the Effective Date. Because the Class 4 claims are to be paid in cash in full, or the estimated amount thereof escrowed, such claims will not be impaired under the Plan and acceptance of the Plan by the holders of such claims will not be required.

**Class 5—Additional Priority Claims**

Class 5 is comprised of all other claims against the Company that are entitled to priority under the Bankruptcy Code. The Company is not aware of any such claims. However, if there are any such claims, they will be paid in cash in full on the Effective Date, or provided for by escrow payment if not then determined. Accordingly, such claims will not be impaired, and the acceptance of the Plan by the holders of such claims will not be required.

**Class 6—The Bank's Secured Claims**

Class 6 is comprised of the secured claims of the Bank against the Company pursuant to the Loan Agreement. These claims include the obligations of the Company with respect to the Letters of Credit, the unpaid principal of and accrued and unpaid interest on the Bank Note, and all costs, including attorneys' fees, actually paid or incurred by the Bank and the participants under the Loan Agreement relating to their efforts to collect the amounts owed them under the Loan Agreement. As of June 16, 1986, the amount of Class 6 claims (assuming a petition under Chapter 11 had been filed) was $76,964,000. This amount includes $43,651,000 of unpaid principal and $168,000 in accrued and unpaid interest on the Bank Note, $33,100,000 in contingent obligations of the Company to the Bank with respect to the Letters of Credit and $45,000 in expenses. Assuming the Plan is accepted and confirmed, the Company does not anticipate that the Letters of Credit will ever be presented for payment in any material amount. See "THE OLD DEBT SECURITIES—The Bank Note and the Letters of Credit".

The Company is currently required under the Loan Agreement to make monthly principal payments of $1,147,000 plus interest at ¾% above the prime lending rate at the Bank until the amounts due on the Bank Note are paid in full. In addition, because of the first lien position of the Bank, the Company must apply the proceeds from the sale of any properties securing performance of its obligations under the Loan Agreement to reduce the amounts borrowed under the Loan Agreement. The performance of the Company's obligations under the Loan Agreement is secured by a first lien on substantially all of the

Company's proved crude oil and natural gas properties and on the Company's refinery assets being held for sale. Such obligations are also guaranteed by two of the Company's wholly-owned subsidiaries, Crystal Exploration Company, a Michigan corporation, and Crystal Exploration and Production Company, a Florida corporation, and are secured by substantially all of the proved crude oil and natural gas properties of such subsidiaries. For additional information with respect to the Bank Note and the Letters of Credit, see "THE OLD DEBT SECURITIES—The Bank Note and the Letters of Credit".

Under the Plan, the Bank, as the only holder of a Class 6 claim, will (i) receive on the Effective Date the New Bank Note in the Allowed Amount of its Class 6 claim with respect to the Bank Note (less all payments made thereon subsequent to the Petition Date and prior to Confirmation of the Plan), (ii) will be paid in cash in full on the Effective Date the Allowed Amount of its Class 6 claim with respect to its reimbursable expenses under the Loan Agreement and (iii) will maintain its rights against the Company with respect to the Letters of Credit. The New Bank Note will bear interest at the annual rate of ¼% above the prime lending rate at the Bank, will be due on December 1, 1993, and will be payable in (i) variable monthly installments (the "Minimum Payments") consisting of accrued and unpaid interest plus a fixed declining minimum principal payment ranging from $958,333 in 1986 to $174,055 in 1993 and (ii) quarterly installments of principal equal to the amount, if any, by which a specified percentage of the Company's estimated Available Cash Flow for the preceding quarter exceeds the sum of the Minimum Payments made by the Company during such quarter. The percentage of the Available Cash Flow that will be applied to the quarterly payment of principal on the New Bank Note has not yet been determined, but will be negotiated between the Bank and Halliburton. Such percentage is currently expected to be between approximately 70% and 91%. The ultimate percentage of Available Cash Flow that will be required to be applied to the payment of the New Bank Note will not have a material effect on the Company or the feasibility of the Plan because under the terms of the New Halliburton Note all Available Cash Flow that is not applied to the payment of the New Bank Note is to be applied to the payment of the New Halliburton Note. Once each year, based on the Company's audited consolidated financial statements for the preceding year, the required payments by the Company on the New Bank Note will be adjusted to reflect any over-payment or under-payment of principal by the Company on the New Bank Note during the preceding year as a result of any difference between the Company's actual Available Cash Flow for such year and the Company's estimated Available Cash Flow for such year.

The payment of the Company's obligations with respect to the New Bank Note and the Letters of Credit will be secured by the lien currently securing the payment of the Company's obligations with respect to the Bank Note and the Letters of Credit. Such lien will be senior to the liens on certain of the Company's properties securing the payment of the New Halliburton Note and the New Convertible Secured Notes. As additional security for the payment of the Company's obligations with respect to the Letters of Credit, once the New Bank Note and the New Halliburton Note have been paid in full, the Company will be required to deposit into a cash collateral account with the Bank an amount equal to the greater of the applicable Minimum Payment and a percentage of estimated Available Cash Flow equal to the percentage of Available Cash Flow equal to the percentage used in computing the Company's quarterly payments of principal on the New Bank Note. Such funds will periodically be made available to the Company in amounts equal to the amount, if any, by which the funds in such account plus the loan value of the Company's proved producing crude oil and natural gas reserves (as determined by the Bank from time to time) exceed the amount of the then outstanding Letters of Credit. Further, so as not to unduly impair the Bank's security with respect to the Letters of Credit as a result of the Company's making payments on the New Halliburton Note prior to the termination of the Letters of Credit, Halliburton will be required to enter into an intercreditor agreement with the Bank pursuant to which Halliburton will be obligated to pay to the Bank all, or at least part, of the payments made with respect to the Halliburton Note to the extent that any of the Letters of Credit are presented to the Bank for payment and the property pledged or mortgaged to secure the obligations of the Company with respect to such Letters of Credit is insufficient to satisfy such obligations. The terms of such intercreditor agreement are currently being negotiated between the Bank and Halliburton. In consideration for the above modifications to the terms of the Bank Note, the Bank will also receive $.075 Warrants to purchase 20,000,000 shares of the New Common Stock. For additional information with respect to the New Bank Note and the Warrants, see "THE NEW SECURITIES". Under the Plan, the Bank, as the holder of the Class 6 claim, will relinquish



RAM00209

all subordination rights which it has with respect to the holders of the 15% Senior Notes and the Debentures so as to permit the issuance of the New Securities in accordance with the terms of the Plan. See "THE PLAN—Subordination".

**Class 7—Halliburton Claim**

Class 7 is comprised of the secured claim of Halliburton against the Company pursuant to the terms and conditions of the Credit Agreement dated as of April 24, 1985, between the Company, Crystal Michigan, CEPCO and Halliburton, and Letter Agreement dated as of August 24, 1985, between the Company, Crystal Michigan, CEPCO and Halliburton, as amended and supplemented. As of June 16, 1986, the amount of the Class 7 claim (assuming a petition under Chapter 11 had been filed) was $10,515,000. This amount includes $10,278,000 of unpaid principal and $237,000 in accrued and unpaid interest owed by the Company on the Halliburton Note. Payment of the Halliburton Note is secured by a second lien on substantially all of the Company's proved crude oil and natural gas properties and on the Company's Longview refinery. The Halliburton Note is payable in monthly installments of $750,000 plus interest at 12% per annum through March 1987 (upon a default, which exists at present, interest accrues at 18% on past due amounts) with a final payment of $2,028,000 plus accrued and unpaid interest due in April 1987. Payment of the Halliburton Note is also secured by a second lien on substantially all of the proved crude oil and natural gas properties of Crystal Michigan and CEPCO. For additional information with respect to the Halliburton Note, see "THE OLD DEBT SECURITIES—The Halliburton Note".

Under the Plan, Halliburton, as the only Class 7 claimant, will receive the New Halliburton Note in the Allowed Amount of its Class 7 claim. The New Halliburton Note will bear interest at the annual rate of ¼% above the prime lending rate at the Bank and be payable in (i) monthly installments of interest equal to the amount of accrued and unpaid interest on the New Halliburton Note and (ii) quarterly installments of principal equal to the amount, if any, by which the Company's estimated Available Cash Flow for the preceding quarter exceeds the sum of all payments by the Company of principal of and interest on the New Bank Note during such quarter plus all payments by the Company of interest on the New Halliburton Note during such quarter. Once each year, based on the Company's audited consolidated financial statements for the preceding year, the required payments, including interest, by the Company on the New Halliburton Note will be adjusted to reflect any over-payment or under-payment of principal on the New Halliburton Note during the preceding year as a result of any difference between the Company's actual Available Cash Flow for such year and the Company's estimated Available Cash Flow for such year. Once the New Bank Note has been paid in full, the Company will be required to apply 100% of Available Cash Flow toward the payment of the New Halliburton Note.

The payment of the Company's obligations with respect to the New Halliburton Note will be secured by the lien currently securing the payment of the Company's obligations with respect to the Halliburton Note. Such lien will be junior to the lien on certain of the Company's properties securing the payment of the Company's obligations with respect to the New Bank Note and the Letters of Credit and senior to the lien on certain of the Company's properties securing the payment of the New Convertible Secured Notes. In order to provide for distributions to Halliburton on the New Halliburton Note prior to the termination of the Company's obligations to the Bank with respect to the Letters of Credit, Halliburton will be required to enter into an intercreditor agreement with the Bank pursuant to which Halliburton will be obligated to pay to the Bank all or at least part of the payments made with respect to the New Halliburton Note to the extent that any of the Letters of Credit are presented to the Bank for payment and the property pledged or mortgaged to secure the obligations of the Company with respect to such Letters of Credit are insufficient to satisfy such obligations. Negotiations between the Bank and Halliburton as to the sharing of Available Cash Flow and the obligation of Halliburton to repay the Bank for payments made with respect to the New Halliburton Note are currently continuing. In consideration for the above modifications to the terms of the Halliburton Note, Halliburton will also receive 12,000,000 shares of the New Common Stock and $.075 Warrants to purchase 20,000,000 shares of the New Common Stock. For additional information with respect to the New Halliburton Note and the Warrants, see "THE NEW SECURITIES". Under the Plan, Halliburton, as the holder of the Class 7 claim, will relinquish all subordination rights which it has with respect to the holders of the 15% Senior Notes and the Debentures so as to permit the issuance of the New Securities in accordance with the terms of the Plan. See "THE PLAN—Subordination".



RAM00210

**Class 8—15% Senior Note Claims**

*General.*

Class 8 is comprised of the secured and unsecured claims of the holders and beneficial owners of the 15% Senior Notes against the Company with respect to the 15% Senior Notes. The payment of the 15% Senior Notes is currently secured by a lien on substantially all of the Company's proved crude oil and natural gas properties, which lien is junior to the liens on such properties securing the payment of the Company's obligations with respect to the Bank Note, the Letters of Credit and the Halliburton Note. As of June 16, 1986, the amount of the Class 8 claims (assuming a petition under Chapter 11 had been filed) was $134,542,000, which represented $125,155,000 of principal and $9,387,000 in accrued and unpaid interest. As of March 31, 1986, the present value of future net revenues from proved reserves attributable to the properties mortgaged to secure the payment of the Company's obligations with respect to the 15% Senior Notes (calculated using a 10% discount factor) was approximately $124,306,000. Such crude oil and natural gas properties, however, as noted above, are subject to the prior liens and security interests securing the payment of the Class 6 and Class 7 claims, which as of June 16, 1986, aggregated $87,479,000. Accordingly, the claims of the holders of 15% Senior Notes likely will be found to be partially unsecured. Under Bankruptcy Rule 3018(d), any creditor whose claim is in part a secured claim and in part an unsecured claim is entitled to accept or reject a plan or reorganization in each capacity. Pursuant to Section 506 of the Bankruptcy Code, the Company has divided the claims of the holders and beneficial owners of the 15% Senior Notes into two subclasses, Classes 8A and 8B, which represent the secured and unsecured portions, respectively, of such holders' claims. Each subclass will have a separate vote with respect to the approval of the Plan. The Company has not attempted to estimate the specific amount of the claims in either Class 8A or Class 8B because of the integral relationship between such classes and the inherent uncertainties in valuing the collateral securing the payment of the 15% Senior Notes after giving effect to the Bank's and Halliburton's prior mortgages and security interests in such collateral. The Company, however, has calculated the aggregate amount of such claims as of June 16, 1986, at $134,542,000 (assuming a petition under Chapter 11 had been filed) and has provided for distributions to the holders thereof based on such aggregate amount. Under the Plan, each holder of a Class 8A or Class 8B claim will be entitled to receive with respect to his Allowed Claim in each such subclass a Pro Rata distribution (based on the aggregate of the Class 8A and Class 8B claims) of the consideration to be distributed to the holders in such subclass. A description of each such subclass and its treatment under the Plan is set forth below.

*Class 8A—15% Senior Note Secured Claims.*

Class 8A is comprised of the secured portion of the Class 8 claims of the holders and beneficial owners of the 15% Senior Notes, whatever the amount of such claim is ultimately determined to be. Under the Plan, each Class 8A claimant will receive on the Effective Date a Pro Rata distribution (based on the aggregate of the Class 8A and Class 8B Claims) of $75,093,000 in face amount of the New Convertible Secured Notes. The New Convertible Secured Notes will be non-interest bearing, will be due ten years after the Effective Date, and will be convertible into shares of New Common Stock at the rate of approximately seven shares for each $1.00 face amount of the New Convertible Secured Notes. Payment of the New Convertible Secured Notes will be secured by a continuation of the lien on the Company's crude oil and natural gas properties currently securing the payment of the 15% Senior Notes. Such lien will be subject to the liens securing the payment of the Company's obligations with respect to the New Bank Note, the Letters of Credit and the New Halliburton Note. For additional information with respect to the New Convertible Secured Notes, see "THE NEW SECURITIES—The New Convertible Secured Notes".

*Class 8B—15% Senior Note Unsecured Claims.*

Class 8B is comprised of the unsecured portion of the Class 8 claims of the holders and beneficial owners of the 15% Senior Notes, whatever the amount of such claim is ultimately determined to be. Under the Plan, each Class 8B claimant will receive on the Effective Date a Pro Rata distribution (based on the aggregate of the Class 8A and Class 8B claims) of (i) 50,062,000 shares of Senior Preferred Stock, (ii) $.075 Warrants to purchase 87,609,000 shares of the New Common Stock, (iii) $.10 Warrants to purchase 75,093,000 shares of the New Common Stock and (iv) 40,050,000 shares of the New Common Stock.



RAM00211

Each share of the Senior Preferred Stock will have a $1.00 liquidation preference senior to the Series A Preferred Stock and the New Common Stock, will be entitled to a $.06 noncumulative dividend under certain limited circumstances, will have full voting rights with the New Common Stock with two votes per share, and will be convertible into four and one-half shares of the New Common Stock. For additional information with respect to the Senior Preferred Stock, the Warrants and the New Common Stock, see "THE NEW SECURITIES".

Holders of the Class 8B claims should be aware that the consideration to be received by them as unsecured creditors of the Company will be different than the consideration to be received by trade and other unsecured and unsubordinated creditors of the Company, who hold Class 11 claims and who will be paid in cash in full on the Effective Date. The separate classification of the unsecured claims of the holders of the 15% Senior Notes, and the distribution to them of consideration different than that being provided to the holders of the Class 11 claims, reflects the different interests of such holders. This separate classification also allows the Company to continue to receive the services, goods and rights (including the right to develop certain crude oil and natural gas properties in which other parties own royalty interests) necessary and important to the continuing operation of the Company. Further, absent the Plan's classification of the unsecured claims of the holders of the 15% Senior Notes as a separate class, the Plan could not be effected in the manner contemplated herein and the holders of such claims would likely receive a smaller distribution than that currently provided to them under the Plan. The Company does not believe that the Plan, in classifying such claims as a separate class from all other unsecured claims, discriminates unfairly as to any class of claims. Acceptance of the Plan by the holders of the Class 8B claims will be considered approval of such separate classification and of the different treatment to be provided to holders of claims in that class.

*Section 1111(b) Election.*

In the event the Class 8 claims are found to be fully secured or the holders thereof elect under Section 1111(b) of the Bankruptcy Code to have their claims treated as fully secured, the Plan provides that such claims will not be classified into two subclasses and the holders thereof shall receive on the Effective Date a Pro Rata distribution of the consideration that would have been distributed to such holders with respect to their Class 8A and Class 8B claims had their Class 8 claims not been fully secured or such an election not been made. In the event the Plan's treatment of the Class 8 claims is found by the Bankruptcy Court to be invalid, the Company may amend or modify the Plan to provide for an appropriate distribution with respect to the claims in Class 8 consistent with Section 1111(b). Any such amendment or modification would be subject to such acceptance by the claimants in Class 8 as may be required by the Bankruptcy Code.

*Subordination.*

Under the Plan, the holders of the Class 8A and Class 8B claims, who would be entitled in a liquidation of the Company to be paid in full before any payments could be made to the holders of the Debentures, will relinquish all subordination rights which they have with respect to the holders of the Debentures. However, in the event any holder of the 15% Senior Notes challenges the Plan's separate classification of such holder's unsecured claims and such holder is successful in obtaining a Final Order by the Bankruptcy Court reclassifying such claims, or the unsecured claims of any other class, then the Plan will likely become inoperative, and, in connection with any possible liquidation of the Company or in connection with any other plan of reorganization that may be confirmed by the Bankruptcy Court, all distributions with respect to such reclassified claims could be subject to all subordination rights of all other creditors, such as the Bank and Halliburton. The Bankruptcy Court could then order that any distributions that otherwise would have been distributed to the holders be distributed to such other creditors of the Company in accordance with the terms and provisions of any and all applicable subordination agreements. See "THE PLAN—Subordination".

**Class 9—Mechanics and Materialmen Lien Claims**

Class 9 is comprised of all potential claims to the extent such claims are secured by valid, perfected and enforceable mechanics, materialmen or operators liens on the properties of the Company, together with interest on such claims, if any, to the extent the properties securing the payment of such claims is

found by the Bankruptcy Court to be sufficient to pay such interest. As of March 31, 1986, the estimated amount of Class 9 claims (assuming a petition under Chapter 11 had been filed) was $1,861,000. As of the date hereof, substantially all such amounts have been paid, and it is anticipated that the amount of the Class 9 claims as of the Petition Date will not exceed $3,000,000.

Under the Plan, each Class 9 claimant is to be paid the Allowed Amount of his Class 9 claim in cash in full when allowed by Order, but not later than the first day of the first month beginning not less than 30 days after the Effective Date, or provided for by escrow payment if not then determined. However, if the sum of the Allowed Amounts of the Class 9 claims exceeds $3,000,000, the Company reserves the right to amend or modify the Plan to provide for a Pro Rata distribution to the claimants in Class 9 of $3,000,000 or for such other distribution as may be appropriate. Such an amendment or modification would be subject to such acceptance by the claimants in Class 9 as may be required by the Bankruptcy Code. See "THE PLAN—Modification of the Plan". Because the Class 9 claims are to be paid in cash in full, such claims will not be impaired under the Plan and the acceptance of the Plan by the holders of such claims will not be required.

**Class 10—Secured Trustee Claim**

Class 10 is comprised of the secured claim of TAB against the Company with respect to its fee and reimbursable expenses, including attorneys' fees, as trustee with respect to the 14⅞% Debentures. The payment of this claim is currently secured by a $100,000 certificate of deposit issued to the Company and held by TAB. As of March 31, 1986, the estimated amount of TAB's Class 10 claim (assuming a petition under Chapter 11 had been filed) was zero.

Under the Plan, TAB, as the holder of the Class 10 claim, is to be paid the Allowed Amount of its allowed Class 10 claim in cash in full when Allowed by Final Order, but not later than the first day of the first month beginning not later than 30 days after the Effective Date, or provided for by escrow payment if not then determined. To the extent the Allowed Amount of TAB's Class 10 claim exceeds the security for the payment of such claim, the deficiency of such claim will be classified as a Class 11 claim and TAB may have a lien against the distributions to be made to the holders of claims in Class 12. Because the Class 10 claim is to be paid in cash in full, such claim will not be impaired under the Plan and the acceptance of the Plan by the holder of such claim will not be required.

**Class 11—Unsecured Claims**

Class 11 is comprised of all unsecured claims of nonpriority creditors against the Company that are not subordinated in right of payment to any Senior Indebtedness or First Mortgage Obligations, all claims for deficiency on partially secured debt (other than the deficiency claims of the holders of the Class 8 claims, who the Company believes have interests that require such claims to be classified as a separate class of claims and treated differently under the Plan), all claims of unsecured noteholders and all claims of unsecured royalty holders and holders of trade debt. As of March 31, 1986, the estimated amount of Class 11 claims (assuming a petition under Chapter 11 had been filed) was $7,937,000. Of such amount, approximately $7,322,000 (92%) related to payments to royalty and working interest owners necessary to allow the Company to operate its crude oil and natural gas properties. As of the date hereof, a significant amount of the $7,937,000 in the Class 11 claims that are identifiable has been paid and it is anticipated that the amount of the Class 11 claims, including certain contingent unsecured claims, as of the Petition Date will not exceed $9,000,000.

Under the Plan, because of the necessity and importance of the goods, services and rights provided by the holders of the Class 11 claims to the continuing operations of the Company, each Class 11 claimant, to the extent the location and name of such claimant is known, to the Company, will be paid the Allowed Amount of his Class 11 claim in cash in full when Allowed by Order of the Bankruptcy Court, but not later than the first day of the first month beginning not later than 30 days after the Effective Date, or provided for by escrow payment if not then determined, and, to the extent the name and location of such claimant is not known to the Company, an appropriate arrangement will be made for the payment of such claim. For information as to the distinction between the treatment of subordinated unsecured claims and subordinated secured claims under the Plan, see "THE PLAN—Concept of the Plan" and "THE PLAN—Classification and Treatment of Claims and Interests". If, for any reason, including the liquidation of



RAM00213

certain contingent claims in an amount greater than currently anticipated, the sum of the Allowed Amounts of the Allowed Claims in Class 11 exceeds $9,000,000, the Company reserves the right to amend or modify the Plan to provide for a Pro Rata distribution to the claimants in Class 11 of $9,000,000 or for such other distribution as may be appropriate. Such an amendment or modification would be subject to such acceptance by such claimants in Class 11 as may be required by the Bankruptcy Code. See "THE PLAN—Modification of the Plan". Further, if the sum of such Allowed Claims is materially greater than the amount the Company has projected, then, unless the Plan is modified to provide for an alternative treatment for such claims, the Plan might not be feasible. Because the Class 11 claims are to be paid in cash in full, or otherwise provided for, such claims will not be impaired under the Plan and the acceptance of the Plan by the holders of such claims will not be required.

**Class 12—14⅛% Debenture Claims**

Class 12 is comprised of the claims of the holders and beneficial owners of the 14⅛% Debentures. As of June 16, 1986, the amount of the Class 12 claims (assuming a petition under Chapter 11 had been filed) was $17,706,000, which represented $16,465,000 in unpaid principal and $1,241,000 in accrued but unpaid interest. The $16,465,000 in principal reflects $226,000 unamortized discount (calculated using the straight-line method) from the $16,691,000 face amount of the 14⅛% Debentures currently outstanding because such Debentures were issued at a discount and include in the face amount thereof a component of unmatured interest. This adjustment is required under the Bankruptcy Code because Section 502(b)(2) of the Bankruptcy Code prohibits a holder of a debt security from making a claim for unmatured interest. For additional information with respect to the 14⅛% Debentures, see "THE OLD DEBT SECURITIES—The 14⅛% Debentures".

Under the Plan, each Class 12 claimant will receive on the Effective Date, a Pro Rata distribution of (i) 13,186,000 shares of Series A Preferred Stock, (ii) $.10 Warrants to purchase 15,022,000 shares of the New Common Stock, (iii) $.125 Warrants to purchase 11,684,000 shares of the New Common Stock and (iv) 5,591,000 shares of the New Common Stock. Because under the terms of the 14⅛% Debentures and the terms of the Subordinated Debentures the 14⅛% Debentures are senior in right of payment to the Subordinated Debentures, the holders of the 14⅛% Debentures will receive a different number per dollar amount of Allowed Claim of shares of Series A Preferred Stock, $.10 Warrants, $.125 Warrants and shares of New Common Stock than holders of the Subordinated Debentures. Each share of Series A Preferred Stock will have a $1.00 liquidation preference junior to the Senior Preferred Stock but senior to the New Common Stock, be non-participating as to dividends, have full voting rights with the New Common Stock, with one vote per share, and be convertible into four and one-half shares of New Common Stock. Under the Plan, the holders of the Class 12 claims, who would be entitled in a liquidation of the Company to be paid in full before any payments could be made to the holders of the Subordinated Debentures, will relinquish all subordination rights which they have with respect to the holders of the Subordinated Debentures so as to permit the issuance of the New Securities in accordance with the terms of the Plan. However, in the event any holder of a 14⅛% Debenture challenges the Plan's separate classification of such holder's unsecured claims and such holder is successful in obtaining a Final Order by the Bankruptcy Court reclassifying such holder's claims, or the unsecured claims of any other class, then the Plan will likely become inoperative and, in connection with any possible liquidation of the Company or in connection with any other plan of reorganization that may be confirmed by the Bankruptcy Court, all distributions with respect to such reclassified claims could be subject to all subordination rights of all other creditors, including the Bank, Halliburton and the holders of the 15% Senior Notes. The Bankruptcy Court could then order that any distributions that otherwise would have been distributed to the holders of the 14⅛% Debentures be distributed to such other creditors of the Company in accordance with the terms and provisions of any and all applicable subordination agreements. See "THE PLAN—Subordination". For additional information with respect to the Series A Preferred Stock, the Warrants and the New Common Stock, see "THE NEW SECURITIES".

**Class 13—Subordinated Debenture Claims**

Class 13 is comprised of the claims of the holders and beneficial owners of the Subordinated Debentures. The Subordinated Debentures are all of equal rank and are subordinate to Senior Indebtedness (as defined in the indentures relating to such Debentures), including the Company's



RAM00214

obligations with respect to the Bank Note, the Letters of Credit, the Halliburton Note, the 15% Senior Notes and the 14⅞% Debentures. As of June 16, 1986, the Allowed Amount of the Class 13 claims (assuming a petition under Chapter 11 had been filed) was $79,774,000 which was allocated among the Subordinated Debentures as follows:

| Subordinated Debentures | Allowed Amounts as to Principal(1) | Allowed Amounts as to Accrued Interest(1) |
|---|---|---|
| | (In Thousands) | |
| 12⅝% Debentures due 1990 | $ 7,715 | $ 487 |
| 9 % Debentures | 14,259 | 802 |
| 11⅛% Debentures | 18,563 | 1,548 |
| 13¾% Debentures | 12,737 | 740 |
| 12⅝% Debentures due 2001 | 21,261 | 1,662 |
| Total | $74,535 | $5,239 |

(1) The Allowed Amounts of the Allowed Claims of the holders of the 11⅛% Debentures, the 13¾% Debentures and the 12⅝% Debentures due 2001 have been adjusted from the face amount thereof using the straight-line method of allocating interest so as to exclude any amounts of unmatured interest reflected therein as a result of such Debentures being issued at a discount. Such adjustment is required under the Bankruptcy Code because Section 502(b)(2) of the Bankruptcy Code prohibits a holder of a debt security from making a claim for any unmatured interest. The outstanding face amounts of the 11⅛% Debentures, the 13¾% Debentures and the 12⅝% Debentures due 2001 at June 16, 1986, were $20,412,000, $12,919,000 and $26,319,000, respectively. Further, the actual Allowed Amounts of Allowed Claims of the holders of the Subordinated Debentures as of the Petition Date will be different than is set forth above as a result of the accrual of interest, including amortization of original issue discount, on such securities from June 16, 1986, through the Petition Date.

Under the Plan, each Class 13 claimant, regardless of the issue of the Subordinated Debentures held, will receive on the Effective Date a Pro Rata distribution of (i) 53,681,000 shares of Series A Preferred Stock, (ii) $.10 Warrants to purchase 59,608,000 shares of the New Common Stock, (iii) $.125 Warrants to purchase 59,608,000 shares of the New Common Stock and (iv) 23,101,000 shares of the New Common Stock. For a breakdown of the number of each of the New Securities that would have been issued to the holders of each issue of the Subordinated Debentures per $1,000 principal amount, assuming a petition under Chapter 11 had been filed on June 16, 1986, see "DISCLOSURE STATEMENT SUMMARY—Purpose and Effects of the Plan—Distributions Under the Plan to the Holders of the 15% Senior Notes and the Debentures per $1,000 Face Amount". Each share of the Series A Preferred Stock will have a $1.00 liquidation preference junior to the Senior Preferred Stock but senior to the New Common Stock, will be non-participating as to dividends, have full voting rights with the New Common Stock with one vote per share, and be convertible into four shares of the New Common Stock. Because under the terms of the 14⅞% Debentures and the terms of the Subordinated Debentures, the 14⅞% Debentures are senior in right of payment to the Subordinated Debentures, the holders of the Subordinated Debentures will receive a different number per dollar amount of claim of shares of Series A Preferred Stock, $.10 Warrants, $.125 Warrants and shares of New Common Stock than holders of 14⅞% Debentures. All of the issues of Subordinated Debentures are treated under the Plan as a single class because they are all equal in right of payment. While two of such issues have conversion features, the conversion prices are so high in relation to the current market price for the Common Stock ($37.50 and $20.20 per share) that the Company does not believe any value should be accorded to such conversion rights that would justify treating the holders of the convertible issues of Subordinated Debentures differently than the holders of the nonconvertible issues of Subordinated Debentures. While there are various other differences in maturities, sinking fund schedules, annual interest rates and other features, because of the Company's default in the payment of all interest on all issues of the Subordinated



RAM00215

Debentures and the accompanying right of the holders thereof to accelerate the maturity thereof, and in light of the unsecured nature thereof, the Company believes that the holders of the Subordinated Debentures should be treated as a single class of impaired creditors for purposes of accepting or rejecting the Plan. For additional information with respect to the Debentures, see "THE OLD DEBT SECURITIES", and for additional information with respect to the Series A Preferred Stock, the Warrants and the New Common Stock, see "THE NEW SECURITIES".

**Class 14—Intercompany Claims**

Class 14 is comprised of all unsecured claims of CEPCO against the Company. As of March 31, 1986, the estimated amount of CEPCO's Class 14 claim (assuming a petition under Chapter 11 had been filed) was $69,411,000.

Under the Plan, CEPCO, as the holder of the Class 14 claim, will receive no distributions.

**Class 15—Shareholder Claims of Interest**

Class 15 is comprised of the Allowed Interests of the holders and beneficial owners of the issued and outstanding shares of Common Stock. As of June 16, 1986, there were 51,505,723 shares of Common Stock issued and outstanding. Such amount excludes 200,000 shares of Common Stock issued to Mark A. Roberts pursuant to a severance and consulting agreement with the Company effective as of July 1, 1986. See "THE PLAN—Implementation of the Plan—Management of the Company". Assuming a Petition Date of September 1, 1986, the Company does not expect there to be outstanding any shares of Common Stock in addition to the 51,705,723 shares of Common Stock currently outstanding.

Under the Plan, each Class 15 claimant will receive on the Effective Date a Pro Rata distribution of (i) 51,705,723 shares of New Common Stock, (ii) $.125 Warrants to purchase 200,000,000 shares of the New Common Stock, (iii) $.15 Warrants to purchase 200,000,000 shares of New Common Stock and (iv) $.25 Warrants to purchase 200,000,000 shares of New Common Stock. Although the holders of the Class 15 claims will retain an interest in the Company as shareholders, their interest will be substantially diluted to approximately 36% and 17% of the New Common Stock to be outstanding and the total voting power, respectively, on the Effective Date. In addition, their interest will be subject to substantial further dilution. For additional information with respect to the effects of the Plan on the ownership of the New Common Stock, see "PURPOSE AND EFFECTS OF THE PLAN—CERTAIN CONSIDERATIONS—Effects on Ownership of Common Stock" and "PURPOSE AND EFFECTS OF THE PLAN—CERTAIN CONSIDERATIONS—Effects on Voting Power".

The Company believes that if the Company were to be liquidated in the near future, the holders of the Common Stock would not receive any distributions. However, if the Plan is approved and confirmed, the Plan would give the holders of the Common Stock a continuing interest in the Company through their receipt of shares of the New Common Stock and through Warrants. The Company does not believe that any more satisfactory ownership interest in the Company by the holders of the Common Stock is feasible than that proposed by the Plan. In that regard, the Company may submit to the Bankruptcy Court for determination the issue whether, in light of all circumstances, the holders of the Common Stock are impaired under the Plan and must vote to approve the Plan. However, the Company does not currently intend to solicit the acceptance of the Plan by such holders until such time as it has obtained the acceptance of the Plan by its impaired creditors and has filed a petition for reorganization of the Company under Chapter 11 of the Bankruptcy Code. Accordingly, no acceptances or rejections of the Plan by any holder of the Common Stock with respect to such holder's interest in the Common Stock is being requested or will be accepted by the Company in connection with this solicitation.

## IMPLEMENTATION OF THE PLAN

**Revesting**

The Plan provides that the property of the Company will revest in the Company on the Effective Date. After the Effective Date, the Company may operate its business and buy, use, and otherwise acquire and dispose of its property free of any restrictions contained in the Bankruptcy Code. As of the Effective Date, all property of the Company will be free and clear of all claims and interests of creditors and equity security holders, except those obligations that may have been imposed under the Plan.



RAM00216

**Charter Amendments**

*General.*

As a result of the substantial number of potential shares of New Common Stock and Preferred Stock that may be issued under the Plan, there will not be a sufficient number of authorized but unissued shares of New Common Stock or Preferred Stock to implement the Plan. Accordingly, the Plan provides for certain amendments to the Articles of Incorporation of the Company which are necessary to implement the Plan (the "Charter Amendments"). Specifically, the Charter Amendments provide for (i) an increase in the number of the authorized shares of the Common Stock from 90,000,000 to 2,300,000,000 and (ii) an increase in the number of the authorized shares of preferred stock of the Company from 1,000,000 to 150,000,000. In addition, because the value of the Preferred Stock to be issued under the Plan is expected to be substantially less than the current par value of the Company's preferred stock, the Charter Amendments provide for a decrease in the par value of the preferred stock from $5.00 per share to $.01 per share. The Plan also provides for the creation of two series of Preferred Stock, Senior Preferred Stock and Series A Preferred Stock, through the filing of Certificates of Designation, Voting Powers, Preferences and Rights with respect to each such series. See "THE NEW SECURITIES". Further, in accordance with Section 1123(a)(6) of the Bankruptcy Code, the Charter Amendments also provide for the prohibition of the issuance by the Company of any shares of nonvoting equity securities. The shares of Common Stock resulting after the Charter Amendment are referred to in this Disclosure Statement as the New Common Stock. The text of the Charter Amendments and the Certificates of Designation, Voting Powers, Preferences and Rights with respect to the Senior Preferred Stock and the Series A Preferred Stock are set forth in Exhibits B, C, and D to this Disclosure Statement, respectively, and are incorporated herein by reference. The Charter Amendments and the Certificates of Designation, Voting Powers, Preferences and Rights with respect to the Preferred Stock will each become effective on the Effective Date substantially in the forms attached hereto.

*Effects of Charter Amendments.*

The following table illustrates the principal effects of the Charter Amendments (assuming Confirmation of the Plan) on the authorized and outstanding capital stock of the Company:

| Number of Shares of Common Stock | Prior to Charter Amendments | After Charter Amendments |
|---|---|---|
| | (In Thousands) | |
| Authorized | 90,000 | 2,300,000 |
| Outstanding | 51,506 | 142,448 |
| Reserved for issuance | 1,391 | 2,015,822 |
| Available for future issuance | 37,103 | 141,730 |

| Number of Shares of Preferred Stock | Prior to Charter Amendments | After Charter Amendments |
|---|---|---|
| | (In Thousands) | |
| Authorized | 1,000 | 150,000 |
| Outstanding | –0– | 116,929 |
| Reserved for issuance | –0– | –0– |
| Available for future issuance | 1,000 | 33,071 |

As indicated above, upon Confirmation of the Plan, the Company will have authorized 2,300,000,000 shares of New Common Stock, of which approximately 142,448,000 shares will be issued and outstanding as of the Effective Date and 2,015,822,000 shares reserved for future issuance upon conversion of the New Convertible Secured Notes and the Preferred Stock and the exercise of the Warrants. Although the Company believes that such capitalization is desirable in order to gain approval of and to implement the Plan, the potential issuance of over 2,000,000,000 shares of New Common Stock will likely result in an extremely low market price for the New Common Stock and adversely affect the ability of the Company to



RAM00217

list the New Common Stock on any national securities exchange. In addition, a low market price for the New Common Stock could adversely affect the marketability of the New Common Stock because a variety of brokerage house policies and practices tend to discourage individual brokers within those firms from dealing in low-price stocks. Some of those policies and practices pertain to the payment of brokers' commissions and to time-consuming procedures that function to make the handling of low-price stock unattractive to brokers from an economic standpoint. Further, the structuring of trading commissions also tends to have an adverse impact upon holders of low-price stock because the broker commission on any sale of a low-price stock generally represents a higher percentage of the sales price than the commission on a relatively higher-priced issue. Accordingly, there can be no assurance as to the price or marketability of the New Common Stock issued pursuant to the Plan. See "PURPOSE AND EFFECTS OF THE PLAN—CERTAIN CONSIDERATIONS—Trading of the New Securities" and "RISK FACTORS—Risks with Respect to the New Securities".

For additional information with respect to the effects of the Charter Amendments, see "CAPITALIZATION".

**Business of the Reorganized Company**

Upon Consummation of the Plan, the Company intends to continue to be principally engaged in the exploration and production of crude oil and natural gas in the tri-state area of Louisiana, Texas and Arkansas. However, because the Company does not expect that in the foreseeable future it will have a substantial amount of working capital available for capital expenditures after servicing the debt to be issued under the Plan, the Company's activities initially will be limited to continuing to attempt to maximize production from existing wells and drilling development wells that are not considered high risks. When, and if, the Company's financial condition permits, the Company intends to acquire additional crude oil and natural gas reserves to develop through the drilling of new wells either alone or in participation with others. Except to the extent the Company's future activities may be restricted by the limited amount of funds that may be available, the Company intends to continue to conduct its business and operations upon Consummation of the Plan as currently conducted. For further information with respect to the Company's business and operations, including the markets in which the Company competes in and services, certain federal and state regulations affecting the Company's business and the employees of the Company, see the discussion under the heading "Business" in the Company's Annual Report, which is included as part of this Disclosure Statement and incorporated herein by reference.

**Management of the Company**

*Management.*

Under the Plan, except as discussed below, the executive officers of the Company will continue to serve the Company in their present capacities and compensation arrangements. However, in furtherance of the Company's attempts to provide for new management techniques and a new approach to management in the difficult environment in which the Company is operating, representatives of the Company are currently having discussions with a number of persons with respect to the possibility of such persons agreeing to serve as directors of the Company at or shortly following Confirmation of the Plan. Further, it is also possible that certain of the present directors of the Company may not continue to serve after Confirmation of the Plan. However, it is currently contemplated that at least J. N. Averett, Jr., R. Gordon Bader and Robert F. Roberts will each continue to serve as directors of the Company following Confirmation of the Plan and that additional persons will be elected to the Board of Directors of the Company at or near the time of Confirmation. It is probable that certain of the persons who will be considered for election as new directors of the Company will be named for consideration by representatives of various creditors of the Company, and may be elected as directors by the Board of Directors prior to Confirmation of the Plan. The Company will disclose the names of and information with respect to any persons who are ultimately chosen to serve as directors of the Company in connection with the Plan at the earliest possible time prior to Confirmation of the Plan. For further information with respect to the current directors and executive officers of the Company, see "THE COMPANY—Management of the Company".



RAM00218

*Executive Compensation.*

The Company does not have any individual employment, consulting or other similar contractual arrangement with any present member of management of the Company other than J. N. Averett, Jr., Robert F. Roberts and Mark A. Roberts. The contractual arrangements with such persons are described below. Copies of such contractual arrangements have been filed with the Commission as exhibits to a Current Report on Form 8-K relating to this transaction and may be obtained from the Public Reference Section of the Commission at prescribed rates.

*J. N. Averett, Jr.* The Company entered into an Employment Agreement with Mr. Averett effective as of July 1, 1986, pursuant to which Mr. Averett has agreed to continue to serve the Company as President and Chief Executive Officer, or as Chief Operating Officer, should an additional new person be added to the Company's management to serve as Chief Executive Officer, and to carry out all the obligations of such offices through the term of such Agreement. The Employment Agreement with Mr. Averett will terminate on December 31, 1989, unless renewed by mutual agreement of the Company and Mr. Averett. Such Agreement provides that Mr. Averett's current salary of $160,000 per annum will be continued as his base salary and may be increased by the mutual agreement of the Company and Mr. Averett based on annual reviews by the Board of Directors of the Company of Mr. Averett's performance in the prior year. In addition to Mr. Averett's base salary, Mr. Averett will also be entitled to receive an annual bonus in an amount equal to 2% of the excess over $1,000,000 of the consolidated net profits of the Company in each year during the term of his Employment Agreement. For purposes of this bonus, the Company's consolidated net profits will be determined by the application of generally accepted accounting principles, but will not take into account deductions for state and federal income taxes owing by the Company and will also be determined without deduction for the bonus to which the determination thereof relates. Certain other routine benefits provided to senior members of management of the Company also will be provided to Mr. Averett under the terms of his Employment Agreement. Such benefits will include insurance, vacations, reimbursement for expenses reasonably related to the performance by Mr. Averett of his duties, use of an automobile and other similar items. In addition to the compensation described above, certain additional compensation will be provided to Mr. Averett in connection with his efforts in assisting the Company in achieving its reorganization. Specifically, if a plan of reorganization of the Company is adopted or confirmed prior to December 31, 1986, Mr. Averett will be entitled to be paid a special one time bonus in the amount of $150,000. In the event that a plan of reorganization of the Company is not adopted or confirmed by such date, then Mr. Averett will be entitled to be paid a bonus of $100,000 in recognition of his efforts in attempting to achieve the adoption or Confirmation of such a plan of reorganization. Further, if a plan of reorganization of the Company to which Mr. Averett has devoted substantial attention is adopted or confirmed subsequent to December 31, 1986, but prior to December 31, 1987, then Mr. Averett will be entitled to receive an additional bonus of $50,000. As a key member of management, Mr. Averett will, upon Confirmation of the Plan, receive 500,000 shares of New Common Stock and 1,000,000 $.075 Warrants and 2,000,000 $.10 Warrants.

*Robert F. Roberts.* In connection with the Company's efforts to reorganize, Mr. Roberts' role with respect to the management of the Company has changed. In December 1985, Mr. Roberts was succeeded as Chief Executive Officer of the Company by Mr. Averett, who, as discussed above, is expected to continue in such capacity or as Chief Operating Officer through at least December 31, 1989. Although Mr. Roberts' role in management has changed, he continues to serve the Company as Chairman of the Board of Directors and as an employee, with his responsibilities being primarily related to the Company's crude oil and natural gas operations. In connection with the Company's efforts to reorganize, Mr. Roberts has agreed to continue as a full-time employee of the Company under the terms of an Employment Agreement entered into with him effective as of July 1, 1986, with his primary responsibilities under such Agreement to be related to the Company's crude oil and natural gas operations. Mr. Roberts will also act as an advisor and consultant to the management of the Company on the Company's overall affairs. It is currently contemplated that Mr. Roberts will continue to serve as Chairman of the Board of the Company until Confirmation of a plan of reorganization of the Company. After such a Confirmation, the Board of Directors of the Company will decide on Mr. Roberts' future position with the Company, and in that connection Mr. Roberts' Employment Agreement provides that he will serve as Chairman of the Board or Chairman Emeritus. Under the terms of Mr. Roberts' Employment Agreement, his current salary of



RAM00219

$178,200 per annum will continue through June 30, 1988, and he will be entitled to other routine benefits, including insurance, reimbursement for expenses reasonably necessary to the Company's business, the use of an automobile and other similar items. As an incentive to Mr. Roberts to continue in the employ of the Company and to use his efforts to assist the Company in its reorganization, Mr. Roberts will be issued up to 400,000 shares of New Common Stock upon Confirmation of a plan of reorganization. In that regard, the Employment Agreement with Mr. Roberts provides that Mr. Roberts is to be issued shares of New Common Stock having a value of $100,000, determined on a formula basis, provided that the total number of shares to be issued to him will not be in excess of 400,000. In addition, one year following the Confirmation of a plan of reorganization of the Company, Mr. Roberts is to be issued an additional number of shares of New Common Stock having a value of an additional $100,000, provided that the total number of shares to be issued to him will not be in excess of 400,000 shares. Finally, if the Company is reorganized, Mr. Roberts will be entitled to receive 400,000 $.25 Warrants. The issuance of such securities is provided for under the Plan.

*Mark A. Roberts.* Under the terms of a Severance and Consulting Agreement entered into as of July 1, 1986, Mark A. Roberts resigned as Executive Vice President, a full-time employee and director of the Company effective as of July 1, 1986, and was paid a lump sum of $211,050, representing two years salary ($100,000 per year), accrued vacation time and certain other benefits no longer available to him. In addition, under the terms of such Severance and Consulting Agreement, Mr. Roberts was, in conjunction with his leaving full-time employment with the Company, issued 200,000 shares of Common Stock and conveyed an automobile having a book value of $4,682. In consideration for the above compensation, Mr. Roberts has agreed to assist the Company in its efforts to reorganize and will provide consulting services to the Company through June 30, 1988, and will be available to the Company on a reasonable basis to advise management of the Company with respect to various aspects of its operations. If the Company is reorganized, Mr. Roberts will also be entitled to receive 400,000 $.25 Warrants. As a paid consultant to the Company, Mr. Roberts will continue to receive certain health and medical insurance benefits from the Company. The issuance of such securities is provided for under the Plan.

The Plan provides that each of the above described agreements with Messrs. Averett, Roberts and Roberts will be expressly assumed. For further information with respect to the current compensation of the directors and executive officers of the Company and certain related transactions, see the discussion under the headings "Executive Compensation" and "Certain Relationships and Related Transactions" set forth in the Company's Annual Report which is included as part of this Disclosure Statement and incorporated herein by reference.

*Future Compensation Arrangements.*

If the Plan is confirmed, 4,500,000 shares of the New Common Stock (3.2% on the Effective Date) and $.075 Warrants to purchase 16,000,000 shares of New Common Stock and $.10 Warrants to purchase 15,000,000 shares of New Common Stock will be issued, or reserved for issuance, to certain key employees of the Company in consideration for such employees' agreement to remain or become employees of the Company during the Chapter 11 case and as additional incentive for them to continue or become employees of the Company after Confirmation of the Plan. The members of current management who will receive shares of the New Common Stock and the $.075 Warrants and the $.10 Warrants under the Plan and the number of shares and Warrants that they will receive have not yet been determined by the Company. However, because of the specific arrangements with J. N. Averett, Jr., Robert F. Roberts and Mark A. Roberts described above, none of such persons will receive any of the additional shares of New Common Stock or Warrants to be issued to key employees.

The number of shares of New Common Stock and Warrants proposed to be granted to members of management will be established by the Board of Directors of the Company based on various factors including (i) recognition of the efforts of each of such persons on behalf of the Company and in connection with its reorganization, (ii) recognition of the current compensation levels of such persons, (iii) the length of time which such persons have served the Company and (iv) negotiations with new key members of management, if any. To the extent the shares of the New Common Stock and the Warrants to be issued to current members of management is less than the number contemplated to be issued under the Plan, such Warrants may be issued to future members of management in the discretion of the Board of Directors.



RAM00220

The 39,000,000 shares of the New Common Stock which would be issued to members of management (including, for purposes of this calculation, the issuance of the New Common Stock and the Warrants to be issued to Mr. Averett under the Plan) if management were to fully exercise all the Warrants granted to them under the Plan would represent approximately 8.54% of the shares of the New Common Stock outstanding after Confirmation of the Plan (assuming the exercise of all the $.075 Warrants and $.10 Warrants issued under the Plan). For additional information with respect to the effects of the Plan on the ownership of the New Common Stock, assuming the conversion of certain of the New Securities and the exercise of the Warrants, see "PURPOSE AND EFFECTS OF THE PLAN—CERTAIN CONSIDERATIONS—Effects on Ownership of Common Stock".

In lieu of the issuance of the 16,000,000 $.075 Warrants and the 15,000,000 $.10 Warrants to management and the issuance of 1,000,000 $.075 Warrants and 2,000,000 $.10 Warrants to Mr. Averett pursuant to his Employment Agreement, the Plan provides that the Company may issue to management (including Mr. Averett) tax-benefited options to purchase an equivalent number of shares of New Common Stock at equivalent purchase prices to such Warrants if, in the opinion of the Board of Directors of the Company, the grant of options in lieu of Warrants would be more beneficial to management and the Company. The granting of options to management in lieu of Warrants would not materially affect the operation or feasibility of the Plan.

In addition to the above compensation arrangements, except for the Company's Incentive Bonus Plan, which will be terminated, the Company will continue in effect all of its current compensation, incentive and benefit arrangements for the benefit of its directors, executive officers and employees, including the Company's Employees' Thrift Plan and Phantom Stock Plan. For information with respect to such plans, see the discussion under "Executive Compensation" in the Company's Annual Report.

**Copeland and PWI**

Under the Plan, Copeland and PWI, the Company's financial advisors, will receive in partial consideration for their services to the Company in connection with the development and implementation of the Plan, $540,000 and $300,000, respectively, in shares of New Common Stock. The shares of New Common Stock to be issued to Copeland and PWI will be issued within 120 days after the Confirmation Date of the Plan and will be valued based on the average market price per share of the New Common Stock for the 90 days immediately following the Effective Date; provided, however, that if the average market price per share of the New Common Stock during such 90-day period is less than $.125, the shares of the New Common Stock to be issued to Copeland and PWI will be valued at $.125 per share, and if the average market price per share of the New Common Stock during such 90-day period is greater than $.20, the shares of the New Common Stock to be issued to Copeland and PWI will be valued at $.20 per share. For purposes of the above determination, the average market price of the New Common Stock will be the arithmetic mean of the daily high and low sale prices (or if no sale prices are reported, the average of the daily high and low bid prices) of the New Common Stock as reported by the principal national stock exchange on which the New Common Stock is listed, or if the New Common Stock is not listed on a national stock exchange, as reported by NASDAQ or the National Quotation Bureau Incorporated or otherwise in the over-the-counter market. In addition to the above consideration, Copeland will also receive $.075 Warrants to purchase 7,000,000 shares of New Common Stock and $.10 Warrants to purchase 7,000,000 shares of New Common Stock. See "FEES AND EXPENSES OF SOLICITATION" for additional information with respect to Copeland's and PWI's compensation arrangement with the Company.

**Issuance of New Securities**

Upon the Effective Date, the Company will issue the New Notes, the Preferred Stock, the New Common Stock and the Warrants as required by the Plan. For a description of the New Notes, the Preferred Stock, the New Common Stock and the Warrants, and their relative rights and preferences, see "THE NEW SECURITIES".

**Cancellation of Existing Indentures**

The Plan provides that, except for the lien created by the 15% Senior Note Indenture, which is to be carried forward in the New Note Indenture, upon the Effective Date the rights and obligations of the

Company and the holders of the 15% Senior Notes and the Debentures under the following indentures and related instruments, including the debt instruments issued pursuant thereto, shall be terminated and cancelled:

15% Senior Note Indenture
14⅞% Debenture Indenture
1990 12⅝% Debenture Indenture
9% Debenture Indenture
11⅜% Debenture Indenture
13¾% Debenture Indenture
2001 12⅝% Debenture Indenture

**Ordering of Priorities of Liens**

The Plan provides that the Bankruptcy Court shall Order that on the Effective Date (i) the property that is subject to the lien securing the payment of the Company's obligations with respect to the New Bank Note and the Letters of Credit will not be subject to any prior lien or security interest, (ii) the property that is subject to the lien securing the payment of the Company's obligations with respect to the New Halliburton Note will not be subject to any prior lien or security interest, other than the lien and security interest securing the payment of the Company's obligations with respect to the New Bank Note and the Letters of Credit, and (iii) the property that is subject to the lien securing the payment of the Company's obligations with respect to the New Convertible Secured Notes will not be subject to any prior lien or security interest, other than the liens and security interests securing the payment of the Company's obligations with respect to the New Bank Note, the Letters of Credit and the New Halliburton Note. In addition, to the extent that such Order may be ineffective as to any party purporting to have a lien that is prior to any of the liens enumerated above, the New Note Indenture and the deeds of trust, mortgages and other security instruments with respect to the Supplemental Loan Agreement and the New Halliburton Note will provide that the liens and security interests created by the 15% Senior Note Indenture and by the deeds of trust, mortgages and other security instruments with respect to the Loan Agreement and the Halliburton Note shall be carried forward in the New Note Indenture and in the deeds of trust, mortgages and other security instruments with respect to the Supplemental Loan Agreement and the New Halliburton Note.

**Distribution of Consideration**

*Distribution Dates.*

The Plan contemplates distributions at various times. Administrative and priority claims (i.e., the claims of Classes 1, 2, 3, 4 and 5), to the extent not previously paid, are to be paid on the Effective Date or as soon thereafter as practicable, if then determined, and if not, paid into an escrow account. Trade payables are to be paid in the ordinary course of business. Mechanics and Materialmen Liens and general unsecured claims, to the extent the names and locations of the holders thereof are known, are to be paid in cash not later than the first day of the first month beginning not later than 30 days after the Effective Date. Documentation evidencing and perfecting the interests granted to the holders of the New Notes shall be executed and delivered as soon as practicable after the Effective Date. The shares of the Preferred Stock and the New Common Stock to be issued under the Plan are to be issued by the Company and distributed by the transfer agent or agents with respect to such securities as soon as practicable after the Effective Date. The Warrants to be issued to the Company's creditors and interest holders and to management, Copeland and PWI will be issued by the Company and distributed by the transfer agent with respect to the Warrants as soon as practicable after the Effective Date.

*Disbursing Agent.*

A national bank designated by the Company, with approval of the Bankruptcy Court, will serve as Disbursing Agent. An indenture trustee for the New Convertible Secured Notes and a transfer agent or transfer agents for the New Common Stock, each issue of the Preferred Stock and each issue of the Warrants will be appointed. See "THE NEW SECURITIES". No bond will be required by any such entity.



RAM00222

*Fractional Shares and Interests.*

The Plan provides that no fractional shares of New Common Stock or Preferred Stock or interests in Warrants will be distributed to the holders of Allowed Claims or Allowed Interests. Further, the Plan provides that no New Convertible Secured Notes will be distributed in integral multiples less than $10 to the holders of Allowed Claims. Instead, the Plan provides that each time a distribution is to be made to the holder of an Allowed Claim or Allowed Interest, all fractional shares or Warrants or principal amounts less than $10 that otherwise would have been distributed to such holder will be aggregated in a separate pool for the holders of claims or interests in such holder's class. Holders of Allowed Claims or Allowed Interests who otherwise would be entitled to receive fractional shares or Warrants or principal amounts of less than $10 will be ranked within each class according to the size of the fractional share or Warrant or principal amount to which such holder would otherwise be entitled. If two or more such holders are entitled to the same fractional share or Warrant or principal amount (as rounded to the sixth decimal place), the ranking of such holder will be determined by lot. Based on such ranking within each class, a whole share of the New Common Stock or the Preferred Stock, a whole Warrant or a New Convertible Secured Note in the principal amount of $10, as the case may be, will be distributed, on a class by class basis from the pool with respect to such class, to those holders entitled to the largest fractions of each such security in each such class until all the shares of the New Common Stock and the Preferred Stock, all Warrants and the entire principal amount of the New Convertible Secured Notes have been distributed. All questions as to such distributions will be determined by the Company.

**Disputed Claims or Interests**

*Escrow.*

The Plan provides that the Disbursing Agent will withhold property to be distributed under the Plan and place that property in escrow with respect to disputed claims or interests and with respect to claims or interests that have not been Allowed as of the date of the initial distribution under the Plan. As to any unliquidated claim or interest, such as the Windfall Profit Tax Claim, the Plan provides that the Bankruptcy Court is to determine what amount is sufficient to withhold. The Disbursing Agent is also permitted by the Plan to place in escrow any distributions or obligations arising from the securities to be distributed under the Plan and still in the escrow account at the time the distributions are made or the obligations arise. To the extent practicable, and taking into account the safety of the investment, the Disbursing Agent is permitted to invest the cash in the escrow account in a manner that will yield the Company a reasonable net return.

*Distribution.*

To the extent the disputed claims or interests are Allowed by the Final Order of the Bankruptcy Court, the property deposited to escrow, including the allocable portion of the net return yielded from the investment in escrow, is to be distributed on account of such Allowed Claims or Allowed Interests. The Plan provides that the Company will retain any property remaining in escrow after disputes over claims or interests of a particular class have been resolved. The Plan also provides that the Company will retain any cash previously reserved in escrow for disputed claims of a kind specified in Section 507(a) of the Bankruptcy Code that are disallowed, as well as the net return yielded from investment of the cash in the escrow.

**Surrender of Securities**

The Plan provides that a holder of a security, including the Common Stock, who desires to receive the property to be distributed on account of that security must surrender such security, or evidence thereof satisfactory to the Company, to the disbursing agent or its designee. As a condition to participation in the Plan, the holder of any note, debenture or other evidence of indebtedness of the Company that desires to receive the property to be distributed on account of an Allowed Claim based on such note, debenture or evidence of indebtedness must surrender such note, debenture or evidence of indebtedness to the disbursing agent and must execute and deliver such other documents as are necessary to effectuate the Plan. All other claims are to be paid according to the Allowed Amounts of those claims, as shown on the claims register of the Bankruptcy Court and proofs of interest maintained by the Bankruptcy Court.



RAM00223

If you have lost your securities, you should contact the indenture trustee with respect to your securities, or the Company, as appropriate, for instructions. You may surrender your securities and receive the distributions to which you are entitled for a period of three years after the Confirmation Date. If no surrender occurs during this period, no distribution may be made to holders of securities not surrendered. Pending such surrender, the securities will represent the distributions to which the holder is entitled. The Company will make subsequent distributions only to the persons who surrender the securities for exchange (or their assignees) and to the record holders of such securities as of the Effective Date.

**Unclaimed Property and Unissued New Securities**

The Plan provides that any property to be distributed under the Plan that is not claimed before the later of (i) three years after Confirmation and (ii) 60 days after an Order allowing the claim or interest becomes a Final Order, will become the property of the Company. Securities reserved pursuant to the Plan which are not issued prior to Consummation of the Plan are to be issued at Consummation to the Company. The Company is to hold such securities in its treasury, free of restrictions upon transfer or cancellation (except those imposed by the securities laws), and all dividends, distributions, interest, or other payments which are made by the Company, or which it becomes obligated to make with respect to any such securities prior to Consummation, will be paid to or retained by the Company. Dividends, distributions, interest, and other payments which the Company becomes obligated to make with respect to any security or obligation reserved pursuant to the Plan and distributed prior to Consummation in accordance with the terms of the Plan or with respect to any other obligation created by the Plan, will be retained by the Company prior to such distribution, and the Company will be obligated to pay or distribute the same to the distributee of such security or obligation at the time of distribution thereof, without interest.

**Funds held as Operator**

The Plan permits the Company to offset funds held by it as operator or otherwise against claims it has against the person to whom such funds are to be distributed.

## CONTINGENT CLAIMS

There are currently various claims pending or threatened against the Company that are or will possibly become contested claims. To the best of the Company's knowledge, such pending or possible claims are set forth on the Schedule of Liabilities on file with the Company. The Company has provided in connection with the Plan and the presentation thereof in this Disclosure Statement for additional contingencies of various kinds which if liquidated could be paid in full. The Company, however, emphasizes that the contingencies contemplated under the Plan are estimates and the minimum or most likely estimate of the Company's liability, if any, with respect to such claims is not currently determinable. Should such contingent claims, when liquidated, materially exceed the amount taken into account under the Plan and in this Disclosure Statement, the impact thereof on the Confirmation of the Plan would be subject to further review by the Bankruptcy Court and the Plan might not be feasible.

## TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Under Section 365 of the Bankruptcy Code, the Company may assume or reject executory contracts and unexpired leases. The Company is not a party to any executory contract or unexpired lease that is materially detrimental to the Company's operations. The only contracts of any kind that are materially important to the Company's business are, as a whole, its crude oil and natural gas leases and operating and related agreements with respect to the Company's crude oil and natural gas wells and properties. Consequently, at present, the Company does not intend to reject any executory contract or unexpired lease. All such contracts and unexpired leases are expected to be assumed by the Company by the appropriate time under the provisions of the Bankruptcy Code. Accordingly, no schedule has been prepared or is attached hereto or to the Plan, which sets forth the contracts proposed to be rejected or assumed. If after



RAM00224

the Petition Date, it becomes advisable to specifically reject any executory contract or unexpired lease, the Company will do so in accordance with the applicable procedures under the Bankruptcy Code and the rules promulgated thereunder, and the Plan will be appropriately modified to reflect any such action. Schedules listing the Company's executory contracts and unexpired leases, or categories of the same, will be filed with the Bankruptcy Court on, or as soon as practicable after, the Petition Date.

As of the Confirmation Date, the Company will reject each executory contract and unexpired lease that is identified by the Company during the Chapter 11 case as being subject to rejection. Claims for damages, if any, arising from the rejection of any executory contracts or unexpired leases must be filed within 15 days after the Confirmation Date. Any Allowed Claim resulting from the rejection of the Company's executory contracts or unexpired leases will be a Class 11 claim and will be treated in accordance with the Plan, but nothing herein shall constitute a determination that any such rejection gives rise to or results in an Allowed Claim.

Furthermore, as of the Confirmation Date, the Company will assume each executory contract and unexpired lease to which it is a party unless such executory contract or unexpired lease is otherwise rejected by the Company. The Company is entitled to assume an executory contract or unexpired lease as long as they meet the following requirements or unless the other party or parties to such contract or lease consent to less favorable treatment: (i) cure all defaults (other than defaults related to the financial condition of the Company prior to Confirmation of the Plan or related to the commencement of the Chapter 11 case) or provide adequate assurance that such defaults will be promptly cured; (ii) compensate, or provide adequate assurance that the Company will promptly compensate, any other party to such executory contract or unexpired lease for any actual pecuniary loss resulting from such default; and (iii) provide adequate assurance of future performance under such contract or lease. All assumed executory contracts and unexpired leases will remain in full force and effect.

The Company does not believe that defaults exist under any of the executory contracts and unexpired leases to which it is a party. However, with respect to certain executory contracts and unexpired leases which the Company may be determined to be in default and which the Company intends to assume, the Company may seek waivers of the requirements of the Bankruptcy Code regarding the curing of defaults.

Finally, although the issue is not free from doubt, it is possible that the Company's crude oil and natural gas leases may constitute unexpired leases within the meaning of Section 365 of the Bankruptcy Code. Under the Plan, all crude oil and natural gas leases to which the Company is a party are assumed. The Company plans only to notify specific lessors (i) under specified producing crude oil and natural gas leases that represent more than 75% in value of the Company's producing crude oil and natural gas properties and (ii) under undeveloped leases with expiration dates subsequent to December 31, 1986. The Company believes that the time and cost involved in notifying all of its crude oil and natural gas lessors may be prohibitive. Other than instances in which crude oil and natural gas leases to which the Company is party have terminated due to failure by the Company to pay delay rentals, royalties or other obligations thereunder, the Company does not believe it is in default under any of its crude oil and natural gas leases, and, therefore, does not expect to be required to pay any material amounts or provide any additional material assurance of future performance to maintain all of its crude oil and natural gas leases in full force and effect.

## PREFERENCES, FRAUDULENT CONVEYANCES AND OBJECTIONS TO CLAIMS

In connection with the Company's previous and current restructuring efforts, the Company entered into several transactions pursuant to which its property was transferred, pledged or sold or in which it issued new debt in exchange for existing debt. Although the Company is not aware that any of these transactions would clearly be considered a preference or fraudulent conveyance under Sections 547 and 548 of the Bankruptcy Code or any other applicable law, it is possible that a claim could be made that one or more of such transactions was a preference or fraudulent conveyance. In developing the Plan and in determining the consideration to be distributed to each class of the Company's creditors, the Company has taken into account the possibility that certain of its previous transactions could be considered a preference or fraudulent conveyance to such class of creditors. In that regard, the Plan provides that all claims against any creditor who may have received a preference or fraudulent conveyance shall be released and discharged upon Confirmation of the Plan. In addition, the Plan provides that the Company shall be the



RAM00225

only party authorized to pursue actions to recover preferences and fraudulent conveyances. Unless the Company consents or unless otherwise ordered by the Bankruptcy Court, no other party shall have the right or obligation to pursue any such actions. Any creditor determined to have received a preference or fraudulent conveyance pursuant to Sections 547 or 548 of the Bankruptcy Code or any other applicable law shall be required to remit to the Company an amount equal to the difference between (i) the determined amount of the preference or fraudulent conveyance and (ii) the amount the creditor would have received had such creditor's claim for such preference or fraudulent conveyance been allowed in the Chapter 11 case. The determination of such amount will be made using an assumed pro rata share of the distribution amount excluding claims resulting from the collection of preferences and fraudulent conveyances.

## SUBORDINATION

The 15% Senior Notes are currently subordinate in right of payment to the Company's obligations with respect to the Bank Note, the Letters of Credit, the Halliburton Note and all other First Mortgage Obligations, as defined in the 15% Senior Note Indenture. Similarly, the 14⅛% Debentures are currently subordinate in right of payment to the Company's obligations with respect to the Bank Note, the Letters of Credit, the Halliburton Note, the 15% Senior Notes and all other Senior Indebtedness, as defined in the 14⅛% Debenture Indenture. Further, each issue of the Subordinated Debentures is currently subordinate in right of payment to the Company's obligations with respect to the Bank Note, the Letters of Credit, the Halliburton Note, the 15% Senior Notes, the 14⅛% Debentures and all other Senior Indebtedness, as defined in the Debenture Indentures. As a result of such subordination, if the Company were to be liquidated in the near future, all distributions that otherwise would be made to the holders of the 14⅛% Debentures and the Subordinated Debentures would be required to be paid Pro Rata to the holders of the 15% Senior Notes and, to the extent the property securing the payment of the Halliburton Note were insufficient to pay all amounts owing under the Halliburton Note, all distributions that would be made to the holders of the 15% Senior Notes (including those distributions to the holders of the 14⅛% Debentures and the Subordinated Debentures that would be required to be paid to the holders of the 15% Senior Notes) would be required to be paid to Halliburton until the Halliburton Note had been paid in full. See "ALTERNATIVES TO THE PLAN—Liquidation Analysis". The Company, in providing for the classification and treatment of all claims and interests under the Plan, has taken into consideration, among other things, the relative subordination rights of its creditors. The Company believes that the distributions to creditors and interest holders provided for under the Plan give appropriate effect to such rights. However, certain creditors who probably would not be entitled to any distributions if the Company were liquidated in the near future will receive distributions under the Plan. In order to implement the Plan and to avoid potential conflicting claims, the Plan provides that the holders of the Bank Note, the Halliburton Note, the 15% Senior Notes and the 14⅛% Debentures and the issuer of the Letters of Credit will each be deemed to have agreed to limit the enforcement of the subordination agreements which they may be the beneficiaries of to their right to receive the consideration to be provided to them under the Plan and to have agreed to allow the holders of the 15% Senior Notes, the 14⅛% Debentures and the Subordinated Debentures, as the case may be, to receive the consideration to be provided to them under the Plan, free of any subordination claims. Notwithstanding the above, in the event any holder of a 15% Senior Note, 14⅛% Debenture or Subordinated Debenture challenges the Plan's classification of such holder's unsecured claims and such holder is successful in obtaining a Final Order by the Bankruptcy Court reclassifying such claims, or the unsecured claims of any other class, then the Plan likely will become inoperative and, in connection with any possible liquidation of the Company or in connection with any other plan of reorganization that may be confirmed by the Bankruptcy Court, all distributions with respect to such reclassified claims could be subject to all subordination rights of all other creditors. In that regard, the Bankruptcy Court could then order that any distributions that otherwise would have been distributed to such holders be distributed to such other creditors of the Company as may be required by the terms and provisions of any and all applicable subordination agreements. For information as to the distinction between the treatment of subordinated unsecured claims and subordinated secured claims under the Plan, see "THE PLAN—Concept of the Plan" and "THE PLAN—Classification and Treatment of Claims and Interests".



RAM00226

## LIENS OF INDENTURE TRUSTEES

The indenture trustees for creditors in Classes 8A, 8B, 12 and 13 may have liens against any distributions made to these creditors to secure the payment to such trustees of certain reimbursable expenses, including attorneys' fees. An indenture trustee is entitled to petition the Bankruptcy Court for compensation and reimbursement of expenses. To the extent approved by the Bankruptcy Court, the Company intends to satisfy all expenses of the indenture trustees. However, if and to the extent that the expenses of any indenture trustee are disapproved by the Bankruptcy Court, the distributions to creditors in Classes 8A, 8B, 12 and 13 may be reduced by the amount of any such disallowed expenses if the indenture trustee requesting such amounts successfully asserts its lien against such distribution.

## RECLAMATION CLAIMS

Pursuant to Section 546(c) of the Bankruptcy Code, any seller who sold goods to the Company in the ordinary course of such seller's business after the date the Company may have been deemed "insolvent" under Section 546(c) of the Bankruptcy Code may have a claim against the Company for the reclamation of such goods. Such claimant must have made its reclamation demand in writing within ten days after the Company received such goods. The Bankruptcy Court has the ability and discretion, however, to substitute an administrative priority claim or lien for the return of the reclaimed goods.

## THE COMPANY'S CAUSES OF ACTION

The Plan provides that all claims recoverable under Section 550 of the Bankruptcy Code, all claims existing against third parties on account of an indebtedness, and all other claims owed to or in favor of the Company to the extent not specifically compromised and released pursuant to the Plan or an agreement referred to or incorporated into the Plan by reference, will be preserved and retained for enforcement by the Company subsequent to the Effective Date.

## LEGALLY BINDING EFFECT; DISCHARGE OF CLAIMS AND INTERESTS

Except for classes that are not impaired under the Plan, the provisions of the Plan will (i) bind all creditors and interest holders, whether or not they accept the Plan, and (ii) discharge the Company from all debts that arose before the Petition Date. The Plan also takes into account any contentions by creditors or interest holders that the claims of other creditors or interest holders may be subordinated by contract or pursuant to the articles of incorporation or by-laws of the Company. The distributions provided for in the Plan for creditors and interest holders will not be subject to any claim by another creditor or interest holder by reason of any assertion of a contractual right of subordination. See "THE PLAN—Subordination".

The distributions of cash and securities provided for in the Plan will be in exchange for and in complete satisfaction, discharge and release of all claims against and interests in the Company or any of its assets or properties, including any claim or interest accruing after the Petition Date and prior to the Effective Date. On the Effective Date, all holders of impaired claims and interests will be precluded from asserting any claim against the Company or its assets or properties or other interests in the Company based on any transaction or other activity of any kind that occurred prior to the Petition Date.

## MODIFICATION OF THE PLAN

Amendments to the Plan's classification or treatment of one or more classes of claims or interests under the Plan that do not materially and adversely change the treatment of the other classes of claims or interests may be made to the Plan either before or after a petition under Chapter 11 of the Bankruptcy Code is filed. Such amendments may be approved by the Bankruptcy Court at the Confirmation Hearing without resolicitation of creditors and interest holders who are not further impaired. In addition, the Company may make any other amendments or modifications to the Plan before or after Confirmation in accordance with the provisions of Section 1127 of the Bankruptcy Code.

## SUBSIDIARIES OF THE COMPANY

The Company currently has three wholly-owned operating subsidiaries. The subsidiaries are Crystal Exploration Company, a Michigan corporation, Crystal Exploration and Production Company, a Florida corporation, and Crystal Program Limited, Inc., a Texas corporation. The business of each of Crystal Michigan and CEPCO is principally that of owning certain properties having crude oil and natural gas reserves and owning various processing facilities relating to such properties. The business of CPL is principally that of acting as general partner in four crude oil and natural gas limited partnerships (the "CPL Partnerships") which have participated with the Company in drilling exploratory and development wells on leases generated by the Company. CPL also owns the office building in which the Company's executive offices are located. The limited partners in the CPL Partnerships consist of current and past directors, officers, employees and shareholders of the Company. The Company, as operator, develops and produces the crude oil and natural gas attributable to the properties of the subsidiaries and the CPL Partnerships and operates the processing facilities of Crystal Michigan and CEPCO. Crystal Michigan's principal crude oil and natural gas properties are located in Michigan and CEPCO's principal crude oil and natural gas properties are located in Colorado, Wyoming, Texas and offshore Louisiana. The CPL Partnerships' properties are located primarily in Louisiana. CEPCO also acts as a general partner in a limited partnership which owns certain crude oil and natural gas properties in Colorado, and owns all the stock of another corporation that leases certain production-related equipment to such limited partnership. None of the Company's subsidiaries has any employees, owns any substantial properties or conducts any business or operations other than as described above.

It is not anticipated that any of the Company's subsidiaries or the CPL Partnerships will file for reorganization under the Bankruptcy Code in connection with the Company's reorganization. However, because Crystal Michigan and CEPCO are each guarantors of the Bank Note and the Company's obligations with respect to the Letters of Credit and are each primarily obligated to Halliburton with respect to the Halliburton Note, the Plan is conditioned upon Crystal Michigan and CEPCO guaranteeing the obligations of the Company with respect to the New Bank Note and the Letters of Credit and becoming obligors with respect to the New Halliburton Note.

Over the years, there have accrued various amounts of intercompany indebtedness between the Company and its subsidiaries. As of March 31, 1986, the Company was indebted to CEPCO for previous advances in the amount of $69,411,000, and Crystal Michigan and CPL were indebted to the Company for advances in the amounts of $5,956,000 and $2,173,000, respectively. The advances from the Company to Crystal Michigan were to assist Crystal Michigan in meeting its general operating expenses. The advances to CPL were primarily to allow CPL to meet its obligations under the partnership agreements with respect to the CPL Partnerships to purchase units of limited partnership interests in the CPL Partnerships from the limited partners in such partnerships. For additional information with respect to the CPL Partnerships, see the information set forth under the heading "Certain Relationships and Related Transactions—Interest of Certain Persons in Certain Transactions" in the Company's Annual Report. Under the Plan, all intercompany debt between the Company and its subsidiaries is to be discharged or forgiven as of the Effective Date.

## CERTAIN CONDITIONS

Article XIII of the Plan requires that a number of conditions be met prior to the Plan becoming effective. Included among these conditions are the following: (i) the Effective Date of the Plan shall have occurred within 12 months following the Petition Date; (ii) the Company shall have taken all steps necessary and performed all acts required by the Bankruptcy Code in order to confirm the Plan (as more fully described in Section 1129 of the Bankruptcy Code); (iii) the Bankruptcy Court by Final Order shall have found that the acceptances and rejections of the Plan from the Company's impaired creditors were solicited after disclosure of adequate information to all such creditors in compliance with any applicable nonbankruptcy law, rule or regulation governing the adequacy of disclosure in connection with this



RAM00228

solicitation, and that all solicitations for approval of the Plan were made in good faith and in compliance with the applicable provisions of the Bankruptcy Code; (iv) all impaired classes of creditors shall have voted to accept the Plan by at least two-thirds in amount and more than half in number of those voting; (v) all impaired classes of interest holders shall have voted to accept the Plan by at least two-thirds in amount of those voting, or that the Bankruptcy Court shall have found that such vote is not required; (vi) the Company and the Bank shall have entered into the Supplemental Loan Agreement; (vii) CEPCO and Crystal Michigan shall have guaranteed the Company's obligations under the Supplemental Loan Agreement; (viii) the Company, CEPCO, Crystal Michigan and Halliburton shall have entered into the Supplemental Agreement; (ix) the Bank and Halliburton shall have entered into an intercreditor agreement with respect to the right of Halliburton to receive payments on the New Halliburton Note; (x) the Bankruptcy Court by Final Order shall have ordered that (A) the property that is subject to the lien securing the payment of the Company's obligations with respect to the New Bank Note and the Letters of Credit is subject to no prior lien or security interest, (B) the property that is subject to the lien securing the payment of the New Halliburton Note is subject to no prior lien or security interest, other than the lien and security interest securing the payment of the Company's obligations with respect to the New Bank Note and the Letters of Credit, and (C) the property that is subject to the lien securing the payment of the Company's obligations with respect to the New Convertible Secured Notes is subject to no prior lien or security interest other than the liens and security interests securing the payment of the Company's obligations with respect to the New Bank Note, the Letters of Credit and the New Halliburton Note; (xi) the New Note Indenture shall have been qualified under the Trust Indenture Act of 1939, as amended; and (xii) the form of the Supplemental Loan Agreement, the Supplemental Agreement, the New Note Indenture, the New Securities, CEPCO's and Crystal Michigan's guarantees of the Supplemental Loan Agreement and all other agreements, instruments and documents necessary for the implementation of the Plan shall have been filed with the Bankruptcy Court and approved thereby.

The foregoing conditions are for the sole benefit of the Company and may be asserted by the Company regardless of the circumstances giving rise to any such conditions or may be waived, to the extent permitted under the Bankruptcy Court, by the Company in whole or in part at any time and from time to time in its sole discretion. Except as may be limited by the Bankruptcy Court, any determination by the Company concerning the events described above will be final and binding upon all parties.

While the Company is not currently aware of any circumstances that would prevent any of the foregoing conditions from being met, there can be no assurance that circumstances or events may not exist or occur following the date of this Disclosure Statement which would result in one or several of the foregoing conditions not being met. If such is the case, and the Company is unable to obtain a modification of such conditions or a waiver of such conditions from the Bankruptcy Court or any consent to such modification or waiver from any party that may be entitled to assert such conditions in the Chapter 11 case, it is likely that the transactions contemplated in the Plan will not be consummated and that the Company will be required to seek other alternatives to the Plan, including possibly liquidation under Chapter 7 of the Bankruptcy Code.

## JURISDICTION OF BANKRUPTCY COURT

Following the Consummation Date, the Bankruptcy Court will retain jurisdiction to enter and implement such orders as may be necessary (i) to assure performance of the Company of its obligations to make distributions under the Plan and with respect to the New Securities to be issued thereunder, (ii) to classify, allow or disallow claims under the Plan, (iii) to direct distributions under the Plan and hear and determine any controversies pertaining to distributions, (iv) to hear and determine any and all applications, adversary proceedings, and other matters pending before it (including any matter on appeal from it, if remanded) at the time the order confirming the Plan is entered or at the time such order becomes final, or on the Consummation Date, and (v) to enter and implement such Orders as may be appropriate in the event Confirmation is for any reason stayed, reversed, revoked or vacated. The Company will be released from the custody and jurisdiction of the Bankruptcy Court on the Consummation Date except with respect to the foregoing matters.



RAM00229

# ANTICIPATED OPERATIONS DURING THE CHAPTER 11 CASE

Upon the Company's commencement of a Chapter 11 case, the Company anticipates that it will operate its business as a debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code. The Company intends to carry on its current crude oil and natural gas operations, which, as discussed earlier, would be primarily limited to attempting to maximize production from existing wells and possibly engaging in certain limited development drilling where the wells are considered acceptable risks and the costs associated therewith are expected to be recovered within a short period of time. During the Chapter 11 case, the Company may also seek authority to dispose of certain crude oil and natural gas properties, its remaining refinery assets or other assets. Such dispositions will be subject to the requirements set forth in Section 363 of the Bankruptcy Code.

Section 363 of the Bankruptcy Code prohibits the use of "cash collateral" by the Company without the consent of each entity that has an interest in such collateral, unless such use is permitted by the Bankruptcy Court after notice and hearing. Because substantially all the Company's crude oil and natural gas properties are currently mortgaged and the proceeds therefrom subject to a cash collateral agreement between the Company and the Bank, the Company believes that the vast majority of its cash receipts and other assets will be subject to security interests existing before the commencement of the Chapter 11 case. Accordingly, the Company's use of such cash receipts or other assets during the Chapter 11 case will be subject to the requirements of Section 363 of the Bankruptcy Code. In recognition of the senior position of the Bank Note, the Company, with the approval of the Bankruptcy Court, may continue to make principal payments thereon during the pendency of the Chapter 11 case not to exceed $1,147,000 per month and may continue to keep interest thereon current. Further, with the consent of the Bank and the approval of the Bankruptcy Court, the Company may make additional payments of interest, and perhaps principal, on the Halliburton Note.

Section 364 of the Bankruptcy Code authorizes the Company to obtain unsecured credit and incur unsecured debt in the ordinary course of its business. Any unsecured credit incurred by the Company after the Petition Date would be entitled to treatment as an Administrative Claim. In the event that the Company is required to obtain unsecured credit or to incur unsecured debt after the Petition Date outside the ordinary course of its business, the Company will be required to obtain Bankruptcy Court approval prior to incurring such unsecured credit.

If postpetition financing is necessary and the Company is unable to obtain unsecured credit, the Bankruptcy Court, after notice and a hearing, may authorize the Company to obtain secured credit. In such event, Section 364 of the Bankruptcy Code requires that the creditor extending such secured credit may be entitled to the following treatment: (i) priority treatment over any and all other Administrative Claims; (ii) security in the nature of a lien on property of the Company that is not otherwise subject to a lien; or (iii) security in the nature of a junior lien on property of the Company that is subject to a prior lien of a secured creditor. Furthermore, in the event that the Company is not able to obtain secured credit in the manner set forth above, Section 364(d) authorizes the Company, subject to a hearing on adequate protection to existing lien holders, to obtain secured credit secured by a prior or equal lien on property of the Company that is previously subject to the lien on the property of the Company. While the Company has no current intention to incur unsecured credit outside the ordinary course of its business or secured credit in order to operate its business, there can be no assurance that additional financing will not be necessary in order to continue operations prior to Confirmation of the Plan. Any such credit could ultimately, in effect, reduce the security that one or more classes of the Company's creditors currently has.

Finally, the Company or certain parties in interest may contest various matters or initiate certain adversary proceedings in the Bankruptcy Court during the pendency of the reorganization. These matters or proceedings may involve, *inter alia*, objections to claims, relief from the automatic stay, recovery of voidable preferences, or fraudulent conveyances. The Company will be a party to these matters and will, to the extent necessary, defend or assert the interest of its Estate versus other parties.



RAM00230

# FEASIBILITY OF THE PLAN

Assuming the Effective Date of the Plan is December 31, 1986, the Company is expected to have remaining approximately $120,565,000 ($75,093,000 of which will be non-interest bearing) in secured debt (excluding the $32,200,000 in Letters of Credit), and will have no other indebtedness outstanding other than normal and recurring trade indebtedness estimated at approximately $12,000,000, and, possibly, contingent obligations from claims against the Company not resolved or provided for in the Chapter 11 case.

The following tables set forth the Company's (i) Historical Consolidated Statement of Operations for the year ended December 31, 1985, and Statements of Projected Operations for each of the eleven years in the period ending December 31, 1996, and (ii) Historical Statement of Cash Flow for the year ended December 31, 1985, and Statements of Projected Cash Flow for each of the eleven years in the period ending December 31, 1996. In addition to the projected financial information discussed below, reference should be made to "THE COMPANY", "THE PLAN—Implementation of the Plan—Business of the Reorganized Company" and the discussion under the heading "Business" in the Company's Annual Report for a discussion of the business presently conducted and proposed to be conducted by the Company.

The financial projections present, to the best of the management's belief, the expected results of operations and cash flow for the projected periods, utilizing the hypothetical assumptions referred to below. Accordingly, the projections reflect management's judgment, based on current facts and circumstances, of the expected conditions and management's anticipated course of action upon the Effective Date of the Plan. WHILE MANAGEMENT BELIEVES THE ASSUMPTIONS SET FORTH BELOW ARE REASONABLE, THEIR VALIDITY MAY BE AFFECTED BY THE OCCURRENCE OF EVENTS AND THE EXISTENCE OF CONDITIONS NOT NOW CONTEMPLATED AND BY OTHER FACTORS, MANY OF WHICH ARE BEYOND THE CONTROL OF THE COMPANY. THE PROJECTIONS ARE, THEREFORE, NOT INTENDED TO BE REPRESENTATIONS OF THE COMPANY'S FUTURE PERFORMANCE. ACTUAL OPERATING RESULTS DURING THE PROJECTED PERIODS WILL VARY FROM THE PROJECTIONS AND SUCH VARIATIONS MAY BE MATERIAL.

THE FINANCIAL PROJECTIONS DO NOT ASSUME ANY FUTURE FINANCING BY THE COMPANY, THE CONVERSION OF ANY PRINCIPAL AMOUNT OF THE NEW CONVERTIBLE SECURED NOTES, THE CONVERSION OF ANY SHARES OF THE PREFERRED STOCK OR THE EXERCISE OF ANY OF THE WARRANTS BECAUSE OF THE UNCERTAINTY OF THE OCCURRENCE OF ANY OF SUCH EVENTS. IF ANY SUCH EVENTS DO OCCUR, SUCH EVENTS WOULD LIKELY HAVE A BENEFICIAL EFFECT ON THE FUTURE CAPITALIZATION OF THE COMPANY AND COULD RESULT IN MATERIAL VARIATIONS IN THE PROJECTIONS. THE COMPANY, HOWEVER, EMPHASIZES THAT SUCH EVENTS ARE SPECULATIVE AND THAT THERE CAN BE NO ASSURANCE THAT ANY OF SUCH EVENTS WILL OCCUR.



RAM00231

**Historical Statement of Operations for the Year Ended December 31, 1985, and Statements of Projected Operations for Each of the Eleven Years in the Period Ending December 31, 1996**

**(In Thousands)**

| | Historical Year Ended December 31, 1985 | Projected Years Ending December 31, | | | |
|---|---|---|---|---|---|
| | | 1986 | 1987 | 1988 | 1989 |
| REVENUES | | | | | |
| Crude oil and natural gas | $ 88,927 | $ 51,953 | $38,898 | $45,762 | $43,372 |
| Other income | 5,439 | 916 | 623 | 743 | 693 |
| | 94,366 | 52,869 | 39,521 | 46,505 | 44,065 |
| COSTS AND EXPENSES | | | | | |
| Lease operating expense | 15,917 | 11,351 | 9,821 | 9,388 | 7,810 |
| Taxes other than windfall profit | 7,197 | 3,619 | 2,625 | 2,765 | 2,752 |
| Windfall profit tax | 492 | 400 | — | — | — |
| General and administrative | 13,574 | 13,400 | 7,300 | 7,100 | 7,100 |
| Contingencies | — | 1,000 | 1,000 | 500 | 500 |
| Interest and debt expense | 51,368 | 21,309 | 7,120 | 6,642 | 6,453 |
| Exploration costs | 4,306 | 2,710 | 1,000 | 1,000 | 1,000 |
| Write-down of inventory | 2,500 | — | — | — | — |
| Depreciation and depletion | 52,625 | 201,426 | 16,252 | 15,229 | 14,362 |
| | 147,979 | 255,215 | 45,118 | 42,624 | 39,977 |
| INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | (53,613) | (202,346) | (5,597) | 3,881 | 4,088 |
| INCOME TAXES | 60 | — | — | 957 | 1,320 |
| INCOME (LOSS) FROM CONTINUING OPERATIONS | (53,673) | (202,346) | (5,597) | 2,924 | 2,768 |
| LOSS FROM DISCONTINUED OPERATIONS | (14,158) | (10,000) | — | — | — |
| NET INCOME (LOSS) | $(67,831) | $(212,346) | $(5,597) | $ 2,924 | $ 2,768 |

See Summary of Significant Financial Projection Assumptions.



RAM00232

| Projected Years Ending December 31. | | | | | | |
|---|---|---|---|---|---|---|
| 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| $44,267 | $39,460 | $35,169 | $32,168 | $28,702 | $23,705 | $18,261 |
| 768 | 1,167 | 2,027 | 2,670 | 3,783 | 4,084 | 1,529 |
| 45,035 | 40,627 | 37,196 | 34,838 | 32,485 | 27,789 | 19,790 |
| 7,201 | 6,033 | 5,359 | 4,716 | 4,475 | 4,135 | 3,564 |
| 2,770 | 2,525 | 2,309 | 2,215 | 2,014 | 1,778 | 1,619 |
| — | — | — | — | — | — | — |
| 7,100 | 7,100 | 7,100 | 7,100 | 7,100 | 7,100 | 7,100 |
| 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| 5,577 | 5,592 | 6,421 | 7,372 | 7,714 | 7,358 | 3,859 |
| 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| — | — | — | — | — | — | — |
| 15,041 | 13,927 | 12,776 | 12,248 | 11,077 | 9,175 | 7,295 |
| 39,189 | 36,677 | 35,465 | 35,151 | 33,880 | 31,046 | 24,937 |
| 5,846 | 3,950 | 1,731 | (313) | (1,395) | (3,257) | (5,147) |
| 2,057 | 1,155 | 25 | — | — | — | — |
| 3,789 | 2,795 | 1,706 | (313) | (1,395) | (3,257) | (5,147) |
| — | — | — | — | — | — | — |
| $ 3,789 | $ 2,795 | $ 1,706 | $ (313) | $(1,395) | $(3,257) | $(5,147) |



RAM00233

**Historical Statement of Cash Flow for the Year Ended December 31, 1985, and Statements of Projected Cash Flow for Each of the Eleven Years in the Period Ending December 31, 1996**

**(In Thousands)**

| | Historical Year Ended December 31, 1985 | Projected Years Ending December 31, | | | |
|---|---|---|---|---|---|
| | | 1986 | 1987 | 1988 | 1989 |
| Income (Loss) from continuing operations | $(53,673) | $(202,346) | $(5,597) | $ 2,924 | $2,768 |
| Add items not requiring cash and interest and debt expense: | | | | | |
| Depreciation and depletion | 52,625 | 201,426 | 16,252 | 15,229 | 14,362 |
| Exploration costs | 4,306 | 1,710 | — | — | — |
| Interest and debt expense | 51,368 | 21,309 | 7,120 | 6,642 | 6,453 |
| Income taxes | — | — | — | 957 | 1,320 |
| Other | 1,571 | 650 | — | — | — |
| Cash flow provided from continuing operations, before debt expense | 56,197 | 22,749 | 17,775 | 25,752 | 24,903 |
| Cash flow provided from discontinued operations | 5,675 | — | — | — | — |
| Other sources of cash flow, net | 15,531 | 1,934 | 921 | — | — |
| Cash flow provided before capital expenditures and debt service | 77,403 | 24,683 | 18,696 | 25,752 | 24,903 |
| Cash available for use (to be provided) at the beginning of year | 4,123 | 5,231 | (847) | — | (638) |
| Cash available | 81,526 | 29,914 | 17,849 | 25,752 | 24,265 |
| Capital expenditures for crude oil and natural gas properties | 9,032 | 6,957 | 1,736 | 13,733 | 6,287 |
| Cash available for debt service | 72,494 | 22,957 | 16,113 | 12,019 | 17,978 |
| Debt service, requiring use of cash: | | | | | |
| Old and New Bank and Halliburton Notes: | | | | | |
| Principal | 28,968 | 18,338 | 11,956 | 9,500 | 15,598 |
| Interest expense, including letters of credit | 8,374 | 5,392 | 4,157 | 3,157 | 2,380 |
| Other Debt (primarily the Debentures): | | | | | |
| Principal | 3,517 | — | — | — | — |
| Interest expense | 26,404 | 74 | — | — | — |
| New Convertible Secured Notes—Sinking Fund | — | — | — | — | — |
| Cash flow available | 5,231 | (847) | — | (638) | — |
| Senior Preferred Stock dividends | — | — | — | — | — |
| Cash available for use (to be provided) in subsequent year | $ 5,231 | $ (847) | $ — | $ (638) | $ — |
| Cash at end of year (See Note F) | $ 9,231 | $ 3,153 | $ 4,000 | $ 3,362 | $4,000 |

See Summary of Significant Financial Projection Assumptions.



RAM00234

| Projected Years Ending December 31. | | | | | | |
|---|---|---|---|---|---|---|
| 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| $ 3,789 | $ 2,795 | $ 1,706 | $ (313) | $(1,395) | $(3,257) | $(5,147) |
| 15,041 | 13,927 | 12,776 | 12,248 | 11,077 | 9,175 | 7,295 |
| — | — | — | — | — | — | — |
| 5,577 | 5,592 | 6,421 | 7,372 | 7,714 | 7,358 | 3,859 |
| 2,057 | 1,155 | 25 | — | — | — | — |
| — | — | — | — | — | — | — |
| 26,464 | 23,469 | 20,928 | 19,307 | 17,396 | 13,276 | 6,007 |
| — | — | — | — | — | — | — |
| — | — | — | — | — | — | — |
| 26,464 | 23,469 | 20,928 | 19,307 | 17,396 | 13,276 | 6,007 |
| — | 6,795 | 20,708 | 30,720 | 48,470 | 53,939 | 56,167 |
| 26,464 | 30,264 | 41,636 | 50,027 | 65,866 | 67,215 | 62,174 |
| 10,412 | 9,451 | 10,827 | 1,483 | 1,868 | 1,003 | 675 |
| 16,052 | 20,813 | 30,809 | 48,544 | 63,998 | 66,212 | 61,499 |
| 8,418 | — | — | — | — | — | — |
| 839 | 105 | 89 | 74 | 59 | 45 | 29 |
| — | — | — | — | — | — | — |
| — | — | — | — | — | — | — |
| — | — | — | — | 10,000 | 10,000 | 55,093 |
| 6,795 | 20,708 | 30,720 | 48,470 | 53,939 | 56,167 | 6,377 |
| — | — | — | — | — | — | — |
| $ 6,795 | $20,708 | $30,720 | $48,470 | $53,939 | $56,167 | $ 6,377 |
| $10,795 | $24,708 | $34,720 | $52,470 | $57,939 | $60,167 | $10,377 |



RAM00235

## CRYSTAL OIL COMPANY AND SUBSIDIARIES
## SUMMARY OF SIGNIFICANT FINANCIAL PROJECTION ASSUMPTIONS

The financial projections present, to the best of the Company's management's belief, the expected results of operations and cash flow for the projected periods utilizing the hypothetical assumptions referred to below. Accordingly, the projections reflect management's judgment, based on current facts and circumstances, of the expected conditions and its anticipated course of action upon the Effective Date of the Plan. However, while management believes these assumptions are reasonable, their validity may be affected by the occurrence of events and the existence of conditions not now contemplated and by other factors, many of which are beyond the control of the Company. The projections are therefore not intended to be representations of the Company's future performance. Actual operating results during the projected periods will vary from the projections and such variations may be material. The historical information for the year ended December 31, 1985, is extracted from the Company's consolidated financial statements for such year included in the Company's Annual Report, which should be read, including the related footnotes, for additional information. The Company's historical accounting policies have been consistently applied in the financial projections.

The principal hypothetical assumptions underlying the financial projections are as follows:

A. The financial projections assume a Petition Date of September 1, 1986, and an Effective Date on December 31, 1986. In addition, the financial projections assume that the New Convertible Secured Notes and the shares of Preferred Stock to be issued under the Plan are not converted into shares of New Common Stock and that the Warrants to be issued under the Plan are not exercised. The projections for the year ending December 31, 1986, consider unaudited financial results of the Company for the three months ended March 31, 1986, which, in the opinion of management, include all normal and recurring adjustments and the $174,000,000 valuation adjustment described in the footnotes to the Company's consolidated condensed financial statements included in the Company's Quarterly Report. The remaining periods are based on the hypothetical assumptions discussed herein.

   The Company's Board of Directors currently intends to approve a corporate readjustment of the recorded amounts of its assets and liabilities to fair value, effected in a form similar to a quasi-reorganization simultaneous with the Effective Date of the Plan. Accordingly, such readjustment is considered in the financial projections.

   The adjustments to the fair value of assets are based on the Company's estimates thereof. In addition, the principal amount of the New Convertible Secured Notes to be issued under the Plan is discounted to reflect an imputed interest rate of 15% per annum. Therefore, the effects of the quasi-reorganization represent management's best estimates of the quasi-reorganization. The actual effects of the readjustment will be based on the fair values of the Company's assets and liabilities based upon appraisals prepared by independent experts as of the Effective Date, which will likely be different than considered herein.

B. Revenues, production costs (including lease operating expense and ad valorem, severance and windfall profit taxes), and capital expenditures attributable to crude oil and natural gas production have been determined from the Gruy Report, except for certain decreases in the assumptions for projected crude oil and natural gas prices made by the Company subsequent to the issuance of such report. However, it is not practical to have a full reserve report prepared as often as market conditions are changing in the crude oil and natural gas industry, and the Company has therefore relied on the Gruy Report for purposes of the above information insofar as future volumes of production and certain other matters are concerned. While pricing assumption adjustments to the Gruy Report data have been made, such pricing adjustments are not expected to materially affect the production levels and cost information contained in the Gruy Report. The Gruy Report, attached hereto as Exhibit F, is referred to concerning the assumptions and procedures utilized in the preparation of such engineering evaluation. For certain information with respect to reserve evaluations, see "RISK FACTORS—Reserve Values".



RAM00236

The financial projections consider that proved developed non-producing and proved undeveloped reserves will be successfully developed and will have production as reflected in the engineering evaluation. The financial projections include cash available for debt service attributable to the successful development and production of proved nonproducing reserves as follows:

| | Year Ending December 31, | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| | (In Thousands) | | | | | | | | | | |
| ude oil and natural as revenues | $2,507 | $4,835 | $13,774 | $19,568 | $25,572 | $25,291 | $23,931 | $23,795 | $21,988 | $18,163 | $13,918 |
| oduction costs | 303 | 695 | 1,212 | 1,649 | 2,185 | 2,232 | 2,334 | 2,596 | 2,664 | 2,465 | 2,358 |
| crease in cash flow rovided from continuing operations | 2,204 | 4,140 | 12,562 | 17,919 | 23,387 | 23,059 | 21,597 | 21,199 | 19,324 | 15,698 | 11,560 |
| crease in capital expenditures | 3,184 | 1,496 | 13,733 | 6,287 | 10,412 | 9,451 | 10,827 | 1,483 | 1,868 | 1,003 | 675 |
| crease (decrease) in ash available for ebt service | $ (980) | $2,644 | $(1,171) | $11,632 | $12,975 | $13,608 | $10,770 | $19,716 | $17,456 | $14,695 | $10,885 |

As reflected in the above table, the ability of the Company to fund the obligations contemplated by the Plan is dependent upon the success of the Company's future development drilling program.

The pricing assumptions utilized for determining future crude oil and natural gas reserves, as considered in the engineering evaluation, have been made by the Company based on advice of Copeland, the Company's principal financial advisor. Such pricing assumptions consider that the prices for the Company's crude oil for the last nine months of 1986, for the year ending December 31, 1987, and for each year thereafter in the projections will average approximately $13.00, $16.25, and $20.00 per barrel, respectively. The prices for the Company's natural gas for such periods are assumed to average approximately $2.60, $2.30 and $3.00 per Mcf, respectively. If future prices differ, the level of reserves the Company will be able to economically produce could be affected. As of June 16, 1986, the Company's average price for the Company's crude oil and natural gas was approximately $12.50 per barrel and $2.45 per Mcf. To illustrate meaningfully the effect on the projected cash available for debt service (*i.e.*, Available Cash Flow), the following table considers hypothetical assumed increases and decreases in crude oil and natural gas prices and the related increases and decreases to cash available for debt service reflected in the financial projections, without considering any changes in production, drilling activities, interest income resulting from fluctuations in cash available for short-term investment or debt service payments. Accordingly, the adjustments to cash flow available for debt service considered below may not reflect the maximum changes attributable to the hypothetical fluctuations in the crude oil and natural gas prices:

**Hypothetically Assumed Increase (Decrease) in Average Prices of Crude Oil and Natural Gas**

| Percentage Change to Average Prices Considered in Financial Projections | Crude Oil (bbls.) | | | Natural Gas (Mcf) | | |
|---|---|---|---|---|---|---|
| | 1986 | 1987 | Thereafter | 1986 | 1987 | Thereafter |
| 20% | $15.60 | $19.50 | $24.00 | $3.12 | $2.76 | $3.60 |
| 15 | 14.95 | 18.69 | 23.00 | 2.99 | 2.65 | 3.45 |
| 10 | 14.30 | 17.88 | 22.00 | 2.86 | 2.53 | 3.30 |
| 5 | 13.65 | 17.06 | 21.00 | 2.73 | 2.42 | 3.15 |
| (5) | 12.35 | 15.44 | 19.00 | 2.47 | 2.19 | 2.85 |
| (10) | 11.70 | 14.63 | 18.00 | 2.34 | 2.07 | 2.70 |
| (15) | 11.05 | 13.81 | 17.00 | 2.21 | 1.96 | 2.55 |
| (20) | 10.40 | 13.00 | 16.00 | 2.08 | 1.84 | 2.40 |



RAM00237

**Effects of Hypothetical Assumed Increases (Decreases) in Average Prices of Crude Oil and Natural Gas and Corresponding Increase (Decrease) to "Projected Cash Flow Available for Debt Service" Reflected in the Financial Projections**

| Percentage Change to Average Prices Considered in Financial Projections | Projected Years Ending December 31, | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| | (In Thousands) | | | | | | | | | | |
| 20% | $6,966 | $7,526 | $8,843 | $8,335 | $8,432 | $7,608 | $6,825 | $6,432 | $5,729 | $4,691 | $3,665 |
| 15 | 5,225 | 5,645 | 6,633 | 6,251 | 6,324 | 5,706 | 5,119 | 4,824 | 4,297 | 3,518 | 2,748 |
| 10 | 3,483 | 3,763 | 4,422 | 4,167 | 4,216 | 3,804 | 3,412 | 3,216 | 2,865 | 2,346 | 1,832 |
| 5 | 1,742 | 1,882 | 2,211 | 2,084 | 2,108 | 1,902 | 1,706 | 1,608 | 1,432 | 1,173 | 916 |
| (5) | (1,742) | (1,882) | (2,211) | (2,084) | (2,108) | (1,902) | (1,706) | (1,608) | (1,432) | (1,173) | (916) |
| (10) | (3,483) | (3,763) | (4,422) | (4,167) | (4,216) | (3,804) | (3,412) | (3,216) | (2,865) | (2,346) | (1,832) |
| (15) | (5,225) | (5,645) | (6,633) | (6,251) | (6,324) | (5,706) | (5,119) | (4,824) | (4,297) | (3,518) | (2,748) |
| (20) | (6,966) | (7,526) | (8,843) | (8,335) | (8,432) | (7,608) | (6,825) | (6,432) | (5,729) | (4,691) | (3,665) |

The engineering evaluation considers that production costs and capital expenditures will remain constant at the same levels as that considered in the Company's December 31, 1985, reserve report. See the Company's Annual Report.

Capital expenditures for crude oil and natural gas properties do not consider that the Company's inventory of lease and well equipment will be utilized. To the extent that the Company currently has an inventory of lease and well equipment that can be utilized in the projected drilling activities, future cash expenditures could be reduced and cash available for debt service could be increased. In addition, the value of lease and well equipment salvaged from abandoned crude oil and natural gas properties is assumed to be less than abandonment and refurbishment costs by $1,200,000 in the financial projections.

C. The financial projections consider that the Company will continue monthly payments on the Bank Note of $1,147,000 plus accrued interest through August 1986, and thereafter the monthly installments on the Bank Note and the New Bank Note, as the case may be, will be equal to the Minimum Payment described in "THE NEW SECURITIES—The New Bank Note and the Letters of Credit". The financial projections also consider that beginning in 1987 an additional principal payment will be made on the New Bank Note in an amount equal to a specified percentage of Available Cash Flow to the extent the amount calculated exceeds the principal and interest payments previously paid on such debt during the year. The percentage of Available Cash Flow to be applied to the New Bank Note is currently being negotiated between the Bank and Halliburton, but is expected to be between 70% and 91%. In addition, it is considered that an additional principal payment of $2,250,000 will be paid on the Halliburton Note during 1986. Such additional payment reflects the Company's latest offer to Halliburton with respect to the Company's resumption of payments on the Halliburton Note. Principal payments on the New Halliburton Note are considered to be determined in an amount equal to the Available Cash Flow less any amounts paid on the New Bank Note (including interest) and interest payments previously paid on the New Halliburton Note during the year.

The Bank Note and New Bank Note are considered to accrue interest at prime plus ¾%. The Halliburton Note and New Halliburton Note are considered to accrue interest at 12% through July 5, 1986, and thereafter at prime plus ¾%. The reduction in the annual rate of interest on the Halliburton Note from 12% to prime plus ¾% reflects the Company's latest offer to Halliburton with respect to the Company's resumption of payments of principal and interest on the Halliburton Note. The prime interest rate in the last nine months of 1986, 1987, and thereafter is assumed to average 8½%, 9%, and 9½%, respectively.



RAM00238

Although the Bank and Halliburton have not agreed on an allocation of Available Cash Flow, the allocation of the amount attributable to the payment of principal on the New Bank Note and the New Halliburton Note is based on the percentages of each of the aggregate amount of both Notes at the beginning of the year. It is not presently determinable whether the amount of the Letters of Credit outstanding will be considered in determining the annual allocation of Available Cash Flow between the New Bank Note and New Halliburton Note. Therefore, the following tables reflect the effect on the debt service of such obligations considering whether the Letters of Credit are included or excluded:

**Allocation of Payments Including Letters of Credit**

| | Projected Years Ending December 31, | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| Bank Note and New Bank Note: | | | | | | | | | | | |
| Minimum monthly principal payment | $13,088 | $10,500 | $ 9,500 | $ 5,000 | $3,177 | $ — | $— | $— | $— | $— | $— |
| Cash sweep principal payment | — | 628 | — | 8,639 | — | — | — | — | — | — | — |
| Interest expense, including letters of credit fee paid | 4,412 | 3,374 | 2,419 | 1,642 | 302 | 105 | 89 | 74 | 59 | 45 | 29 |
| Total debt service on Bank Note and New Bank Note | 17,500 | 14,502 | 11,919 | 15,281 | 3,479 | 105 | 89 | 74 | 59 | 45 | 29 |
| Halliburton Note and New Halliburton Note: | | | | | | | | | | | |
| Principal payments | 5,250 | — | — | — | — | — | — | — | — | — | — |
| Cash sweep principal payments | — | 828 | — | 1,959 | 5,241 | — | — | — | — | — | — |
| Interest expense | 980 | 783 | 738 | 738 | 537 | — | — | — | — | — | — |
| Total debt service on Halliburton Note and New Halliburton Note | 6,230 | 1,611 | 738 | 2,697 | 5,778 | — | — | — | — | — | — |
| TOTAL | $23,730 | $16,113 | $12,657 | $17,978 | $9,257 | $105 | $89 | $74 | $59 | $45 | $29 |

**Allocation of Payments Excluding Letters of Credit**

| | Projected Years Ending December 31, | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| Bank Note and New Bank Note: | | | | | | | | | | | |
| Minimum monthly principal payment | $13,088 | $10,500 | $ 9,500 | $ 5,000 | $5,000 | $ — | $— | $— | $— | $— | $— |
| Cash sweep principal payment | — | — | — | 6,417 | 1,027 | — | — | — | — | — | — |
| Interest expense, including letters of credit fee paid | 4,412 | 3,374 | 2,483 | 1,707 | 501 | 105 | 89 | 74 | 59 | 45 | 29 |
| Total debt service on Bank Note and New Bank Note | 17,500 | 13,874 | 11,983 | 13,124 | 6,528 | 105 | 89 | 74 | 59 | 45 | 29 |
| Halliburton Note and New Halliburton Note: | | | | | | | | | | | |
| Principal payments | 5,250 | — | — | — | — | — | — | — | — | — | — |
| Cash sweep principal payments | — | 1,456 | — | 4,180 | 2,392 | — | — | — | — | — | — |
| Interest expense | 980 | 783 | 674 | 674 | 245 | — | — | — | — | — | — |
| Total debt service on Halliburton Note and New Halliburton Note | 6,230 | 2,239 | 674 | 4,854 | 2,637 | — | — | — | — | — | — |
| TOTAL | $23,730 | $16,113 | $12,657 | $17,978 | $9,165 | $105 | $89 | $74 | $59 | $45 | $29 |



RAM00239

The financial projections consider that the Letters of Credit are included in the allocation of principal payments between the New Bank Note and New Halliburton Note; however, the effect on the financial projections from excluding the Letters of Credit in the allocation of such payments would not be material.

D. Other income primarily consists of interest earned on short-term cash investments and fees for the gathering and transportation of natural gas from certain field systems. Short-term cash investments are assumed to earn interest at 6.5%, which approximates the rate currently being realized by the Company. Other income for 1986 has been reduced by a loss of $325,000 which resulted from the sale of certain of the Company's transportation assets. The net proceeds from such sale are approximately $775,000. In addition, the Company's other primary transportation assets are considered to be sold in June 1987 for approximately $850,000.

E. General and administrative costs and expenses for 1986 include $5,250,000 of costs and expenses associated with the Plan (which amount represents $1,950,000 anticipated to be incurred prior to filing for reorganization and $3,300,000 of administrative expenses after filing for reorganization, including fees to Copeland and PWI). In addition, general and administrative costs and expenses assume that current levels of staffing and expenditures are maintained through the projection period, except to the extent that adjustments can be reasonably estimated. Such adjustments primarily relate to decreases in costs incurred for outside consulting and professional services, salary and related costs due to reductions in the number of employees, and costs and expenses related to assets assumed to be sold. The Company has historically incurred and it is assumed that it will continue to incur costs and expenses attributable to its Land and Geological Departments, which are charged for financial reporting purposes to exploration costs. Such costs and expenses were $1,239,000 in 1985, and are projected to be approximately $1,000,000 for each of the eleven years in the period ending December 31, 1996.

F. The financial projections consider that cash provided from accounts receivable and other current assets will fund the Company's current accounts payable and accrued expenses, other than interest relating to the Company's debt obligations. In addition, the financial projections consider that the Company will retain $4,000,000 in cash to fund its day-to-day operations, except to the extent such funds are needed to make the minimum payments on the New Bank Note and the New Halliburton Note.

G. The amount of contingency costs and expenses is an estimate to provide for items not specifically identified or currently contemplated. Such costs and expenses could relate to such items as workovers, litigation settlements, indemnification payments for tax benefits sold, tax claims, and other unspecified contingencies.

H. The Company is currently considering various alternatives for its Longview Refinery, including, but not limited to, selling the refinery assets to a third party, entering into an agreement whereby a third party would operate such assets with the Company retaining a net profits interest, or salvaging the refinery. It is not currently determinable when economic conditions will enable the Company to exercise these or any other alternatives relative to this refinery. Consequently, the financial projections do not consider any benefit or detriment relating to the sale or operation of such assets. The Company's Adobe Refinery is considered to be salvaged and sold for its metal value in 1986 and that the Company will receive approximately $80,000 in cash.

I. The financial projections consider that the rules and regulations of the Service, as they relate to federal income and windfall profit taxes, and of the state and local taxing authorities remain as in effect on December 31, 1985. Since the Company intends to account for the effects of the Plan in a manner similar to a quasi-reorganization and is not anticipated to incur any cash obligations for federal income tax consequences, the tax benefits from the prospective use of net operating losses, investment tax credits, and statutory depletion carryforwards for financial reporting purposes arising prior to the Effective Date of the Plan will be treated as an increase to additional paid-in capital. See "CERTAIN FEDERAL INCOME TAX CONSEQUENCES".



RAM00240

# ALTERNATIVES TO THE PLAN

The Company believes that the Plan affords creditors and interest holders the potential for the greatest realization out of the Company's assets and, therefore, is in the best interests of creditors and shareholders. Management of the Company has considered alternatives to the Plan such as a liquidation and a sale of its assets in the context of a Chapter 11 or Chapter 7 case. In the opinion of management, such alternatives would not afford creditors or shareholders as great a realization potential as does the Plan.

## LIQUIDATION ANALYSIS

If the Plan is not confirmed, the theoretical alternatives include (i) liquidation or (ii) an alternative plan of reorganization.

In evaluating its business operations, the Company has considered the alternative of immediately liquidating its assets. In considering this alternative, the Company, both in the context of an ongoing concern and in a liquidation, has taken into account the nature, status, and underlying values of its tangible and intangible assets, the ultimate realizable value of such assets, and the extent to which certain of its assets are subject to the liens and security interests of its secured creditors. In arriving at the estimated liquidation value of its assets, the Company has taken into account its internal assessment of such assets and the likely net realizable liquidation value of such assets. The Company also considered a recent reserve report, the 10-Q Gruy Report, prepared by the Company's independent petroleum engineers. The Company, however, emphasizes that the determination of the hypothetical proceeds from the sale of its assets in a liquidation is an uncertain process involving numerous underlying assumptions. Accordingly, there can be no assurance that the assumptions employed by the Company in determining the liquidation value of its assets results in an accurate estimation of such liquidation values.

### Assets

The Company's assets consist primarily of producing crude oil and natural gas properties, cash, accounts receivable, land and buildings and related assets. The Company has analyzed and evaluated each of such assets, based upon, among other factors described herein, its unaudited Consolidated Balance Sheet at March 31, 1986, and the 10-Q Gruy Report reflecting the Company's proved crude oil and natural gas properties. As reflected in the following tables, management of the Company has concluded that the liquidation value of its assets is approximately $122,000,000 (the "Liquidation Proceeds").



RAM00241

## CRYSTAL OIL COMPANY AND SUBSIDIARIES
## ESTIMATED LIQUIDATION ANALYSIS

### ASSETS

| | Historical Amounts as of March 31, 1986 | Liquidation Amount |
|---|---|---|
| | (In Thousands) | |
| Current Assets | | |
| Cash | $ 8,406 | $ 8,406 |
| Accounts receivable | 11,150 | 11,100 |
| Inventories | 3,035 | 3,035 |
| Prepaid expenses and other | 1,924 | 1,300 |
| Total Current Assets | 24,515 | 23,841 |
| Property, Plant and Equipment, net | | |
| Producing crude oil and natural gas properties | 110,807 | 90,944 |
| Land and buildings | 3,363 | 2,500 |
| Furniture, office equipment, and other | 767 | 650 |
| Transportation equipment | 1,943 | 1,525 |
| Total Property, Plant and Equipment | 116,880 | 95,619 |
| Other Assets | | |
| Net assets of discontinued refinery operations held for sale | 2,003 | 2,003 |
| Miscellaneous other assets | 401 | 200 |
| Total Other Assets | 2,404 | 2,203 |
| TOTAL ASSETS | $ 143,799 | $121,663 |

### LIABILITIES AND DEFICIENCY IN STOCKHOLDERS' EQUITY

| | | |
|---|---|---|
| Secured debt | | |
| Bank Note | $ 47,092 | $ 47,092 |
| Bank Note interest and expenses | 372 | 3,762 |
| Letters of Credit | 762 | 32,200 |
| Letters of Credit fee | 73 | 480 |
| Halliburton Note | 11,028 | 11,028 |
| Halliburton Note interest | 99 | 2,361 |
| 15% Senior Notes ($125,155,000 face) | 200,581 | 14,919 |
| 15% Senior Notes interest | 3,230 | — |
| Other claims | | |
| Accounts payable, accrued expenses, taxes, and other | 13,703 | 7,821 |
| Administrative expenses | — | 2,000 |
| Unsecured debt | | |
| 12⅜% Debentures due 1990 | 7,715 | — |
| 12⅜% Debentures due 1990 interest | 284 | — |
| 9 % Debentures | 14,259 | — |
| 9 % Debentures interest | 535 | — |
| 14⅞% Debentures ($16,691,000 face) | 16,443 | — |
| 14⅞% Debentures interest | 724 | — |
| 11⅜% Debentures ($20,412,000 face) | 18,492 | — |
| 11⅜% Debentures interest | 1,064 | — |
| 13¾% Debentures ($12,919,000 face) | 12,727 | — |
| 13¾% Debentures interest | 370 | — |
| 12⅝% Debentures due 2001 ($26,319,000 face) | 20,346 | — |
| 12⅝% Debentures due 2001 interest | 969 | — |
| Deficiency in Stockholders' Equity | (227,069) | — |
| TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY | $ 143,799 | $121,663 |

See Summary of Significant Assumptions to Estimated Liquidation Analysis.



RAM00242

## CRYSTAL OIL COMPANY AND SUBSIDIARIES

## SUMMARY OF SIGNIFICANT ASSUMPTIONS TO ESTIMATED LIQUIDATION ANALYSIS

The liquidation analysis assumes that the Plan is not confirmed and that all assets of the Company and its subsidiaries are liquidated by December 31, 1987, in the context of a Chapter 7 case. The hypothetical assumptions utilized in the analysis consider the estimated liquidation value of the Company's assets and estimated amount of claims that would be Allowed, together with an estimate of certain administrative costs and other expenses that would likely result during the liquidation process. While management believes that the assumptions utilized in the liquidation analysis are reasonable, the validity of such assumptions may be affected by the occurrence of events and the existence of conditions not now contemplated and by other factors, many of which will be beyond the control of the Bankruptcy Court and the Company. The liquidation analysis is therefore not intended to be representative of the Company's current liquidation value. The actual liquidation value of the Company will vary from that considered herein and variations may be material.

The principal hypothetical assumptions underlying the liquidation analysis are primarily the same as those utilized in the financial projections, except as follows:

A. The liquidation analysis considers that producing crude oil and natural gas properties will be sold in three equal installments on December 31, 1986, June 30, 1987, and December 31, 1987. The proceeds from such sales have been estimated by the Company based on the 10-Q Gruy Report (see "THE COMPANY—Additional Reserve Information"), adjusted to consider the Company's estimate of the depressed market condition for the sale of crude oil and natural gas properties, a buyer's allowance for return on investment, and other normal risks incidental to the crude oil and natural gas industry. Based on such assumptions, the Company has estimated that its and its subsidiaries' total proved reserves could be sold for approximately $66,527,000 or $3.00 per equivalent barrel (natural gas converted to barrels on the basis of approximate energy content) and, accordingly, the liquidation value of the Company's crude oil and natural gas properties is based on the estimated proved reserves attributable thereto valued at $66,527,000, plus cash flow of $24,417,000, net of operating, general and administrative costs and expenses (see note F), estimated to be provided from operation of such properties prior to the assumed dates of the aforementioned property sales. However, there can be no assurance that a buyer would exist for the Company's crude oil and natural gas properties or at what price the proposed sales would be consummated. In addition, the sales price of the Company's crude oil and natural gas properties could be adversely affected because of the poor bargaining position of the Company if a forced liquidation were to occur.

   The Company's undeveloped lease and mineral rights are primarily located in geographical areas in which the Company has properties with proved crude oil and natural gas reserves. As such, the value of such leases is considered to be reflected in the value of the proved reserve of the surrounding properties, and no incremental value has been considered in the liquidation analysis for the Company's undeveloped lease and mineral rights.

B. Certain of the Company's assets which are not converted to cash in the normal course of operations (*e.g.*, accounts receivables) or consumed in its business activities (*e.g.*, prepaid costs and expenses) are assessed to be sold for amounts estimated by the Company to represent their liquidation value. Such assets are primarily described as follows along with the major assumptions considered in the liquidation analysis:

| Description of the Asset | Assumptions Considered in Liquidation Analysis |
|---|---|
| Inventory of lease and well equipment ..... | Sold in three equal installments on December 31, 1986, June 30, 1987, and December 31, 1987. |
| Land and buildings ..... | Primarily relates to the sale of the Company's principal executive office on December 31, 1987. |
| Furniture, office equipment and other..... | Sold in three equal installments on December 31, 1986, June 30, 1987, and December 31, 1987. |



RAM00243

| Description of the Asset | Assumptions Considered in Liquidation Analysis |
|---|---|
| Refinery assets | Considers that the Longview Refinery is sold in 1987 for an amount equal to its net book value of approximately $2,000,000. |

C. The liquidation analysis considers that the Company will continue monthly payments on the Bank Note of $1,147,000 plus accrued interest at prime plus ¾%. The prime interest rate is assumed to average 8½% during the last nine months of 1986 and 9% in 1987. In addition, the proceeds from the sale of assets are considered to be utilized to repay principal on the Bank Note to the extent such assets represent collateral under the Loan Agreement. Otherwise, the proceeds are considered to be retained and distributed on December 31, 1987, to creditors in order of their preferential claims.

It is assumed that no principal or interest payments will be made on the Halliburton Note, the 15% Senior Notes, or the Debentures prior to December 31, 1987. In addition, it is assumed that the principal amount outstanding under the Halliburton Note and all accrued interest, calculated at 12% compounded monthly, will be paid in full on December 31, 1987. The 15% Senior Notes are assumed to receive approximately $14,919,000 ($.11 per dollar of Allowed Claim) which represents $7,252,000 ($.05 per dollar of Allowed Claim) from the sale of assets mortgaged under the 15% Senior Note Indenture and $7,667,000 ($.06 per dollar of Allowed Claim) from the allocation of the proceeds from the liquidation of unsecured assets and the enforcement of subordination rights.

D. The liquidation values allocated to the Letters of Credit represent the aggregate claim outstanding. The actual obligation of the Company with respect to the Letters of Credit, however, is primarily dependent upon cash payments made for the indemnification to various third parties for the loss of tax benefits received by such third parties under safe harbor leases entered into by the Company. See "THE OLD DEBT SECURITIES—The Bank Note and the Letters of Credit". Accordingly, to the extent that the actual cash obligations attributable to the Letters of Credit are less than the amount considered in the liquidation analysis, the excess would primarily be allocated to the payment of the 15% Senior Notes because the property securing the Company's obligations with respect to the payment of the 15% Senior Notes also secures the payment of the Company's obligations with respect to the Letters of Credit. Therefore, the allocation of liquidation proceeds to the payment of the 15% Senior Notes could range from approximately $14,919,000 to approximately $46,882,000 ($.11 to $.35 per dollar of Allowed Claim).

E. Liquidation distributions for accounts payable, accrued expenses, taxes and other in the liquidation analysis are considered to be comprised of the following as of March 31, 1986 (in thousands):

| | |
|---|---|
| Wage related claims | $ 162 |
| Tax claims | 2,045 |
| Unsecured claims relating to royalty owners | 2,520 |
| Net accounts payable paid prior to Chapter 7 filing date and contingencies | 2,894 |
| Claims considered to be paid in full | 7,621 |
| Amount of unsecured assets allocated to unsecured claims other than Class 8B claims | 200 |
| | $7,821 |

The liquidation analysis considers that the holders of secured claims will consent to the payment of royalty owners in order to protect their lien on the Company's producing properties. Accordingly, unsecured claims (Class 11 under the Plan), other than such claims considered to be paid in full, will receive liquidation proceeds in an amount ranging from approximately $.03 to $.04 per dollar of their claim depending on the final distribution of the Letters of Credit (see Note D above).



RAM00244

F. Administrative expenses are considered to exclude expenses incurred in the ordinary course of business and assume that the liquidation of assets and payment of liabilities will be completed by December 31, 1987. The administrative expenses are considered to include $1,300,000 for legal expenses for the Company and all Creditor Committees, $100,000 for accountants and $600,000 for printing and other costs.

Administrative expenses incurred in the ordinary course of business are assumed to aggregate approximately $7,580,000. Such estimate is based on historical levels of general and administrative costs and expenses and assumes, except to the extent that adjustments can be reasonably estimated, that such adjusted costs and expenses will be reduced by 25% and 40% on December 31, 1986, and June 30, 1987, respectively. Costs and expenses associated with the Company's Land and Geological Departments are assumed to be eliminated by August 1, 1986.

## COMPARISON OF ESTIMATED DISTRIBUTIONS UNDER THE PLAN WITH ESTIMATED RECOVERIES IN LIQUIDATION
### (Giving Effect to Subordination Rights)

The following sets forth a comparison of the estimated distributions under the Plan with the estimated recoveries in a liquidation of the Company after giving effect to all contractual subordination rights. Such information should be read in conjunction with the information set forth under "FEASIBILITY OF THE PLAN—Summary of Significant Financial Projection Assumptions" and "ALTERNATIVES TO THE PLAN—Liquidation Analysis—Summary of Significant Assumptions to Estimated Liquidation Analysis".

| | | Estimated Distribution Under the Plan | | |
|---|---|---|---|---|
| Class | Description | Cash Distribution for each $100 of Allowed Claim | New Securities | Estimated Cash Recovery in a Liquidation for each $100 of Allowed Claim |
| Class 1 | Administrative Expenses | $100 | | $100 |
| Class 2 | Wage Related Claims | 100 | | 100 |
| Class 3 | Employee Benefit Plan Claims | 100 | | 100 |
| Class 4 | Tax Claims | 100 | | 100 |
| Class 5 | Additional Priority Claims | 100 | | 100 |
| Class 6 | The Bank's Secured Claims | — | New Bank Note in the Allowed Amount of the Bank's Class 6 claim with respect to the Bank Note ($43,864,000 at June 16, 1986) less all amounts paid thereon during the Chapter 11 proceeding, and $.075 Warrants to purchase 20,000,000 shares of New Common Stock. | 100 |
| Class 7 | Halliburton Claim | — | New Halliburton Note in the Allowed Amount of Halliburton's Class 7 claim with respect to the Halliburton Note ($10,515,000 at June 16, 1986) less all amounts paid thereon during the Chapter 11 proceeding, $.075 Warrants to purchase 20,000,000 shares of New Common Stock and 12,000,000 shares of New Common Stock. | 100 |
| Class 8A | 15% Senior Note Secured Claims | — | Pro Rata distribution of $75,093,000 New Convertible Secured Notes. | 5 |

*Table continued on next page.*



RAM00245

| Class | Description | Estimated Distribution Under the Plan: Cash Distribution for each $100 of Allowed Claim | Estimated Distribution Under the Plan: New Securities | Estimated Cash Recovery in a Liquidation for each $100 of Allowed Claim |
|---|---|---|---|---|
| Class 8B | 15% Senior Note Unsecured Claims | $ — | Pro Rata distribution of (i) 50,062,000 shares of Senior Preferred Stock, (ii) $.075 Warrants to purchase 87,609,000 shares of New Common Stock, (iii) $.10 Warrants to purchase 75,093,000 shares of New Common Stock and (iv) 40,050,000 shares of New Common Stock. | $ 6 |
| Class 9 | Mechanics and Materialmens Lien Claims | 100 | | 3 |
| Class 10 | Secured Trustee Claim | 100 | | 100 |
| Class 11 | Unsecured Claims | 100 | | 3 |
| Class 12 | 14⅞% Debenture Claims | — | Pro Rata distribution of (i) 13,186,000 shares of Series A Preferred Stock, (ii) $.10 Warrants to purchase 15,022,000 shares of New Common Stock, (iii) $.125 Warrants to purchase 11,684,000 shares of New Common Stock and (iv) 5,591,000 shares of New Common Stock. | 0 |
| Class 13 | Subordinated Debenture Claims | — | Pro Rata distribution of (i) 53,681,000 shares of Series A Preferred Stock, (ii) $.10 Warrants to purchase 59,608,000 shares of New Common Stock, (iii) $.125 Warrants to purchase 59,608,000 shares of New Common Stock and (iv) 23,101,000 shares of New Common Stock. | 0 |
| Class 14 | Intercompany Claims | — | — | 0 |
| Class 15 | Shareholder Claims of Interest | — | Pro Rata distribution of (i) 51,706,000 shares of New Common Stock, (ii) $.125 Warrants to purchase 200,000,000 shares of New Common Stock, (iii) $.15 Warrants to purchase 200,000,000 shares of New Common Stock and (iv) $.25 Warrants to purchase 200,000,000 shares of New Common Stock. | 0 |

**Analysis**

As indicated above, the Company has concluded that the net realizable value of its assets in a liquidation is approximately $122,000,000. Based on such conclusion, unsecured creditors, secured creditors having an unsecured deficiency claim after liquidation of the collateral securing the Company's obligation to them, and general unsecured creditors of the Company would receive substantially less (probably only nominal amounts) in a liquidation than under the Plan and the holders of the Debentures, whose claims are subordinated to those of the holders of the Bank Note, the Halliburton Note and the 15% Senior Notes, and the shareholders of the Company would receive nothing in a liquidation.



RAM00246

**The foregoing determination is derived from an analysis of certain claims that are required to be paid from the Liquidation Proceeds before any distribution to unsecured creditors and an analysis of a probable extent of the Allowed Claims of unsecured creditors eligible to share in the balance, if any, of the Liquidation Proceeds. In a liquidation, creditors and interest holders of the Company are paid from available assets in the following general order, with no lower class receiving any payments until amounts due to prior classes have been paid fully or payment provided for:**

1. Secured creditors (to the extent of the value of their collateral);
2. Priority creditors;
3. Unsecured creditors; and
4. Shareholders.

It should be noted that in the class of unsecured creditors the subordination agreements, where applicable, will in effect create priorities within that class.

**Deficiency Claims**

The Company has determined that the proceeds from the sale of the Company's secured assets would be insufficient to satisfy the claims of all secured creditors, in particular the holders of the 15% Senior Notes. Moreover, each secured creditor which would be unsatisfied from the proceeds from such a sale would be entitled to an unsecured claim in the amount of any deficiency after the sale of such creditors collateral. Accordingly, secured creditors would be allowed to participate with unsecured creditors in the distribution of proceeds from the sale of the Company's unsecured assets to the extent of their deficiency claim. **Based upon the liquidation analysis, the Company believes that unsecured creditors (other than the holders of the Debentures who, because of their subordinated status, would likely receive no distributions in a liquidation) and any secured creditors having deficiency claims (including the holders of the 15% Senior Notes who would likely have a deficiency claim of between approximately $90,007,000 and $121,970,000 depending upon the final distribution with respect to the Letters of Credit) will only receive nominal amounts in a liquidation of the unencumbered assets of the Company. In contrast, under the Plan, the Company believes that secured and unsecured creditors (including the holders of the 15% Senior Notes and the Debentures) will receive a meaningful distribution in respect of their claims.**

## ALTERNATIVES

If the Plan is not confirmed, the Company or any other party in interest could attempt to formulate a different plan. Such a plan might involve either a reorganization and continuation of the Company's business or an orderly liquidation of its assets. In respect of an alternative plan the Company has explored various other proposals in connection with the extensive negotiation process involved with the formulation and development of the Plan. The Company believes that the Plan, as described herein, enables creditors and interest holders to realize the most under the circumstances.

THE COMPANY BELIEVES THAT CONFIRMATION AND IMPLEMENTATION OF THE PLAN IS PREFERABLE TO ANY OF THE BANKRUPTCY ALTERNATIVES DESCRIBED HEREIN BECAUSE IT WILL PROVIDE GREATER RECOVERIES THAN THOSE AVAILABLE IN LIQUIDATION TO ALL CLASSES OF CREDITORS AND INTEREST HOLDERS, INCLUDING THE HOLDERS OF THE DEBENTURES AND THE COMMON STOCK WHO WOULD RECEIVE NOTHING IN A LIQUIDATION. IN ADDITION, OTHER ALTERNATIVES WOULD INVOLVE SIGNIFICANT DELAY, UNCERTAINTY AND SUBSTANTIAL ADDITIONAL ADMINISTRATIVE COSTS.



RAM00247

# VOTING PROCEDURES AND REQUIREMENTS

## BALLOTS AND VOTING DEADLINE

A form of ballot to be used for voting to accept or reject the Plan, together with a postage paid return envelope, is enclosed with this Disclosure Statement.

Pursuant to Rule 3018 of the Bankruptcy Rules under the Bankruptcy Code, the Board of Directors of the Company has fixed the close of business on June 16, 1986, as the record date for the determination of impaired creditors from whom acceptances or rejections of the Plan will be accepted. The solicitation period for ballots with respect to the Plan will expire at 5:00 p.m., New York City time, on Friday, August 8, 1986, unless and until the Company, in its sole discretion, shall have extended the period of time for which ballots will be accepted. Except to the extent allowed by the Bankruptcy Court, ballots that are received after the expiration of the solicitation period may not be accepted or used by the Company in connection with the Company's request for Confirmation of the Plan or any modification thereof.

The Company expressly reserves the right, at any time or from time to time, to extend the period of time during which ballots will be accepted by making a public announcement of the extension no later than 9:00 a.m., New York City time, on the business day following any previously announced expiration date of the solicitation period. Without limiting the manner in which the Company may choose to make any public announcement, the Company will not have any obligation to publish, advertise or otherwise communicate any such public announcement, other than by making a release to the Dow Jones News Service. There can be no assurance that the Company will exercise its right to extend the solicitation period for the receipt of ballots.

## CLASSES ENTITLED TO VOTE

Only classes that are impaired under the Plan are entitled to vote to accept or reject the Plan. Generally, Section 1124 of the Bankruptcy Code provides that a class of claims or interests is considered to be impaired under a plan of reorganization unless the plan does not alter the legal, equitable, and contractual rights of the holders of such claims or interests. In addition, such classes will be considered impaired unless all outstanding defaults, other than defaults relating to the insolvency or financial condition of the debtor or the commencement of a bankruptcy case, are to be cured and the holders of claims or interests in such classes are to be compensated for any damages incurred as a result of any reasonable reliance by such holders on any contractual provisions or applicable law to demand accelerated payment. For the reasons discussed in "THE PLAN—Classification and Treatment of Claims and Interests", the Company has determined that only the following classes of its creditors and interest holders may or will be impaired under the Plan:

Class 6 —The Bank
Class 7 —Halliburton
Class 8A —15% Senior Note Holders (Secured Claims)
Class 8B —15% Senior Note Holders (Unsecured Claims)
Class 12 —14⅜% Debenture Holders
Class 13 —Subordinated Debenture Holders
Class 14 —CEPCO
Class 15 —Common Stock Holders*

* The determination of whether Class 15 is impaired under the Plan may be submitted to the Bankruptcy Court.



RAM00248

All other classes will not be impaired under the Plan, and, therefore, will not be entitled to vote with respect to the acceptance or rejection of the Plan. Further, although the holders of the Common Stock, whose interests are classified in Class 15, may be impaired under the Plan and may be entitled to vote to accept or reject the Plan, the Company is not soliciting the acceptance of the Plan by such holders pursuant to this solicitation and does not currently intend to solicit such acceptance until such time as it has obtained the acceptance of the Plan by all of its classes of impaired creditors and has filed a petition for the reorganization of the Company under Chapter 11 of the Bankruptcy Code. In addition, the Company may submit to the Bankruptcy Court for determination the issue whether, in light of all circumstances, the holders of the Common Stock are impaired under the Plan and may seek Confirmation of the Plan pursuant to the cram-down provisions under Section 1129(b) of the Bankruptcy Code in lieu of or notwithstanding a vote by the holders of the Common Stock. See "CONFIRMATION OF THE PLAN". **Accordingly, no acceptances or rejections of the Plan by any holder of the Common Stock with respect to such holder's interest in the Common Stock is being requested or will be accepted by the Company in connection with this solicitation.**

## VOTE REQUIRED FOR CLASS ACCEPTANCE

Once a petition for reorganization of the Company has been filed, the Bankruptcy Court will determine whether the impaired classes described above have accepted the Plan by determining whether sufficient acceptances have been received from the holders of Allowed Claims and Allowed Interests in such classes. An impaired class of claims will be determined to have accepted the Plan if the holders of Allowed Claims in that class casting votes in favor of the Plan (i) hold at least two-thirds of the Allowed Amount of the Allowed Claims of the holders in such class who vote and (ii) comprise more than one-half the number of holders of the Allowed Claims in such class voting on the Plan. An impaired class of interests, if one exists, will be determined to have accepted the Plan if the holders of such interests casting votes in favor of the Plan hold at least two-thirds in amount of the interests as to which votes are cast. While the Common Stock may be an impaired class of interest, the Company does not believe that such conclusion is free from doubt and may ask the Bankruptcy Court for determination thereon. *Ballots of holders of impaired claims that are signed and returned, but not expressly voted either for acceptance or rejection of the Plan, will be counted as ballots for the acceptance of the Plan. Except as may be allowed by the Bankruptcy Court, a ballot accepting the Plan may not be revoked.*

## VOTES OF HOLDERS OF CLAIMS IN CLASSES 8A AND 8B

It is likely that the claims of the holders of the 15% Senior Notes will be found to be partially secured and partially unsecured. See "THE PLAN—Classification and Treatment of Claims and Interests—Class 8—15% Senior Note Claims" and "ALTERNATIVES—Liquidation Analysis". Under Bankruptcy Rule 3018(d), any creditor whose claim is in part a secured claim and in part an unsecured claim is entitled to accept or reject a plan of reorganization in both capacities. In that regard, pursuant to Section 506 of the Bankruptcy Code, the Company has divided the claims of the holders and beneficial owners of the 15% Senior Notes into Classes 8A and 8B, which classes represent the secured and unsecured portions, respectively, of such holders' claims. The Company has not attempted to estimate the specific amount of the claims in either Class 8A or Class 8B because of the integral relationship between such claims and the inherent uncertainties in valuing the collateral securing the 15% Senior Notes after giving effect to the Bank's and Halliburton's prior mortgages and security interests in such collateral. The Company, however, has calculated the aggregate amount of such claims and has provided for distributions to the holders thereof based on such aggregate amount. Under the Plan, each holder of a Class 8A or Class 8B claim will be entitled to receive with respect to his Allowed Claim in each such class a Pro Rata distribution (based on the aggregate Class 8A and Class 8B claims) of the consideration to be distributed to the holders in such class. Each class will have a separate vote with respect to acceptance or rejection of the Plan. *A vote for approval or rejection of the Plan by a holder of a Class 8A or Class 8B claim will be deemed to be a vote for the entire amount of such holder's Class 8A or Class 8B claim, as the case may be, whatever amount such claim (if such claim is required to be calculated) is ultimately determined to be.*



RAM00249

## CONTESTED AND UNLIQUIDATED CLAIMS

There are currently various claims pending or threatened against the Company that are or will possibly become contested claims. To the best of the Company's knowledge, such claims or possible claims are set forth on the Schedule of Liabilities on file with the Company. The Company reserves the right to dispute both the asserted classification and the alleged amount proposed by creditors and interest holders objecting to the classification and amount of claims set forth on the Schedule of Liabilities. If you are a holder of a contested claim, you may ask the Bankruptcy Court after the Petition Date pursuant to Bankruptcy Rule 3018 to have your claim or interest allowed.

## POSSIBLE RECLASSIFICATION OF CREDITORS AND INTEREST HOLDERS

The Company is required pursuant to Section 1122 of the Bankruptcy Code to place the claims and interests of its creditors and interest holders into classes that contain claims or interests that are substantially similar to each other. While the Company believes it has classified all claims and interests in compliance with Section 1122, it is possible that once a case has been commenced in bankruptcy, a creditor or interest holder may challenge the Company's classification of his claim or interest. If the Company is required to reclassify the claims or interests of any of its creditors or interest holders under the Plan, the Company, to the extent permitted by the Bankruptcy Court, intends to continue to use the acceptances received by it from any creditor pursuant to this solicitation for the purpose of obtaining the approval of the class or classes that such creditor is ultimately deemed a member. Any reclassification of creditors could adversely affect the class in which such creditor was initially a member, or any other class under the Plan, by changing the composition of such class and the required vote thereof for approval of the Plan. Further, a reclassification of the claims of creditors after approval of the Plan and its classification of such creditors could necessitate the resolicitation of a completely new plan of reorganization.

## BENEFICIAL HOLDERS

If your claim or interest is a result of your ownership of the 15% Senior Notes or any issue of the Debentures and your 15% Senior Notes or Debentures are held on your behalf in the name of a broker, dealer, commercial bank, trust company or other nominee, only such broker, dealer, commercial bank, trust company or other nominee may execute a ballot with respect to such claim to accept or reject the Plan. Accordingly, if you desire to accept or reject the Plan, you should contact your broker, dealer, commercial bank, trust company or other nominee for assistance in executing a ballot with respect to the Plan.

# CONFIRMATION OF THE PLAN

Successful implementation of the Plan contemplates the filing of a petition for reorganization of the Company under Chapter 11 of the Bankruptcy Code. If the Company receives ballots accepting the Plan from the holders of at least two-thirds in amount and more than half in number of each class of its impaired creditors who have voted on the Plan, the Company, subject to certain conditions described herein, intends to file a petition under Chapter 11 of the Bankruptcy Code as promptly as practicable and to seek Confirmation of the Plan using the ballots received pursuant to this solicitation to satisfy the requirements of Section 1129 of the Bankruptcy Code relating to class approval of the Plan by such creditors. Among the steps that the Company may be required to take in order to seek Confirmation of the Plan will be the solicitation of acceptances and rejections of the Plan from the holders of the Common Stock. Whether the Common Stock is an impaired class under the Plan is not certain and the Company may submit to the Bankruptcy Court for determination of the issue whether, in light of all circumstances, such class is impaired under the Plan. Further, the Company may request the Bankruptcy Court to confirm the Plan pursuant to the cram-down provisions under Section 1129(b) of the Bankruptcy Code described below in lieu of a vote of the holders of the Common Stock. However, if the Company is unable to utilize such provisions in lieu of a vote of the holders of the Common Stock on the Plan or if the Company otherwise decides to solicit acceptances of the Plan from such holders, there can be no assurance that such holders will vote to accept the Plan.

## CONFIRMATION HEARING

The Bankruptcy Code requires the Bankruptcy Court, after notice, to hold the Confirmation Hearing. The Company anticipates that a Confirmation Hearing will be scheduled within 90 to 180 days of the Petition Date unless the Company does not have the requisite approvals of all the classes of its impaired creditors on the Petition Date and, even if it does, unless unforeseen issues arise or other insurmountable problems occur after the Petition Date. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the Confirmation Hearing.

## REQUIREMENTS FOR CONFIRMATION OF THE PLAN

At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of Section 1129 of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court will enter an order confirming the Plan. Such requirements include:

(a) *Best Interests Test.* With respect to each impaired class of creditors and interests, each holder of an Allowed Claim or Allowed Interest in such class has either (i) accepted the Plan or (ii) receives or retains under the Plan, on account of its claim or interest, property of a value, as of the Effective Date, that is not less than the amount such holder would receive or retain if the Company were to be liquidated under Chapter 7 of the Bankruptcy Code.

To determine what the holders in each impaired class of claims and interests would receive if the Company were to be liquidated, the Bankruptcy Court must determine the dollar amount that would be generated from the liquidation of the Company's assets and properties in a context of Chapter 7 liquidation case. The cash amount that would be available for satisfaction of the Allowed Claims and Allowed Interests of the Company would consist of the proceeds resulting from the disposition of the assets of the Company augmented by the cash held by the Company at the time of the commencement of the Chapter 7 case. Such cash amount would be reduced by the costs and expenses of the liquidation and by such additional administrative and priority claims that might result from the termination of the Company's business and the use of a Chapter 7 proceeding for the purposes of liquidation.

The Company's costs of liquidation under Chapter 7 would include the fees payable to the trustee appointed in the Chapter 7 case, as well as those that might be payable to additional attorneys and other professionals that the trustee might engage. Such costs of liquidation would also include any unpaid expenses incurred by the Company during the Chapter 11 case, such as compensation for attorneys, financial advisors, and accountants and costs and expenses of any Committee that is allowed in the Chapter 7 case. In addition, claims may arise by reason of the breach or rejection of obligations incurred and executory contracts entered into by the Company during the pendency of the Chapter 11 case.

To determine if the Plan is in the best interests of each impaired class of Allowed Claims and Allowed Interests, the present value of the distributions from the proceeds of the liquidation of the Company's assets and properties (after subtracting the amounts attributable to the claims described above) are then compared with the present value offered to each of the classes of Allowed Claims and Allowed Interests under the Plan.

In applying the "best interests" test, it is possible that claims and interests in a Chapter 7 case may not be classified in the same manner as provided in the Plan. In the absence of a contrary determination by the Bankruptcy Court, all Allowed Claims which have the same rights upon liquidation would be treated as one class for the purposes of determining the potential distribution of the liquidation proceeds under a Chapter 7 case of the Company. The distributions from the liquidation proceeds would be calculated Pro Rata according to the amount of the Allowed Claim held by each creditor in such class. The Company believes that the most likely outcome of a liquidation proceeding under Chapter 7 would be the application of the rule of absolute priority of distributions. Under that rule, no junior class of creditors receives any distribution until all senior classes of creditors are paid in full with interest, and no interest holder receives any distribution until all creditors are paid in full with interest. Consequently, as described in greater detail in "ALTERNATIVES TO THE PLAN—Liquidation Analysis", the Company believes that under any Chapter 7 case, holders of the Debentures and the Common Stock would receive no distributions and holders of the 15% Senior Notes would receive nominal distributions with respect to their claims. In contrast, under the Plan, holders of the 15% Senior Notes, the Debentures and the Common Stock may receive a reasonable distribution or retain a meaningful interest in the Company under the Plan.

(b) *Feasibility of the Plan.* In order for the Plan to be confirmed, the Bankruptcy Court must also determine that the need for further reorganization or a subsequent liquidation of the Company is not likely to result following Confirmation of the Plan. Insofar as the Plan contemplates that the Allowed Claims of substantially all the Company's creditors will be satisfied by either cash payments or a combination of New Notes, Preferred Stock, New Common Stock and Warrants at the Distribution Date, the Company does not believe that further reorganization or liquidation of the Company will be necessary.

Assuming the Effective Date is December 31, 1986, the Company is expected to have remaining approximately $120,565,000 ($75,093,000 of which will be non-interest bearing) in secured debt (excluding $32,200,000 in Letters of Credit) and will have no other indebtedness outstanding other than normal and recurring indebtedness and, possibly, contingent obligations from claims against the Company not resolved or provided for in the Chapter 11 case, which amount, based upon current levels of activities and current estimates of contingent claim exposure, is not expected to exceed in the aggregate the sum of $12,000,000; however, a minimum or most likely estimate of the Company's liability, if any, with respect to such claims is not presently determinable.

Although there can be no assurance that the Company will be able to service all of its indebtedness if the Plan is confirmed or that such indebtedness will not need to be subsequently restructured, the Company believes that, based upon certain assumptions described in "FEASIBILITY OF THE PLAN", it will be able to service such indebtedness after the Company's reorganization. **The Company, therefore, believes that the Plan is feasible.**



RAM00252

(c) *Acceptance by Impaired Classes.* Section 1129(a)(8) of the Bankruptcy Code requires that each impaired class must accept the Plan by the requisite votes for Confirmation to occur. As more fully described herein, a class of impaired claims will have accepted the Plan if at least two-thirds in an amount and more than half in number of Allowed Claims in such class voting to accept or reject the Plan have voted in favor of acceptance. A class of impaired interests will have accepted the Plan if at least two-thirds in amount of the Allowed Interests in such class voting to accept or reject the Plan have voted in favor of acceptance.

(d) *Fair and Equitable Test; "Cram-Down".* In the event that any impaired class of claims or interests does not accept the Plan, the Bankruptcy Court may still confirm the Plan at the request of the Company in what is commonly referred to as a "cram-down", if, as to such impaired class, the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to that class. A plan of reorganization does not discriminate unfairly if no class receives more than it is legally entitled to receive from its claims or equity interests. "Fair and equitable" has different meanings for secured claims, unsecured claims and interests.

With respect to a secured claim, "fair and equitable" means either (i) the impaired secured creditor retains its liens to the extent of its Allowed secured claim and receives deferred cash payments equal to at least the Allowed Amount of its Allowed Claim with a present value as of the effective date of the plan of reorganization at least equal to the value of such creditor's interest in the property securing its liens, (ii) property subject to the lien of an impaired secured creditor is sold free and clear of such lien, with such lien attaching to the proceeds of the sale, or (iii) the impaired secured creditor realizes the "indubitable equivalent" of its Allowed Claim under the plan.

With respect to an unsecured claim, "fair and equitable" means either (i) each impaired unsecured creditor receives or retains property of a value equal to the amount of its Allowed Claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan of reorganization.

With respect to an interest, "fair and equitable" means either (i) each holder of an impaired interest of such class receives or retains property of a value equal to the greatest of the Allowed Amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest or (ii) the holders of all interests that are junior to the interests of the dissenting class will not receive any property under the plan.

As indicated above, the Company may seek to use the cram-down provisions of the Bankruptcy Code in lieu of a vote of the holders of the Common Stock. Alternatively, if the Company does solicit the acceptance of the Plan from the holders of the Common Stock and such holders do not accept the Plan, the Company will likely seek Confirmation of the Plan pursuant to the cram-down provisions of the Bankruptcy Code. In either such circumstance, the Company believes that such provisions would allow for the Plan to be confirmed because the Plan does not allow for any class of creditors or interest holders to receive more than such class is legally entitled to receive on account of its claims or interests and that there are no junior interests to the Common Stock that will receive property under the Plan. The ability of the Company to obtain Confirmation of the Plan pursuant to the cram-down provisions of the Bankruptcy Code, however, will be subject to the Bankruptcy Court determining that such provisions are available to the Company and that the Plan is fair and equitable and does not discriminate unfairly against any impaired class of claims or interests. Accordingly, there can be no assurance that the Company would be able to have the Plan confirmed without first soliciting the acceptance of the Plan by the holders of the Common Stock or if such holders were to be solicited without obtaining their acceptance of the Plan.



RAM00253

## CONDITIONS PRECEDENT TO CONFIRMATION

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan meets all the requirements of Section 1129 of the Bankruptcy Code governing the Confirmation of a plan of reorganization, including but not limited to:

—That the Company has complied with the applicable provisions of Chapter 11, including the provisions of Sections 1122 and 1123 of the Bankruptcy Code governing classification of claims and interests and contents of a plan of reorganization.

—That the Company has proposed the Plan in good faith and not by any means forbidden by law.

—That the Company has disclosed any payment made or promised by the Company to any person for services in connection with the Chapter 11 case.

—That the Company has disclosed the identity and affiliations of persons proposed to serve as directors or officers of the Company after Confirmation.

—That classes 1, 2, 3, 4, 5, 9, 10 and 11 are not impaired under the Plan.

—That one or more of the classes of impaired claims or interests has voted to accept the Plan.

—That the Plan does not discriminate unfairly against and is fair and equitable to any nonaccepting class of impaired claims or interests.

—That the Plan is in the best interests of creditors and interest holders, *i.e.*, each holder of an Allowed Claim or Allowed Interest either has accepted the Plan or will receive on account of that claim or interest an amount of property with a value, as of the Effective Date of the Plan, that is not less than the amount that the holder would receive if the Company were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date.

—That the Plan is feasible, i.e., Confirmation is not likely to be followed by the need for liquidation or further reorganization of the Company.

The Company believes that the Plan upon Confirmation would satisfy all of the statutory requirements of Chapter 11 of the Bankruptcy Code.

## EFFECT OF CONFIRMATION

If the Bankruptcy Court orders Confirmation of the Plan, then pursuant to Section 1141(d) of the Bankruptcy Code the Company will be discharged from all pre-confirmation debts except as provided in the Plan. Confirmation makes the Plan binding upon the Company, its shareholders, all creditors and other parties, regardless of whether or not they have accepted the Plan.

# SECURITIES LAW CONSIDERATIONS

The Plan contemplates the Company's issuance of various securities to its creditors and shareholders and to members of management, Copeland and PWI. The following discussion describes certain considerations relating to such issuances.

## THE SECTION 1145 EXEMPTION FROM SECURITIES ACT REGISTRATION OF SECURITIES ISSUED UNDER THE PLAN

Section 1145 of the Bankruptcy Code provides that federal and state registration requirements do not apply to the issuance of securities by a debtor under a plan of reorganization to holders of claims or interests wholly or principally in exchange for those claims or interests. With certain exceptions discussed below, recipients of such securities may also resell them without restriction.

**Issuance**

Section 1145 of the Bankruptcy Code exempts the original issuance of securities under a plan of reorganization from registration under the Securities Act and state law. For the original issuance to be exempt, three principal requirements must be satisfied: (i) the securities must be issued by the debtor or its successor "under a plan" of reorganization, (ii) the recipients of the securities must hold a claim against the debtor, an interest in the debtor or a claim for an administrative expense against the debtor, and (iii) the securities must be issued entirely in exchange for the recipient's claim against or interest in the debtor, or "principally" in such exchange and "partly" for cash or property.

The Company believes that, subject to certain conditions described below, the contemplated issuances of the New Convertible Secured Notes, the Preferred Stock, the New Common Stock and the Warrants under the Plan, and the issuance of the New Common Stock upon conversion of the New Convertible Secured Notes and Preferred Stock and upon exercise of the Warrants, will satisfy all three conditions because (i) those issuances are specifically required under the Plan, (ii) the recipients are holders of "claims" against or "interests" in the Company and (iii) the recipients will obtain the New Securities in exchange for their claims or interests.

With respect to the issuance of the shares of New Common Stock and the Warrants to Copeland, PWI and members of management, the question whether such shares and Warrants will be exempt from registration under the Securities Act and state law pursuant to Section 1145 of the Bankruptcy Code will depend upon whether the services to be provided by them, or which have been provided by them, constitute either a claim against or interest in the Company. Under the Plan, the securities to be issued to Copeland and PWI are to be issued principally in exchange for part of their services to the Company in developing and implementing the Plan, and the securities to be issued to members of management are to be issued in exchange for their agreement to continue to serve or begin serving the Company as a debtor-in-possession during the Chapter 11 case and as additional incentive for them to continue employment with the Company after Confirmation of the Plan. Although the issue is not free from doubt, the Company believes that such services will constitute either claims against or administrative expenses of the Company under the Bankruptcy Code because such services will be actual, necessary costs of preserving the estate of the Company for the benefit of the Company's creditors and interest holders during the Chapter 11 case. The Company may request a no-action letter from the Commission or a determination by the Bankruptcy Court that the issuances of the New Securities to members of management, Copeland and PWI under the Plan will be exempt from registration under the Securities Act pursuant to Section 1145 of the Bankruptcy Code based, in part, on the above analysis. If the exemption from registration under the Securities Act pursuant to Section 1145 of the Bankruptcy Code is not available, another exemption from registration under the Securities Act might be required for such issuance. The Company believes that under such circumstances, the private offering exemption provided by Section 4(2) of the Securities Act would be available for the original issuance. However, because such securities would not have been issued pursuant to the exemption provided by Section 1145 of the Bankruptcy Code, the shares of New Common Stock to be issued upon exercise of the Warrants issued to management and Copeland would have to be registered under the Securities Act or in a transaction exempt from registration and the resale of all of such securities



RAM00255

would be restricted. The Company currently intends that if an exemption from registration for the resale of any of the New Securities by members of management is not available, it will provide to such persons "piggy-back" registration rights with respect to such securities.

**Resale**

Although the Company believes the subsequent disposition of the New Convertible Secured Notes, the Preferred Stock, the New Common Stock and the Warrants by their recipients would be exempt from registration and not subject to holding periods in most circumstances, certain recipients of the securities—those recipients who may be deemed "underwriters" as defined under Section 1145(b)—may be unable to resell such securities absent registration of those securities under the Securities Act and applicable state law or absent an exemption therefrom. The Company recommends that creditors and shareholders affected by this risk consult their own counsel.

Section 1145(b) defines four types of "underwriters": (i) a person who purchases a claim against, an interest in, or a claim for administrative expense against the debtor with a view to distributing any security received in exchange for such a claim or interest; (ii) a person who offers to sell securities offered under a plan for the holders of such securities; (iii) a person who offers to buy such securities for the holders of such securities, if the offer is (a) with a view to distributing them or (b) made under a distribution agreement; and (iv) a person who is an "issuer" with respect to the securities, as the term "issuer" is defined in Section 2(11) of the Securities Act. Under Section 2(11) of the Securities Act, an "issuer" includes any person directly or indirectly controlling or controlled by the Company, or any person under direct or indirect common control with the Company.

Whether a person is an "issuer", and therefore an "underwriter", for purposes of Section 1145(b) of the Bankruptcy Code, depends on a number of factors. These include: (i) the person's equity interest in the Company; (ii) the distribution and concentration of other equity interests in the Company; (iii) whether the person is an officer or director of the Company; (iv) whether the person, either alone or acting in concert with others, has a contractual or other relationship giving that person power over management policies and decisions of the Company; and (v) whether the person actually has such power notwithstanding the absence of formal indicia of control. An officer or director of the Company may be deemed a controlling person, particularly if his position is coupled with ownership of a significant percentage of voting stock. In addition, the legislative history of Section 1145 of the Bankruptcy Code suggests that a creditor with at least 20% of the securities of a debtor could be deemed a controlling person.

To the extent that persons deemed "underwriters" receive securities pursuant to the Plan, resales by such persons would not be exempted by Section 1145 of the Bankruptcy Code from registration under the Securities Act. Given the complex, subjective nature of the question whether a particular holder may be an underwriter, the Company makes no representation concerning the right of any person to trade in the New Securities. The Company recommends that potential recipients of the New Securities consult their own counsel concerning whether they may freely trade such securities.

## SECTION 12 AND 16(B) OF THE EXCHANGE ACT

Regardless of whether any of the New Securities are registered under the Securities Act, the Company anticipates that certain of the New Securities (in particular the New Common Stock) will be required to be registered under Section 12 of the Exchange Act because, among other reasons, the Company will continue to have more than $3,000,000 in total assets and 500 or more shareholders of record. Accordingly, the Company anticipates that it will continue to be obligated under the Exchange Act to comply with the Commission's periodic reporting requirements.

Section 16(a) of the Exchange Act will require any officer, director and 10% shareholder of the Company who has not previously filed a Form 3 with respect to the Company to file a Form 3 with the Commission immediately subsequent to such person becoming an officer, director or 10% shareholder, and, thereafter, to report changes in such persons' equity holdings in the Company to the Commission on Form 4. The New Convertible Secured Notes, the Preferred Stock and the New Common Stock will all be considered equity securities of the Company under the Exchange Act.

Section 16(b) of the Exchange Act will also apply to certain transactions in the equity securities by any officer, director or beneficial owner of more than 10% of the equity securities of the Company. Under Section 16(b), any profits made by such a person by virtue of any purchase and any sale within a period of less than six months will inure to the benefit of the Company, which may sue to recover such profit. A shareholder may initiate a derivative suit for the same purpose.

Although the law in the area is unclear, it is possible that the receipt of the New Convertible Secured Notes, the Preferred Stock, the New Common Stock or the Warrants could constitute a "purchase" for purposes of Section 16(b) of the Exchange Act. Accordingly, any person subject to Section 16(b) at the time of such a "purchase" likely could not sell any of such securities within six months thereafter at a profit without incurring a liability for the amount of such profits. The Company recommends that any person who may be subject to Section 16(b) consult with counsel if he intends to sell securities received under the Plan within six months after their receipt.

## FEES AND EXPENSES OF SOLICITATION

The Company has retained the investment banking firms of Copeland, Wickersham, Wiley & Co., Incorporated and PaineWebber Incorporated to advise it with respect to the restructuring of its indebtedness. Since March 1986, Copeland has received $117,000 for such services with respect to the Plan, and has received a retainer of $160,000 to be applied at the rate of $20,000 per month until the Plan is confirmed and $9,000 per month for one year thereafter. From December 1985 to April 1986, PWI received $250,000 for its services as financial advisor to the Company in connection with the possible sale of the Company. PWI is currently receiving $10,000 per month (up to a maximum of $50,000) for services in connection with the solicitation of ballots accepting the Plan. If the Plan is confirmed, Copeland and PWI will receive $350,000 and $150,000, respectively, in cash within 15 days of the date of the Confirmation Order and $540,000 and $300,000, respectively, in shares of New Common Stock. The shares of New Common Stock to be issued to Copeland and PWI will be issued within 120 days after the Confirmation Date and will be valued based on the average market price per share of the New Common Stock for the 90 days immediately following the Effective Date; provided, however, that if the average market price per share of the New Common Stock during such 90-day period is less than $.125, the shares of the New Common Stock to be issued to Copeland and PWI will be valued at $.125 per share, and if the average market price per share of the New Common Stock during such 90-day period is greater than $.20, the shares of the New Common Stock to be issued to Copeland and PWI will be valued at $.20 per share. For purposes of the above determination, the average market price of the New Common Stock will be the arithmetic mean of the daily high and low sale prices (or if no sale prices are reported, the average of the daily high and low bid prices) of the New Common Stock as reported by the principal national stock exchange on which the New Common Stock is listed, or if the New Common Stock is not listed on a national stock exchange, as reported by NASDAQ or the National Quotation Bureau Incorporated or otherwise in the over-the-counter market. In addition to the above consideration, Copeland will also receive $.075 Warrants to purchase 7,000,000 shares of New Common Stock and $.10 Warrants to purchase 7,000,000 shares of New Common Stock. Further, if the Company is acquired prior to April 30, 1988, by a person or entity introduced by PWI to the Company, PWI will be entitled to receive 1% of the aggregate consideration to be paid in such transaction. PWI was retained by the Company in 1985 to advise the Company with respect to the Exchange Offers, which closed on October 3, 1985, and received $1,209,000 for its services with respect thereto. The Company has agreed to indemnify Copeland and PWI against certain liabilities and expenses, including liabilities under the securities laws. Neither Copeland nor PWI has been retained to render an opinion as to the fairness of the Plan to the Company or to the holders of any of the securities of the Company.

The Company will bear the cost of the solicitation of ballots by the Board of Directors with respect to the Plan, including charges and expenses of brokerage houses and other custodians, nominees and fiduciaries for forwarding solicitation material to the beneficial owners of the 15% Senior Notes and the Debentures. In addition to the use of the mails, ballots will be solicited by officers and employees of the Company, without remuneration, by personal contact, telephone or telegraph. The Company has retained



RAM00257

D. F. King & Co., Inc. to assist it in the solicitation of ballots, for whose services the Company will pay a fee of approximately $20,000, plus out-of-pocket costs and expenses. Copeland and PWI will also assist the Company in the solicitation.

The Company anticipates that in addition to the fees and expenses of Copeland and PWI, it will incur approximately $1,550,000 in fees and expenses, including approximately $600,000 in legal expenses, approximately $200,000 in accounting and engineering expenses and approximately $500,000 in printing expenses, relating to this solicitation. Such fees and expenses, however, do not include approximately $1,700,000 in estimated fees and expenses, including approximately $800,000 in legal expenses, approximately $550,000 in Committee expenses, approximately $150,000 in accounting and engineering expenses and approximately $200,000 in printing and other expenses, which the Company may incur in connection with seeking Confirmation of the Plan once a petition under Chapter 11 of the Bankruptcy Code has been filed with respect to the Company.

# THE NEW SECURITIES

*NOTE: The terms of the New Securities will be substantially as set forth in the following descriptions, with such changes and modifications as are made by the Company prior to Confirmation, which changes and modifications will not materially and adversely affect the rights of the holders thereof or of other classes of creditors senior thereto, but which changes or modifications may correct discrepancies therein, clarify terms thereof or otherwise make minor revisions thereto to achieve the intent and purposes of the Plan as described herein.*

## THE NEW BANK NOTE AND THE LETTERS OF CREDIT

The New Bank Note will be in the principal amount of the Bank's Allowed Claim less all payments made thereon subsequent to the Petition Date and prior to the Effective Date of the Plan and will be issued to the Bank pursuant to the terms of a Restated Renewal and Supplemental Loan Agreement to the Loan Agreement between the Company and the Bank to be dated as of the Effective Date (the "Supplemental Loan Agreement"). The New Bank Note will bear interest at the annual rate of ¼% above the prime lending rate at the Bank, be due on December 1, 1993, and be payable in (i) variable monthly installments (the "Minimum Payment") consisting of accrued and unpaid interest plus a fixed principal amount determined pursuant to the schedule set forth below and (ii) quarterly installments of principal equal to the amount, if any, by which a specified percentage of the Company's estimated Available Cash Flow for the preceding quarter exceeds the sum of the Minimum Payments made by the Company during such quarter. The percentage of the Available Cash Flow that will be applied to the quarterly payment of principal on the New Bank Note has not yet been determined, but will be negotiated between the Bank and Halliburton. Such percentage is currently expected to be between approximately 70% and 91%. The ultimate percentage of Available Cash Flow that will be required to be applied to the payment of the New Bank Note will not have a material effect on the Company or the feasibility of the Plan because under the terms of the New Halliburton Note all Available Cash Flow that is not applied to the payment of the New Bank Note is to be applied to the payment of the New Halliburton Note. The minimum monthly principal payments with respect to the New Bank Note will be determined pursuant to the following payment schedule:

| Period ending December 31. | Applicable Minimum Monthly Principal Payment |
|---|---|
| 1986 | $958,333 |
| 1987 | 875,000 |
| 1988 | 791,667 |
| 1989 | 416,667 |
| 1990 | 416,666 |
| 1991 | 250,000 |
| 1992 | 250,000 |
| 1993 | 174,055 |



RAM00258

Available Cash Flow for any given period will be the sum of (i) the net cash received by the Company from the sale of capital assets pledged or mortgaged to secure the payment of the New Bank Note and (ii) all cash from the Company's consolidated operations after lease operating costs, general and administrative expenses and capital expenditures approved by the Bank and Halliburton. The Company will also be entitled to deduct from the computation of Available Cash Flow any amounts necessary for the Company to maintain a cash account balance of $4,000,000 plus cash sufficient to cover all security deposits, payments and accruals for operating and general and administrative expenses (including, but not limited to, taxes and insurance) and funds to be used for approved capital expenditures. Once each year, based on the Company's audited consolidated financial statements for the preceding year, the payments by the Company on the New Bank Note will be adjusted to reflect any over-payment or under-payment of principal by the Company on the New Bank Note during the preceding year as a result of any difference between the Company's actual Available Cash Flow for such year and the Company's estimated Available Cash Flow for such year. The Supplemental Loan Agreement will contain various covenants and restrictions relating to the Company's ability to incur additional indebtedness, declare dividends and make distributions with respect to the New Common Stock and the Preferred Stock and engage in acquisition, investment and merger activities. Such covenants and restrictions likely will be similar to or more restrictive than those currently contained in the Loan Agreement and, with respect to the payment of dividends, will likely prohibit the Company from making any payments of dividends on the New Common Stock or the Preferred Stock until such time as the New Bank Note is paid in full and the Letters of Credit are no longer outstanding. The Company anticipates that other financial covenants which will significantly restrict its activities will be contained in the Supplemental Loan Agreement.

The payment of the Company's obligations under the Supplemental Loan Agreement, which will include both the payment of the New Bank Note and any obligations arising under the Letters of Credit, will be secured by a lien on substantially all the Company's proved crude oil and natural gas properties and the Company's refinery assets currently securing the payment of the Company's obligations under the Loan Agreement. Halliburton and the holders of the New Convertible Secured Notes will have junior liens on substantially all of such properties. As additional security for the payment of the Company's obligations with respect to the Letters of Credit, once the New Bank Note and the New Halliburton Note have been paid in full, the Company will be required to deposit into a cash collateral account with the Bank an amount equal to the greater of the applicable Minimum Payment and a percentage of estimated Available Cash Flow equal to the percentage used in computing the Company's quarterly payments of principal on the New Bank Note. Such funds will be periodically made available to the Company in amounts equal to the amount, if any, by which the funds in such account plus the loan value of the Company's proved producing crude oil and natural gas reserves (as determined by the Bank) exceed the amount of the then outstanding Letters of Credit.

## THE NEW HALLIBURTON NOTE

The New Halliburton Note will be in the principal amount of its Allowed Claim and will be issued to Halliburton pursuant to the terms of a Supplemental Agreement to be entered into between the Company and Halliburton to be dated as of the Effective Date. The New Halliburton Note will bear interest at the annual rate of ¼% above the prime lending rate at the Bank and be payable in (i) monthly installments of interest equal to the amount of accrued and unpaid interest on the New Halliburton Note and (ii) quarterly installments of principal equal to the amount, if any, by which the Company's estimated Available Cash Flow for the preceding quarter exceeds the sum of all payments by the Company of principal of and interest on the New Bank Note during such quarter plus all payments by the Company of interest on the New Halliburton Note during such quarter. Once each year, based on the Company's audited consolidated financial statements for the preceding year, the required payments, including interest, by the Company on the New Halliburton Note will be adjusted to reflect any over-payment or under-payment of principal on the New Halliburton Note during the preceding year as a result of any difference between the Company's actual Available Cash Flow for such year and the Company's estimated Available Cash Flow for such year. Once the New Bank Note has been paid in full, the Company will be required to



RAM00259

apply 100% of Available Cash Flow toward the payment of the New Halliburton Note. The payment of the Company's obligations with respect to the New Halliburton Note will be secured by a lien on substantially all the Company's crude oil and natural gas properties and the Company's refinery assets currently securing the payment of the Company's obligations with respect to the Halliburton Note. Such lien will be subject to the prior lien securing the Company's obligations under the Supplemental Loan Agreement and will be senior to the lien securing the payment of the New Convertible Secured Notes. In order to provide Halliburton with the right to receive payment on the New Halliburton Note prior to the termination of the Company's contingent obligations to the Bank with respect to the Letters of Credit, Halliburton will be required to enter into an intercreditor agreement with the Bank pursuant to which Halliburton will be obligated to pay to the Bank an agreed percentage of payments made with respect to the New Halliburton Note to the extent that any of the Letters of Credit are presented to the Bank for payment and the property pledged or mortgaged to secure the obligations of the Company with respect to the Letters of Credit are insufficient to satisfy such obligations. The percentage of such payments as to which Halliburton will be exposed to such repayment obligation is currently under negotiation and may range from 100% to some lesser percentage currently not determinable.

## THE NEW CONVERTIBLE SECURED NOTES

The following summarizes certain provisions of the New Convertible Secured Notes and the New Note Indenture. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the New Convertible Secured Notes and the New Note Indenture, including the definitions of certain terms used therein. Capitalized terms included in this section of the Disclosure Statement that are defined in the New Note Indenture, unless otherwise defined herein, have the meanings ascribed to them in the New Note Indenture. A copy of the form of the New Note Indenture will be available from L. G. Caskey, Secretary of the Company, upon written request.

### General

The New Convertible Secured Notes are to be issued under an Indenture of Mortgage, Deed of Trust, Assignment and Security Agreement to be dated as of the Effective Date, between the Company and J. Henry Schroder Bank & Trust Company, as Trustee (the "Trustee"). The New Convertible Secured Notes will bear no interest, but will be convertible into shares of New Common Stock at the rate of seven shares for each $1.00 principal amount of the New Convertible Secured Notes converted. The New Convertible Secured Notes will be due ten years after the Effective Date, and will be issued in fully registered form in denominations of $500 and integral multiples thereof. However, solely for purposes of initial issuance pursuant to the Plan, the New Convertible Secured Notes will also be issued in denominations of $10 and integral multiples thereof that are less than $500. The New Note Indenture will authorize an aggregate principal amount of $75,093,000 of the New Convertible Secured Notes.

The New Convertible Secured Notes will be payable at the office or agency to be maintained by the Company in New York City, New York, which, unless otherwise provided by the Company, will be the principal office of the Trustee.

### Transfer

The New Convertible Secured Notes will be transferable upon their surrender at the principal office of the Trustee in New York City, New York, duly endorsed or accompanied by a written instrument of transfer in a form that is satisfactory to the Company and that is duly executed by the holder thereof or by his attorney duly authorized in writing. The New Convertible Secured Notes issued upon transfer of any New Convertible Secured Note will be issuable, in registered form, in denominations of $500 and integral multiples thereof. No service charge will be made for any such transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

**Security for the New Convertible Secured Notes**

Payment of the New Convertible Secured Notes will be secured by a lien on certain of the Company's crude oil and natural gas properties. The properties that will be subject to this lien consist of those properties that currently are subject to the lien securing the payment of the 15% Senior Notes. These properties include substantially all of the properties owned by the Company that have proved crude oil and natural gas reserves. The Bank and Halliburton will have prior liens on the same properties. Included in the crude oil and natural gas properties that will be subject to the lien of the New Note Indenture are the Company's interests in its four largest crude oil and natural gas property groups: the Vernon Field in Jackson Parish, Louisiana, the Dorcheat Macedonia Field in Columbia County, Arkansas, the Arkana Trend in Bossier and Webster Parishes, Louisiana, and Lafayette County, Arkansas, and the North Missionary Lake Field in Caddo Parish, Louisiana. The mortgaged properties will also include the Company's crude oil and natural gas interests in East and South Texas. At March 31, 1986, the present value of future net revenues from proved reserves attributable to the crude oil and natural gas properties to be mortgaged to secure payment of the New Convertible Secured Notes, computed on the basis of a 10% discount factor, was $124,306,000. See "RISK FACTORS—Reserve Values" and "THE COMPANY—Additional Reserve Information". The New Note Indenture will permit various liens on the property that is subject to the lien of the New Note Indenture, which liens are regarded as necessary or incidental to the ownership and operation by the Company of such properties. Such permitted liens will be substantially the same as those permitted under the 15% Senior Note Indenture and may be superior to the lien of the New Note Indenture. In addition, the Company will be permitted under the New Note Indenture to remove property from the lien of the New Note Indenture to effect the sale thereof as long as the proceeds of such sale are used to reduce outstanding amounts of Superior Indebtedness or to redeem or otherwise acquire New Convertible Secured Notes.

**Conversion Rights**

The New Convertible Secured Notes will be convertible at their unpaid principal amount into shares of New Common Stock at a conversion price of $.1429 per share. The New Convertible Secured Notes will be convertible at any time prior to their maturity, except that the right to convert New Convertible Secured Notes that are called for redemption terminates on the close of business on the fifth business day prior to the date fixed for redemption. The conversion price will be subject to adjustment upon the occurrence of any of the following events: the subdivision, combination or reclassification of the then outstanding shares of the New Common Stock; the payment in shares of the New Common Stock of a dividend on the Company's capital stock; the issuance of rights or warrants (other than the Warrants) to all holders of the New Common Stock entitling them to acquire shares of such stock at less than the current market price (as defined) of shares of such New Common Stock; or the distribution to all holders of the New Common Stock of any other shares of capital stock of the Company, of evidences of indebtedness or securities of the Company or of assets of the Company (excluding securities to be issued pursuant to the Plan and cash dividends or distributions from retained earnings). No adjustment of the conversion price is to be made until cumulative adjustments amount to at least 1% of the price then in effect. Fractional shares of the New Common Stock are not to be issued upon conversion, but a person otherwise entitled to a fractional share is entitled to receive cash equal to the market value of his fractional interest at the time of conversion. On conversion, no adjustment for previously declared dividends is to be made.

**Redemption**

At the option of the Company, all or a portion of the New Convertible Secured Notes may be redeemed, from time to time, at 100% of the principal amount thereof upon the mailing of a notice of redemption not less than 30 days nor more than 60 days prior to the date fixed for redemption. If less than all the New Convertible Secured Notes are to be redeemed, the Trustee must select by lot the particular New Convertible Secured Notes (or, in the case of the New Convertible Secured Notes in denominations greater than $500, the portion thereof) to be redeemed.



RAM00261

**Sinking Fund**

The New Note Indenture requires the Company to provide for the retirement, by redemption at the principal amount thereof, of $10,000,000 principal amount of the New Convertible Secured Notes on or before June 15 in each of 1994 and 1995, through the operation of a sinking fund (the "Sinking Fund"). The Company may, at its option, receive credit against the required Sinking Fund payments for the principal amount of (i) New Convertible Secured Notes acquired by the Company and surrendered for cancellation and (ii) New Convertible Secured Notes redeemed or called for redemption otherwise than through the operation of the Sinking Fund. All or any part of the cash in the Sinking Fund not required by the Trustee for the redemption or purchase of the New Convertible Secured Notes through the operation of the Sinking Fund will be retained in the Sinking Fund or, at the request of the Company, will be applied either (i) to the redemption of the New Convertible Secured Notes or (ii) if such cash does not exceed $25,000, to the purchase of New Convertible Secured Notes at a price not in excess of the principal amount thereof.

**Subordination to Superior Indebtedness**

The payment of principal of the New Convertible Secured Notes will be subordinated in right of payment, to the extent set forth in the New Note Indenture, to the prior payment in full of all obligations of the Company under or with respect to the Supplemental Loan Agreement (including all obligations with respect to the New Bank Note and the Letters of Credit), the New Halliburton Note and any and all extensions, renewals or modifications of any of the foregoing obligations ("Superior Indebtedness"). Upon the maturity of any Superior Indebtedness by lapse of time, acceleration or otherwise, no payments, including Sinking Fund Payments, may be made on the New Convertible Secured Notes and no New Convertible Secured Notes may be acquired by the Company until all principal of, and premium, if any, and accrued interest on, the Superior Indebtedness shall have been paid in full. Further, upon any distribution of the assets of the Company upon any dissolution, winding up, liquidation or bankruptcy of the Company, the holders of Superior Indebtedness will be entitled to receive payment in full before the holders of the New Convertible Secured Notes are entitled to receive any payment. By reason of such subordination, in the event of the Company's subsequent bankruptcy or liquidation, holders of the New Convertible Secured Notes may recover less, proportionately, than the holders of Superior Indebtedness.

Unlike the 15% Senior Note Indenture, the New Note Indenture will not permit the Company to incur any additional indebtedness for borrowed money (other than Superior Indebtedness) that will be senior in right of payment to the New Convertible Secured Notes or the payment of which will be secured by a lien on properties pledged or mortgaged to secure the payment of the New Convertible Secured Notes.

Assuming an Effective Date of December 31, 1986, the anticipated principal amount of indebtedness that will be designated as Superior Indebtedness will be $77,672,000. Such amount is comprised of $37,444,000 principal amount of the New Bank Note, $32,200,000 in contingent obligations with respect to the Letters of Credit and $8,028,000 principal amount of the New Halliburton Note and reflects certain anticipated or possible further reductions from the current amounts of principal attributable to such obligations. See "FEASIBILITY OF THE PLAN—Summary of Significant Financial Projection Assumptions—Note C".

**Modification**

The New Note Indenture, the rights and obligations of the Company and the rights of the holders of the New Convertible Secured Notes may be modified by the Company and the Trustee with the consent of the holders of a majority in aggregate principal amount of the New Convertible Secured Notes then outstanding, but no extension of the maturity of any of the New Convertible Secured Notes, change in the Sinking Fund requirements or other modification affecting the terms of payment of the New Convertible Secured Notes is effective unless consented to by all such holders. Notwithstanding the foregoing, the New Note Indenture may be modified without the consent of the holders of the New Convertible Secured Notes (i) to add to the covenants and agreements of the Company for the protection or benefit of the holders of the New Convertible Secured Notes, (ii) to cure any ambiguity or to make other provisions with respect to matters or questions arising under the New Note Indenture that will not adversely affect the interests of the



RAM00262

holders of the New Convertible Secured Notes, (iii) to evidence the succession of another corporation to the Company as provided in the New Note Indenture and the assumption by the successor corporation of the covenants, agreements and obligations of the Company upon the New Convertible Secured Notes and under the New Note Indenture or (iv) to release properties from the lien of the New Note Indenture under certain circumstances.

**Events of Default**

The following events will be defined in the New Note Indenture as events of default (an "Event of Default"): (i) failure to pay principal, including any Sinking Fund payment, on any of the New Convertible Secured Notes when due, whether at maturity, upon acceleration or upon redemption; (ii) failure on the part of the Company to perform any other covenant contained in the New Note Indenture for a period of 60 days after written notice specifying such failure and requesting its remedy; (iii) the filing of a subsequent voluntary petition in bankruptcy or reorganization; (iv) the entry by a court of a decree or order, unstayed on appeal or otherwise, in effect for 90 days adjudicating the Company a bankrupt or insolvent, appointing a receiver of the Company or of any substantial part of its property, or ordering or approving certain other similar matters; and (v) certain other events of bankruptcy and insolvency.

The New Note Indenture will provide that the Trustee shall, within 90 days after the occurrence of an Event of Default, give to the holders of the New Convertible Secured Notes notice of all uncured defaults known to it provided that, except in the case of default in payment of principal, including any Sinking Fund payments, with respect to the New Convertible Secured Notes, the Trustee shall be protected in withholding such notice if in good faith it determines that the withholding of such notice is in the interests of the holders of the New Convertible Secured Notes.

**Rights on Default**

If an Event of Default shall occur and be continuing, the Trustee or the holders of not less than 25% in aggregate principal amount of the New Convertible Secured Notes then outstanding may declare the principal of all of the New Convertible Secured Notes to be due and payable immediately, but, subject to certain conditions, the holders of a majority in principal amount of the New Convertible Secured Notes may rescind such declaration if the default has been cured.

Existing defaults (except a default in payment of principal, including a Sinking Fund payment) may be waived by the holders of a majority in principal amount of the New Convertible Secured Notes at the time outstanding. Subject to provisions of the New Note Indenture relating to the duties of the Trustee in case any Event of Default shall occur and be continuing, the Trustee shall be under no obligation to exercise any of its rights or powers under the New Note Indenture at the request or direction of any of the holders of the New Convertible Secured Notes, unless such holders shall have offered to the Trustee reasonable security or indemnity. Subject to such provision for indemnification of the Trustee and certain other limitations to be contained in the New Note Indenture, the holders of a majority in principal amount of the New Convertible Secured Notes at the time outstanding shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee.

Upon the occurrence of an Event of Default and acceleration of maturity of all amounts owing on the New Convertible Secured Notes, the Trustee may demand (subject to the rights of any holder of obligations the payment of which is secured by a lien superior to the lien of the New Note Indenture) the right to take possession of the properties securing the payment of the New Convertible Secured Notes and manage such properties or foreclose the lien of the New Note Indenture and sell such properties in the manner set forth in the New Note Indenture in order to realize the benefit thereof for the holders of the New Convertible Secured Notes.



RAM00263

**Satisfaction and Discharge**

The New Note Indenture shall provide that it shall be discharged when all principal on all the New Convertible Secured Notes has been paid or if the Company shall, within six months prior to the stated maturity of the New Convertible Secured Notes, deliver to the Trustee an amount sufficient to pay the principal of such New Convertible Secured Notes and all other amounts payable by the Company under the New Note Indenture.

**Governing Law**

Except as to those provisions setting forth the rights and duties of the Trustee, which are to be governed by and construed in accordance with the laws of the State of New York, and those provisions relating to the enforcement of certain of the remedies created by the New Note Indenture with respect to the properties securing the payment of the New Convertible Secured Notes, which provisions may be governed by the laws of the state in which such property is located, the New Note Indenture and each New Convertible Secured Note is to be deemed a contract made under the laws of the State of Louisiana, and for all purposes is to be governed and construed in accordance with the laws of the State of Louisiana.

**Trustee**

J. Henry Schroder Bank & Trust Company, a New York banking corporation, has agreed to act as trustee under the New Note Indenture, subject to approval of the Bankruptcy Court.

## THE SENIOR PREFERRED STOCK

**General**

The following summarizes certain provisions of the Senior Preferred Stock and the Certificate of Designation, Voting Powers, Preferences and Rights establishing the Senior Preferred Stock. This summary does not purport to be complete and is qualified in its entirety by express reference to the Certificate of Designation, Voting Powers, Preferences and Rights establishing the Senior Preferred Stock, a copy of which is attached hereto as Exhibit C and which reflects the terms thereof substantially in the form in which they will be put into effect under the Plan.

**Dividend Rights**

The owners of shares of the Senior Preferred Stock will be entitled to receive, when, if, and as declared by the Board of Directors of the Company, noncumulative dividends out of funds legally available therefor in cash at the rate of $.06 per share per annum, and no more, payable annually on the fifteenth day of April in each year commencing on the first January after the Effective Date. Such dividend payments, however, will be subject to the conditions that (i) there not be outstanding any Superior Indebtedness (which will include the Company's obligations with respect to the New Bank Note, the Letters of Credit and the New Halliburton Note), (ii) all required sinking fund payments with respect to the New Convertible Secured Notes shall have been made or provided for, (iii) after giving effect to the payment of such dividends the Company shall have at least $1.00 of consolidated retained earnings (calculated in accordance with generally accepted accounting principles then existing) and (iv) the declaration and payment of such dividends would not violate any applicable law or provision of any material contract to which the Company is a party. In addition, no dividend or distribution in cash or other property (other than equity securities of the Company ranking junior to the Senior Preferred Stock in the payment of dividends and upon liquidation, dissolution or winding up of the Company) may be declared or paid with respect to the New Common Stock or any series of preferred stock of the Company ranking junior to the Senior Preferred Stock with respect to the payment of dividends or upon liquidation, dissolution or winding up of the Company, unless the circumstances under which the Company may declare and pay a dividend on the Senior Preferred Stock shall have been met and all dividends, if any, on the Senior Preferred Stock required to have been declared since the date of issue thereof to the date of such dividend or distribution shall have been paid or declared and set aside for payment. In the event that the Company shall have been required to have declared and paid a dividend on the Senior Preferred Stock

and such dividend shall not have been declared or paid or set apart for payment, the Company may not declare or pay or set apart for the payment of dividends or make any other distributions on, or make any payment on account of the purchase, redemption or retirement of, the New Common Stock or any other stock of the Company ranking as to dividends or distribution of assets upon liquidation, dissolution or winding up of the Company junior to the Senior Preferred Stock (other than dividends or distributions paid in shares of New Common Stock or other junior ranking stock) until all required dividends on the Senior Preferred Stock shall have been declared and paid or set apart for payment. Because of the above restrictions on the ability of the Company to pay dividends on the Senior Preferred Stock, the Company does not anticipate that its financial condition will be such that it will be in a position to pay any dividends on the Senior Preferred Stock in the foreseeable future.

**Conversion Rights**

The shares of the Senior Preferred Stock will be convertible at the option of the holder into shares of the New Common Stock at any time initially at the conversion rate of four and one-half shares of New Common Stock per share of Senior Preferred Stock. Each share of the New Common Stock issued upon conversion of the shares of the Senior Preferred Stock will be fully paid and nonassessable. The conversion rate will be subject to adjustment in certain events, including (i) dividends and other distributions payable in the New Common Stock on any class of capital stock of the Company, (ii) the issuance to all holders of the New Common Stock of rights or warrants (other than the Warrants) entitling them to subscribe for or purchase shares of the New Common Stock at a price less than the current market price (as defined in the Certificate of Designation, Voting Powers, Preferences and Rights establishing the Senior Preferred Stock), (iii) subdivisions, combinations and reclassifications of the New Common Stock and (iv) distributions to all holders of the New Common Stock of evidences of indebtedness or assets of the Company (including securities, but excluding those rights, warrants, dividends and distributions referred to above, those securities to be issued pursuant to the Plan and dividends and distributions paid in cash out of earned surplus). Shares of the Senior Preferred Stock converted into the New Common Stock will be restored to the status of authorized but unissued shares of preferred stock, without designation as to series, and may thereafter be issued. No adjustment of the conversion rate is to be made until cumulative adjustments amount to at least one-hundredth of a share.

If at any time the Company makes a distribution of property to its shareholders which would be taxable to such shareholders as a dividend for federal income tax purposes (*e.g.*, distributions of evidences of indebtedness or assets of the Company, but generally not stock dividends or rights to subscribe for the New Common Stock) and pursuant to the anti-dilution provisions relating to the Senior Preferred Stock the conversion price thereof is reduced, for federal income tax purposes such reduction may be deemed to be the payment of a taxable dividend to holders of the Senior Preferred Stock. See "CERTAIN FEDERAL INCOME TAX CONSEQUENCES".

**Liquidation Preference**

Upon any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of the Senior Preferred Stock shall have preference and priority over the New Common Stock, the Series A Preferred Stock and any other class or series of stock ranking junior to the Senior Preferred Stock upon liquidation, dissolution or winding up for payment out of the assets of the Company or proceeds thereof available for distribution to shareholders of $1.00 per share, and after such payment the holders of the Senior Preferred Stock shall be entitled to no other payments. If, in the case of any such liquidation, dissolution or winding up of the Company, the assets of the Company or proceeds thereof shall be insufficient to make the full liquidation payment of $1.00 per share and full liquidation payments on any other series of preferred stock ranking as to liquidation on a parity with the Senior Preferred Stock, then such assets and proceeds shall be distributed among the holders of the Senior Preferred Stock and any such other series ratably in accordance with the respective amounts which would be payable upon liquidation, dissolution or winding up on such shares of the Senior Preferred Stock and any such other series if all amounts payable thereof were paid in full. A consolidation or merger of the Company with or into one or more corporations shall not be deemed to be a liquidation, dissolution or winding up of the Company.

**Optional Cash Redemption**

The Company may, at its option, redeem shares of the Senior Preferred Stock for cash in whole at any time, or from time to time in part, at $1.00 per share plus any accrued and unpaid dividends thereon upon written notice mailed to each holder of record of shares to be redeemed not more than 60 days and not less than 30 days prior to the redemption date.

If less than all the outstanding shares of the Senior Preferred Stock not previously called for cash redemption are to be redeemed, shares to be redeemed shall be selected by the Company from outstanding shares not previously called for cash redemption by lot or pro rata as determined by the Board of Directors. The shares of the Senior Preferred Stock redeemed for cash by the Company will be restored to the status of authorized but unissued shares of preferred stock, without designation as to series, and may thereafter be issued.

**Voting Rights**

Holders of the Senior Preferred Stock will be entitled to vote with the holders of the New Common Stock and the Series A Preferred Stock, as a single class, for the election of directors and on all matters submitted to a vote of shareholders of the Company, with each share of Senior Preferred Stock being entitled to two votes with respect to such matters.

Whenever circumstances shall exist under which the holders of the Senior Preferred Stock will be entitled to receive a dividend thereon and the Company shall not have declared and paid such a dividend for a period of 180 days from the date such circumstances first arose, the holders of the Senior Preferred Stock (voting as a class) will be entitled to vote for the election of two directors on the terms set forth below until all required dividends on the Senior Preferred Stock shall have been declared and paid in full. In such case, the holders of the Senior Preferred Stock will have the exclusive right as a class to elect two directors at the next annual meeting of shareholders unless such rights shall have terminated. The two directors so to be elected may be in addition to the number of directors theretofore authorized to be elected by the holders of the capital stock of the Company entitled to vote for the election of directors generally. Upon any termination of the right of the holders of the Senior Preferred Stock as a class to vote for directors, the term of office of all directors then in office elected by the holders of the Senior Preferred Stock will terminate immediately.

In addition, so long as any shares of the Senior Preferred Stock remain outstanding, the affirmative vote or consent of the holders of at least a majority of the shares of the Senior Preferred Stock outstanding at the time, given in person or by proxy, either in writing or at a meeting (voting as a class with the holders of all other series of preferred stock ranking on a parity with the Senior Preferred Stock upon a liquidation, dissolution or winding up of the Company), will be necessary to permit, effect or validate (i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking equal or prior to the Senior Preferred Stock with respect to the payment of dividends, rights to redemption or the distribution of assets on liquidation, dissolution or winding up of the Company; (ii) the amendment, alteration or repeal of any of the provisions of the Articles of Incorporation, as amended, which would materially and adversely affect any right, preference or privilege of the Senior Preferred Stock or of the holders thereof; or (iii) authorize the merger or consolidation of the Company if the effect of such merger or consolidation would be to materially alter or change the powers, preference or rights given to the holders of any shares of the Senior Preferred Stock; provided, however, the issuance of additional shares of New Common Stock or the creation and issuance of other series of preferred stock, ranking junior to the Senior Preferred Stock with respect to dividends or the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences or privileges. Such additional voting rights will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of the Senior Preferred Stock shall have been redeemed or sufficient funds shall have been deposited in trust to effect such redemption.



RAM00266

### Other Matters

RepublicBank Dallas, National Association, has agreed to act as the Transfer Agent and Registrar for the Senior Preferred Stock, subject to approval by the Bankruptcy Court.

Shares of the Senior Preferred Stock, when issued as described in this Disclosure Statement, and of the New Common Stock which may be issued upon its conversion, will be duly and validly issued and fully-paid and nonassessable. Holders of the Senior Preferred Stock do not have the right to cumulate votes in the election of directors nor do they have any preemptive rights with respect to future issuances of capital stock of the Company.

## THE SERIES A PREFERRED STOCK

### General

The following summarizes certain provisions of the Series A Preferred Stock and the Certificate of Designation, Voting Powers, Preferences and Rights establishing the Series A Preferred Stock. This summary does not purport to be complete and is qualified in its entirety by express reference to the Certificate of Designation, Voting Powers, Preferences and Rights establishing the Series A Preferred Stock, a copy of which is attached hereto as Exhibit D and which reflects the terms thereof substantially in the form in which they will be put into effect under the Plan.

### Junior Stock

The Series A Preferred Stock will rank junior to the Senior Preferred Stock as to distribution of assets upon liquidation, dissolution or winding up of the Company.

### Dividend Rights

The owners of the Series A Preferred Stock will not be entitled to any dividends as a class or to participate as to dividends with the owners of the New Common Stock. However, no dividend or distribution in cash or other property (other than equity securities of the Company ranking junior to the Series A Preferred Stock in the payment of dividends and upon liquidation, dissolution or winding up of the Company) may be declared or paid with respect to the New Common Stock or any series of preferred stock of the Company ranking junior to the Series A Preferred Stock with respect to the payment of dividends or upon liquidation, dissolution or winding up of the Company, unless (i) no Superior Indebtedness is outstanding, (ii) all required sinking fund payments with respect to the New Convertible Secured Notes shall have been made or provided for, (iii) after giving effect to the payment of such dividends, the Company shall have at least $1.00 of consolidated retained earnings and (iv) the declaration or payment of such dividends would not violate any applicable law or provision of any material contract to which the Company is a party.

### Conversion Rights

The shares of the Series A Preferred Stock will be convertible at the option of the holder into shares of the New Common Stock at any time initially at the conversion rate of four shares of New Common Stock per share of the Series A Preferred Stock. Each share of the New Common Stock issued upon conversion of the shares of the Series A Preferred Stock will be fully paid and nonassessable. The conversion rate will be subject to adjustment in certain events, including (i) dividends and other distributions payable in the New Common Stock on any class of capital stock of the Company, (ii) the issuance to all holders of the New Common Stock of rights or warrants (other than the Warrants) entitling them to subscribe for or purchase shares of the New Common Stock at a price less than the current market price (as defined in the Certificate of Designation, Voting Rights, Preferences and Rights establishing the Series A Preferred Stock), (iii) subdivisions, combinations and reclassifications of the New Common Stock, and (iv) distributions to all holders of the New Common Stock of evidences of indebtedness or assets of the Company (including securities, but excluding those rights, warrants, dividends and distributions referred to above, those securities to be issued pursuant to the Plan and dividends and distributions paid in cash out



RAM00267

of earned surplus). Fractional shares of the New Common Stock will not be issued upon conversion, but, in lieu thereof, the Company will pay a cash adjustment based upon the market price of the New Common Stock. Shares of the Series A Preferred Stock converted into the New Common Stock will be restored to the status of authorized but unissued shares of preferred stock, without designation as to series, and may thereafter be issued. No adjustment of the conversion rate is to be made until cumulative adjustments amount to at least one-hundredth of a share.

If at any time the Company makes a distribution of property to its shareholders which would be taxable to such shareholders as a dividend for federal income tax purposes (*e.g.*, distributions of evidences of indebtedness or assets of the Company, but generally not stock dividends or rights to subscribe for the New Common Stock) and pursuant to the anti-dilution provisions relating to the Series A Preferred Stock the conversion price thereof is reduced, for federal income tax purposes such reduction may be deemed to be the payment of a taxable dividend to holders of the Series A Preferred Stock. See "CERTAIN FEDERAL INCOME TAX CONSEQUENCES".

**Liquidation Preference**

Upon any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of the Series A Preferred Stock shall have preference and priority over the New Common Stock and any other class or series of stock ranking junior to the Series A Preferred Stock upon liquidation, dissolution or winding up for payment out of the assets of the Company or proceeds thereof available for distribution to shareholders of $1.00 per share, and after such payment the holders of the Series A Preferred Stock shall be entitled to no other payments. If, in the case of any such liquidation, dissolution or winding up of the Company, the assets of the Company or proceeds thereof shall be insufficient to make the full liquidation payment of $1.00 per share and full liquidation payments on any other series of preferred stock ranking as to liquidation on a parity with the Series A Preferred Stock, then such assets and proceeds shall be distributed among the holders of the Series A Preferred Stock and any such other series ratably in accordance with the respective amounts which would be payable upon liquidation, dissolution or winding up on such shares of the Series A Preferred Stock and any such other series if all amounts payable thereof were paid in full. A consolidation or merger of the Company with or into one or more corporations shall not be deemed to be a liquidation, dissolution or winding up of the Company.

**Optional Cash Redemption**

The Company may, at its option, redeem shares of the Series A Preferred Stock for cash in whole at any time, or from time to time in part, at $1.00 per share upon written notice mailed to each holder of record of shares to be redeemed not more than 60 days and not less than 30 days prior to the redemption date.

If less than all the outstanding shares of the Series A Preferred Stock not previously called for cash redemption are to be redeemed, shares to be redeemed shall be selected by the Company from outstanding shares not previously called for cash redemption by lot or pro rata as determined by the Board of Directors of the Company. The shares of the Series A Preferred Stock redeemed for cash by the Company will be restored to the status of authorized but unissued shares of preferred stock, without designation as to series, and may thereafter be issued.

**Voting Rights**

Holders of the Series A Preferred Stock will be entitled to vote with the holders of the New Common Stock and the Senior Preferred Stock, as a single class, for the election of directors and on all matters submitted to a vote of shareholders of the Company, with each share of Series A Preferred Stock being entitled to one vote with respect to such matters.

In addition, so long as any shares of the Series A Preferred Stock remain outstanding, the affirmative vote or consent of the holders of at least a majority of the shares of the Series A Preferred Stock outstanding at the time, given in person or by proxy, either in writing or at a meeting (voting as a class with the holders of all other series of preferred stock ranking on a parity with the Series A Preferred Stock upon a liquidation, dissolution or winding up of the Company), will be necessary to permit, effect or

validate (i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking equal or prior to the Series A Preferred Stock with respect to the payment of dividends, rights to redemption or the distribution of assets on liquidation, dissolution or winding up of the Company, (ii) the amendment, alteration or repeal of any of the provisions of the Articles of Incorporation, as amended, which would materially and adversely affect any right, preference, or privilege of the Series A Preferred Stock or of the holders thereof; or (iii) authorize the merger or consolidation of the Company if the effect of such merger or consolidation would be to materially alter or change the powers, preference or rights given to the holders of any shares of the Series A Preferred Stock; provided, however, the issuance of additional shares of New Common Stock or the creation and issuance of other series of preferred stock, ranking junior to the Series A Preferred Stock with respect to the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences or privileges. Such additional voting rights will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of the Series A Preferred Stock shall have been redeemed or sufficient funds shall have been deposited in trust to effect such redemption.

**Other Matters**

RepublicBank Dallas, National Association, has agreed to act as the Transfer Agent and Registrar for the Series A Preferred Stock, subject to approval by the Bankruptcy Court.

Shares of the Series A Preferred Stock, when issued as described in this Disclosure Statement, and of the New Common Stock which may be issued upon its conversion, will be duly and validly issued and fully paid and nonassessable. Holders of the Series A Preferred Stock do not have the right to cumulate votes in the election of directors nor do they have any preemptive rights with respect to future issuances of capital stock of the Company.

## THE WARRANTS

The following is a summary of the rights and provisions of the Warrants to be issued under the Plan. This summary does not purport to be complete and is qualified in its entirety by the express reference to the form of Warrants, which is attached as Exhibit E to this Disclosure Statement, and to the Warrant Agreements between the Company and RepublicBank Dallas, National Association (the "Warrant Agent") with respect to each issue of the Warrants (the "Warrant Agreements"), pursuant to which the Warrants will be issued. Such Exhibit E reflects the terms of the Warrants substantially as they will be issued upon the Effective Date. A copy of each of the Warrant Agreements will be available from L. G. Caskey, Secretary of the Company, upon written request.

**Issuance and Exercise Price**

The Company will issue in registered form five issues of Warrants to purchase shares of New Common Stock. The Warrants will be designated the $.075 Warrants, $.10 Warrants, $.125 Warrants, $.15 Warrants and $.25 Warrants and will have exercise prices of $.075, $.10, $.125, $.15 and $.25, respectively. The $.075 Warrants will be issued to the holders of the Class 6, 7 and 8B claims and to Copeland and members of management. The $.10 Warrants will be issued to the holders of the Class 8B, 12 and 13 claims and to Copeland and members of management. The $.125 Warrants will be issued to the holders of the Class 12, 13 and 15 claims. The $.15 Warrants will be issued to the holders of the Class 15 claims. The $.25 Warrants will be issued to the holders of Class 15 Claims and certain current and past members of management. Except for certain restrictions applicable to the Bank and Halliburton with respect to the $.075 Warrants as to when they may be initially exercised, each issue of Warrants will initially entitle the registered owner thereof, at any time after issuance through 12 years from the Effective Date, subject to adjustment and the termination of provisions referred to below, to purchase one share of the New Common Stock upon payment of the exercise price with respect to such Warrant in cash by certified or official bank check or bank draft or money order payable to the order of the Company. The $.075 Warrants to be issued to the Bank and Halliburton will not become exercisable until one year after the Effective Date. Holders of the New Bank Note, the New Halliburton Note and the New Convertible



RAM00269

Secured Notes may elect to pay all or any part of the exercise price of any of the Warrants held by them by surrendering all or part of such New Notes held by them for credit against the exercise price of such Warrants at 110% of the sum of the face amount plus any accrued and unpaid interest on the New Notes so surrendered. In addition, holders of the Senior Preferred Stock may elect to pay all or any part of the exercise price of any of the Warrants held by them by surrendering shares of the Senior Preferred Stock held by them for credit against the exercise prices of such Warrants at 100% of the liquidation preference of such shares. The shares of New Common Stock issued upon exercise of a Warrant will be considered fully paid and nonassessable shares of the Company. Except as to exercise price and the time at which the Warrants first become exercisable, the terms of each issue of the Warrants are substantially identical.

**Voting Rights**

Holders of the Warrants will not be entitled, by virtue of their status as such, to any dividend, voting or other rights as shareholders of the Company.

**Adjustments**

The exercise price, the number of shares of the New Common Stock that may be received upon the exercise of each Warrant and the number of Warrants outstanding with respect to each issue of Warrants will be subject to adjustment upon the occurrence of certain events, including (i) the payment of certain dividends or distributions in shares of the New Common Stock to holders of the New Common Stock, (ii) certain combinations, subdivisions or reclassifications of the New Common Stock, (iii) certain distributions to holders of New Common Stock of evidences of indebtedness of the Company, certain assets (which exclude cash dividends or distributions payable out of consolidated retained earnings), shares of stock other than the New Common Stock and certain subscription rights therefor and (iv) with certain specified exceptions, including the issuance of the New Securities pursuant to the Plan and the receipt of shares of New Common Stock upon the conversion or exercise of any of such New Securities, the sale and issuance of shares of the New Common Stock (other than upon exercise of Warrants issued under the Plan) or rights, options, warrants, or convertible or exchangeable securities containing rights to subscribe for or purchase shares of the New Common Stock at a price lower than the then current Market Price (as hereinafter defined) per share of the New Common Stock. The current "Market Price" of the New Common Stock is defined in each of the Warrant Agreements as the average of the daily closing prices of 10 consecutive trading days commencing 20 trading days before the date of such computation. The closing price for each day will be the last reported sale price regular way or, in case no such reported sale takes place on such day, the average of the closing bid and asked prices regular way for such day, in either case on the principal national or regional securities exchange on which the shares are listed or admitted to trading, or if they are not listed or admitted to trading on any national or regional securities exchange, but are traded in the over-the-counter market, the closing sale price of the New Common Stock or, in case no sale is publicly reported, the average of the closing bid and asked quotations for the New Common Stock on NASDAQ or any comparable system or, if the New Common Stock is not approved for quotation on NASDAQ or a comparable system, the closing sale price of the New Common Stock or, in case no sale is publicly reported, the average of the closing bid and asked prices as furnished by two members of the National Association of Securities Dealers, Inc. selected from time to time by the Company for that purpose. In case of the general unavailability of published prices from any source with respect to the New Common Stock, the "Market Price" shall mean the fair value of one share of New Common Stock as determined by the Company's Board of Directors. No adjustment to the exercise price of the Warrants is to be made until cumulative adjustments amount to at least 1% of the price then in effect.

In the event of any consolidation or merger or sale of property of the Company as an entirety or substantially as an entirety, the Company or surviving or purchasing corporation will be required to provide each holder of Warrants, upon exercise of a Warrant, the kind and amount of property such holder would have received if such holder had exercised the Warrant immediately prior to such action.



RAM00270

**Termination**

The Warrants, and all rights thereunder, will expire twelve years from the Effective Date. The Warrants will terminate sooner if the Company undergoes a voluntary or involuntary dissolution or liquidation. In addition, with respect to any issue of the Warrants if at any time on or subsequent to one year after the Effective Date, the Average Monthly Market Price (as hereafter defined) of the New Common Stock is greater than $.125 and is at least 150% of the then effective exercise price per share with respect to such issue of Warrants for a period of six consecutive months, the Company, upon giving notice as described below, may call for cancellation all of such issue of Warrants. The "Average Monthly Market Price" of the New Common Stock is defined in each of the Warrant Agreements as the arithmetic mean of the daily high and low sale prices (or if no sale prices are reported, the average of the daily high and low bid prices) of the New Common Stock during any given month as reported by the principal national or regional stock exchange on which the New Common Stock is listed, or if the New Common Stock is not listed on a national or regional stock exchange, as reported by NASDAQ or the National Quotation Bureau Incorporated or otherwise in the over-the-counter market. Notice of call for cancellation will be mailed to registered holders of the Warrants not more than 60 days or less than 30 days before the call date. Any Warrant so called may be exercised until 5:00 p.m., New York City time, on the call date specified in the notice of call. If such Warrant is not exercised by such time, it will be cancelled.

**Modification of the Warrant Agreements**

The Warrant Agreement with respect to each issue of the Warrants and the rights of the holders of such Warrants thereunder may be modified by the Company and the Warrant Agent with respect to such Warrants with the consent to the holders of not less than a majority in number of such Warrants then outstanding; provided, however, that no modification of the terms upon which such Warrants are exercisable or may be cancelled, or a reduction in the percentage required for modification, may be made without the consent of the holder of each Warrant affected thereby. Each Warrant Agreement contains provisions permitting the Company and the applicable Warrant Agent, without the consent of any holder of Warrants, to supplement or amend the Warrant Agreement in order to cure any ambiguity or to correct or supplement any provision in the Warrant Agreement that may be defective or inconsistent with any other provision of the Warrant Agreement or to make any other provisions that the Company and the applicable Warrant Agent may deem necessary or desirable and that do not adversely affect, alter or change the interest of the holders of the Warrants issued pursuant to such Warrant Agreement.

**Other Matters**

Warrant certificates may be exchanged for certificates representing in the aggregate a like number of Warrants, or registered for transfer, by presenting them at the office of the Warrant Agent with respect to such Warrants.

## THE NEW COMMON STOCK

The New Common Stock will be the common stock of the Company as of the Effective Date of the Plan. Under the Plan, as of the Effective Date, there will be 2,300,000,000 authorized shares of New Common Stock, of which approximately 142,448,000 shares will be issued and outstanding and 2,015,822,000 shares reserved for issuance with respect to the conversion rights of the New Convertible Secured Notes, the Senior Preferred Stock and the Series A Preferred Stock and with respect to the exercise rights of the Warrants. Holders of the New Common Stock will be entitled to vote with the holders of the Senior Preferred Stock and the Series A Preferred Stock, as a single class, for the election of directors and on all matters submitted to a vote of shareholders of the Company, with each share of New Common Stock being entitled to one vote with respect to such matters. Holders of the New Common Stock will not have a right to cumulate votes in the election of directors, which means that the holders of a majority of the voting power of the Company voting in the election of directors could elect 100% of the directors if they chose to do so, and, in such event, the other holders would not be able to elect any person or persons to the



RAM00271

Board of Directors. As of the Effective Date, the holders of the Preferred Stock will, by virtue of their ownership of the Preferred Stock, have approximately 54% of the outstanding voting power with respect to all matters presented to a vote of the Company's shareholders generally and could elect 100% of the members of the Board of Directors.

All shares of the New Common Stock will be entitled to share equally in dividends from sources legally available therefor, when, as, and if declared by the Board of Directors, and upon liquidation or dissolution of the Company, whether voluntary or involuntary, to share equally in its assets available for distribution to shareholders, subject in each case to the rights of the holders of the Senior Preferred Stock, the Series A Preferred Stock and any other outstanding series of preferred stock having a liquidation preference over the New Common Stock. The ability of the Company to pay dividends on the New Common Stock, however, will be substantially limited by the terms of the Senior Preferred Stock and the Series A Preferred Stock. In addition, it is anticipated that the Supplemental Loan Agreement with the Bank will provide for restrictions on the Company's ability to pay dividends on the New Common Stock more restrictive than those contained in the Loan Agreement. See "DESCRIPTION OF EXISTING CAPITAL STOCK—Dividend Restrictions". Accordingly, it cannot be predicted when, if ever, dividends on the New Common Stock will be declared or paid. Holders of the New Common Stock will have no pre-emptive rights to acquire shares of New Common Stock.



RAM00272

# MARKET AND TRADING INFORMATION

On May 19, 1986, the AMEX suspended trading on the Common Stock, the 15% Senior Notes and the Debentures, and on May 30, 1986, such securities were delisted from the AMEX. As a result of such delisting, the Common Stock is currently listed only on the PSE and the ISE and the 15% Senior Notes and the Debentures are not listed on any national securities exchange and are traded only in the over-the-counter market. The following table sets forth the quarterly high and low sale prices of the Common Stock and the quarterly high and low sale prices per $100 principal amount of the 15% Senior Notes, the 12⅝% Debentures due 1990, the 14⅞% Debentures, the 11⅜% Debentures, the 13¾% Debentures and the 12⅝% Debentures due 2001 for the periods indicated:

| | 1986 | | | 1985 | | | | 1984 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Quarter | | | Quarter | | | | Quarter | | | |
| | 3rd(a) | 2nd | 1st | 4th | 3rd | 2nd | 1st | 4th | 3rd | 2nd | 1st |
| Common Stock(b) | | | | | | | | | | | |
| high | 5/16 | 5/16 | 3/8 | 1½ | 2½ | 3 | 4⅜ | 5⅜ | 10 | 15⅜ | 17 |
| low | 3/16 | ¼ | ⅛ | ¼ | 1⅛ | 1⅜ | 2¼ | 2⅞ | 4½ | 9 | 13⅜ |
| 15% Senior Notes(c)(d) | | | | | | | | | | | |
| high | NA(f) | 27⅞ | 63⅞ | 90 | | | | | | | |
| low | NA | 22½ | 26½ | 67 | | | | | | | |
| 12⅝% Debentures due 1990(d) | | | | | | | | | | | |
| high | NA | 16 | 45½ | 62 | 58 | 74 | 83½ | 81 | 83 | 92¼ | 93 |
| low | NA | 11 | 15 | 37 | 40 | 48 | 70½ | 74 | 75⅛ | 79 | 92 |
| 14⅞% Debentures(d)(e) | | | | | | | | | | | |
| high | NA | 94½ | 50 | 64 | 58 | 75 | 83⅞ | 85 | NA | NA | NA |
| low | NA | 10⅛ | 13⅞ | 42½ | 50 | 52 | 76 | 84 | NA | NA | NA |
| 11⅜% Debentures(d) | | | | | | | | | | | |
| high | NA | 14¼ | 39¾ | 47½ | 44¼ | 56½ | 72 | 71 | 76 | 100½ | 102½ |
| low | NA | 9 | 10⅛ | 30 | 33¼ | 35 | 55¾ | 55 | 68 | 75 | 97 |
| 13¾% Debentures(d) | | | | | | | | | | | |
| high | NA | 14½ | 43 | 59½ | 56 | 69½ | 74⅞ | 79⅛ | 77 | 90 | 94 |
| low | NA | 8 | 10 | 31½ | 43 | 39¾ | 67 | 73 | 71½ | 76 | 90 |
| 12⅝% Debentures due 2001(d) | | | | | | | | | | | |
| high | NA | 14 | 40½ | 55½ | 52⅝ | 57¾ | 69 | 69⅞ | NA | NA | NA |
| low | NA | 8½ | 10 | 30½ | 40⅞ | 43 | 60⅞ | 69⅞ | NA | NA | NA |

(a) Through July 7, 1986.

(b) Prices through May 19, 1986, are based upon the closing sale prices reported by the AMEX, and prices subsequent to May 19, 1986, are based upon the closing sale prices reported by the PSE.

(c) Initially issued October 1985.

(d) Prices are based on the closing sale prices through May 19, 1986, as reported by the AMEX. Subsequent to the AMEX's suspension of trading on these issues on May 19, 1986, trading volume with respect to these securities has been very limited and the Company has been unable to obtain any meaningful information with respect to the current market prices for such securities.

(e) Initially issued December 1983.

(f) NA-Not Available. Because of the limited trading volume for this issue, no meaningful market quotations were available.

The closing sale price per $100 principal amount of the 15% Senior Notes, the 12⅝% Debentures due 1990, the 14⅞% Debentures, the 11⅜% Debentures, the 13¾% Debentures and the 12⅝% Debentures due 2001 as of May 19, 1986, the date on which the AMEX suspended trading on such securities, were $23.00, $16.00, $13.00, $13.00, $13.50 and $14.00, respectively. Because of the limited trading volume with respect to the 9% Debentures, no market quotations were available with respect to such securities. Quoted market prices for the 15% Senior Notes and the Debentures may not reflect actual transactions of the 15% Senior Notes and the Debentures and may not reflect prices at which buyers and sellers are willing to trade large principal amounts of the 15% Senior Notes or the Debentures. At July 7, 1986, the closing sale price per share of the Common Stock was $.25.



RAM00273

# PURCHASES OF CERTAIN SECURITIES BY THE COMPANY

On October 3, 1985, upon consummation of the Exchange Offers, the Company acquired $234,216,000 face amount of the Debentures in exchange for $125,155,000 face amount of the 15% Senior Notes and 7,418,000 shares of Common Stock. The following table sets forth (i) the face amount of the 15% Senior Notes and number of shares of Common Stock issued by the Company for each $1,000 face amount of the Debentures and (ii) the aggregate face amount of the 15% Senior Notes and number of shares of Common Stock issued in the Exchange Offers for each issue of the Debentures:

| | Face Amount of Debentures Acquired | Face Amount of 15% Senior Notes Issued | | Number of Shares of Common Stock Issued | |
|---|---|---|---|---|---|
| | | Per $1,000 | Aggregate | Per $1,000 | Aggregate |
| | (In Thousands) | | (In Thousands) | | (In Thousands) |
| 14⅞% Debentures | $113,309 | $622 | $ 70,478 | 40 | 4,532 |
| 12⅜% Debentures due 1990 | 7,285 | 510 | 3,715 | 25 | 182 |
| 13¾% Debentures | 22,081 | 500 | 11,041 | 17 | 376 |
| 12⅝% Debentures due 2001 | 53,681 | 451 | 24,210 | 25 | 1,342 |
| 11⅜% Debentures | 20,919 | 419 | 8,765 | 35 | 732 |
| 9% Debentures | 16,941 | 410 | 6,946 | 15 | 254 |
| | $234,216 | | $125,155 | | 7,418 |

In addition to the above acquisitions of the Debentures, the Company also purchased in the open market during the first quarter of 1984 and the first and second quarters of 1985 an aggregate of $4,374,000 face amount of the 12⅝% Debentures due 1990, which were used by the Company to fulfill its sinking fund obligations with respect to such Debentures in 1984 and 1985. The following table provides certain information in connection with such purchases:

| | First Quarter 1984 | First Quarter 1985 | Second Quarter 1985 |
|---|---|---|---|
| Face amount purchased | $1,874,000 | $94,000 | $2,406,000 |
| Weighted average purchase price per $1,000 face amount | 938.75 | 818.95 | 739.82 |
| Range of prices paid | 938.75 | 746.25 to 842.50 | 707.50 to 740.00 |

Except as indicated above, the Company has not purchased or acquired any 15% Senior Notes, Debentures or Common Stock since January 1, 1984.



RAM00274

# PRINCIPAL SECURITY HOLDERS AND CERTAIN SECURITY OWNERSHIP

## COMMON STOCK

The Company is not currently aware of any person (including any "group" as that term is used in Section 13(d)(3) of the Exchange Act) who beneficially owns more than 5% of the outstanding Common Stock.

## RECORD HOLDERS OF THE 15% SENIOR NOTES AND THE DEBENTURES

As of June 16, 1986, $223,470,000 aggregate face amount of the 15% Senior Notes and the Debentures were outstanding and were held as follows:

| Issue | Face Amount Outstanding (In Thousands) | Approximate Number of Holders |
|---|---|---|
| 15 % Senior Notes | $125,155 | 234 |
| 12⅝% Debentures due 1990 | 7,715 | 149 |
| 9 % Debentures | 14,259 | 6 |
| 14⅞% Debentures | 16,691 | 37 |
| 11⅜% Debentures | 20,412 | 196 |
| 13¾% Debentures | 12,919 | 112 |
| 12⅝% Debentures due 2001 | 26,319 | 31 |

During the course of negotiations with respect to the Plan, the Company has had discussions with representatives of various persons and entities who have indicated to the Company that such persons or entities own or control more than 5% of the 15% Senior Notes or one or more of the issues of the Debentures. The Company, however, has no way of ascertaining the exact security ownership of such persons or entities, or whether such persons or entities actually own or control such securities.

## SECURITY OWNERSHIP OF EXECUTIVE OFFICERS, DIRECTORS AND AFFILIATES

### Common Stock

The following table sets forth as of June 16, 1986, the aggregate amount and beneficial ownership of the Common Stock of the current executive officers and directors of the Company. Unless otherwise indicated, all shares listed are owned directly by the person named.

| Name | Number of Shares Beneficially Owned | Percentage of Ownership(1) |
|---|---|---|
| Robert F. Roberts | 1,800,000 | 3.49% |
| J. N. Averett, Jr. | — | — |
| L. G. Caskey | 7,127 | * |
| Sam. J. Clinton(2) | 1,597 | * |
| H. E. Bull(3) | 100 | * |
| R. D. Miller | 12,522 | * |
| Daniel Grubb(3) | 2,519 | * |
| Richard A. Sucher | 1,820,084 | 3.53% |
| R. Gordon Bader(4) | 428,924 | * |
| James E. Hogle, Jr. | 48,600 | * |
| All executive officers and directors as a group (12 persons) | 4,121,473 | 8.00% |

*Notes on next page.*

* Represents less than one percent (1%) of the outstanding Common Stock.

(1) The percentages shown are based upon 51,505,723 shares of the Common Stock outstanding on June 16, 1986, and do not include 1,010,394 shares of the Common Stock reserved for issuance upon the conversion of the 11⅜% Debentures or 380,240 shares of the Common Stock reserved for issuance upon conversion of the 9% Debentures.

(2) Mr. Clinton owns 1,000 of such shares directly and is attributed with the ownership of 597 of such shares through his wife.

(3) The beneficial ownership of such shares is attributable to such officers through the ownership of such shares by their respective wives.

(4) Mr. Bader owns 24,118 of such shares directly. Additionally, Mr. Bader's wife owns 47,572 shares of Common Stock, beneficial ownership of which is disclaimed. Mr. Bader is also attributed with the ownership of 347,234 shares in the table above owned by Hogle Associates and 10,000 shares owned by Hogle Company.

**15% Senior Notes and Debentures**

As of June 16, 1986, Messrs. Clinton, Grubb and Miller beneficially owned $2,550, $510 and $6,740 face amounts of the 15% Senior Notes, respectively. The 15% Senior Notes beneficially owned by Mr. Clinton are attributed to him through his wife's direct ownership of such securities.

Except as described above, to the best of the Company's knowledge, no other executive officers or directors of the Company or any affiliate, subsidiary (or affiliate of any subsidiary) or employee benefit plan of the Company beneficially owns any principal amount of the 15% Senior Notes or the Debentures or any shares of the Common Stock. To the best of the Company's knowledge, except for the recommendation of the Company's Board of Directors described herein, no executive officer or director of the Company has made a recommendation in support of or opposed to the Plan. All of the above named executive officers and directors have indicated to the Company that they intend to vote all of the 15% Senior Notes held by them for approval of the Plan.

# THE COMPANY

## GENERAL

The Company was incorporated in 1926 under the laws of the State of Maryland and became principally engaged in crude oil and natural gas exploration and production when it merged with Roberts Petroleum Company during 1963. In 1984, the Company moved its state of incorporation to the State of Louisiana. In recent years, the Company emphasized the development of its crude oil and natural gas exploration and production activities. This emphasis, together with present economic conditions, resulted in a decision by the Company in 1985 to discontinue its refinery operations and to sell or hold for sale its refinery assets. Since 1980, the Company has devoted a significant portion of its drilling activity to its properties in the Vernon, Arkana and North Missionary Lake Fields located primarily in northern Louisiana. Numerous properties located outside of these principal operational areas were sold during 1984 and 1985. High interest costs on borrowings made to finance the Company's previously active drilling program have combined with falling crude oil and natural gas prices to render the Company unable to service any of its indebtedness other than its secured bank debt and, possibly part of its secured indebtedness to Halliburton, and to threaten the Company's ability to continue as a going concern. In response to the Company's financial problems, the Company's drilling activities have been substantially curtailed since the third quarter of 1984, and the Company has been forced to postpone indefinitely certain development drilling which might improve its cash flow by bringing certain proved developed non-producing and proved undeveloped reserves into production. However, under most current crude oil and natural gas prices, it is doubtful that additional drilling and completions on the Company's development properties would contribute significantly to improved cash flow even if the Company had funds for such drilling.



RAM00276

For more detailed information about the Company and its business, see the Company's Annual Report, which is included as part of this Disclosure Statement and is incorporated herein by reference.

## MANAGEMENT OF THE COMPANY

### Executive Officers and Directors of the Company

Set forth below are the names, ages and positions of the current executive officers and directors of the Company, all of whom are United States citizens. The terms of office of each director is until the next annual meeting of shareholders or until his successor is duly elected and qualified. Officers of the Company serve until replaced by the Board of Directors.

| Name | Age | Position(s) with the Company |
|---|---|---|
| Robert F. Roberts | 61 | Chairman of the Board and Director |
| J. N. Averett, Jr. | 43 | President, Chief Executive Officer and Director |
| Richard D. Miller | 58 | Senior Vice President—Land and Exploration |
| Sam J. Clinton | 51 | Senior Vice President—Drilling and Production |
| Daniel R. Grubb | 60 | Vice President—Exploration |
| James W. Renz | 42 | Vice President—Accounting |
| H. E. Bull | 44 | Vice President—Audit and Legal |
| Jeff Ballew | 31 | Treasurer |
| L. G. Caskey | 59 | Secretary |
| Richard H. Sucher | 59 | Director |
| R. Gordon Bader | 68 | Director |
| James E. Hogle, Jr. | 48 | Director |

Robert F. Roberts has been Chairman of the Board of the Company since 1963. Mr. Roberts served as Chief Executive Officer of the Company from 1963 to August 1985, and as a member of the Office of the Chief Executive of the Company from August 1985 to December 1985. Mr. Roberts is also Chairman of the Executive Committee of the Board of Directors. Mr. Roberts currently serves as a director of the Louisiana Bank & Trust Company of Shreveport, Louisiana and a director of LBT Corporation of Shreveport, Louisiana.

Mr. Averett is President and Chief Executive Officer of the Company and has served in these capacities since November 1985 and December 1985, respectively. From March 1985, when Mr. Averett joined the Company, to August 1985, he served as a Senior Vice President to the Company. Mr. Averett served as Executive Vice President of the Company from August 1985 to November 1985, and as a member of the Office of the Chief Executive of the Company from August 1985 to December 1985. From 1982 until joining the Company, Mr. Averett served as Vice President of Finance and Chief Financial Officer of UPG Falco, Inc. (formerly P&O Falco, Inc.), P.O. Box 20108, Shreveport, Louisiana 71120, a company engaged in crude oil and natural gas exploration and production and the gathering and marketing of crude oil. During the years 1980 through 1982, Mr. Averett served as Vice President and Chief Financial Officer of Langham Petroleum and Development, Inc., 11 Greenway Plaza, Houston, Texas 77046, a company engaged in crude oil and natural gas exploration and production and crude oil trading. Mr. Averett was associated with Pennzoil Company, P.O. Box 2967, Houston, Texas 77252, a natural resource company engaged in crude oil and natural gas exploration and production, refining, and the mining of sulphur and copper, from 1971 until 1980, and served as Treasurer of such company from 1978 until 1980. Mr. Averett is also a member of the Executive Committee of the Board of Directors of the Company.

Mr. Miller has been associated with the Company since 1975 and currently serves as Senior Vice President—Land and Exploration.

Mr. Clinton has been associated with the Company since 1976 either as a full-time production consultant or officer and currently serves as Senior Vice President—Drilling and Production.

Mr. Grubb has been associated with the Company since 1969 and currently serves as Vice President—Exploration.

Mr. Renz has been associated with the Company since 1972 and currently serves as Vice President—Accounting.

Mr. Bull has been associated with the Company since 1983 and currently serves as Vice President—Audit and Legal. From 1982 until joining the Company, Mr. Bull was Business Administrator for Uro-Research, Inc., P.O. Box 6886, Houston, Texas 77005, a privately-held research organization affiliated with Baylor College of Medicine. Mr. Bull was associated with Shell Oil Company, P.O. Box 2463, Houston, Texas 77001, a diversified energy company, from 1965 to 1981, serving in various management positions in Internal Audit, Accounting, and Corporate Planning.

Mr. Ballew has been associated with the Company since 1985, and currently serves as Treasurer. Mr. Ballew served as Tax Manager and Director of Accounting and Administration for UPG Falco, Inc. (formerly P&O Falco, Inc.) from 1981 to 1985. From 1978 through 1981, Mr. Ballew served in various positions in the Tax Department of United Energy Resources, Inc., P.O. Box 1478, Houston, Texas 77002, a diversified energy company.

Mr. Caskey has been associated with the Company since 1963, and is currently Secretary of the Company.

The present business address of each of Messrs. Roberts, Averett, Miller, Clinton, Grubb, Renz, Bull, Ballew and Caskey is 400 Crystal Building, Shreveport, Louisiana 71101.

Mr. Sucher has served as President of Ski Hi, Inc., 411 Lake Wood Circle, Penthouse, Colorado Springs, Colorado 80910, a radio broadcasting company, since 1972, as an officer of H&H Communications, 411 Lake Wood Circle, Penthouse, Colorado Springs, Colorado 80910, a radio broadcasting company, since 1982, and as an officer of R&L Communications, 411 Lake Wood Circle, Penthouse, Colorado Springs, Colorado 80910, a radio broadcasting company, since 1983. Mr. Sucher was the Chairman of the Board of Directors of Pioneer Astro Industries, Inc., 3410 N. Prospect Street, Colorado Springs, Colorado 80907, a manufacturer of medical equipment, from 1972 to 1980. Mr. Sucher also serves on the Audit Committee of the Board of Directors of the Company. Mr. Sucher's present business address is 225 South Academy Boulevard, Colorado Springs, Colorado 80910.

Mr. Bader has served as President of Hogle Investment Company, 220 Kearns Building, Salt Lake City, Utah 84101, since 1970 and as a General Partner in Hogle Associates, 220 Kearns Building, Salt Lake City, Utah 84101, since 1976 and Hogle Company, 220 Kearns Building, Salt Lake City, Utah 84101, since 1984, both closely held firms which make investments in various industries, including the petroleum industry. Mr. Bader also serves on the Executive Committee, is Chairman of the Audit Committee, and is Chairman of the Personnel Review Committee of the Board of Directors. Mr. Bader served as a member of the Office of the Chief Executive of the Company from August 1985 to December 1985. Mr. Bader's present business address is 220 Kearns Building, Salt Lake City, Utah 84101.

Mr. Hogle has been a Vice President of Hogle Investment Company since 1971, and is a limited partner in Hogle Associates and Hogle Company. Mr. Hogle is also a member of the Audit Committee of the Board of Directors. Mr. Hogle's present business address is 220 Kearns Building, Salt Lake City, Utah 84101.

For additional information about the current directors and executive officers of the Company, their compensation and certain related transactions, see "THE PLAN—Implementation of the Plan —Management of the Company" and the discussion under the headings "Directors and Executive Officers of the Company", "Executive Compensation" and "Certain Relationships and Related Transactions" in the Company's Annual Report.



RAM00278

## ADDITIONAL RESERVE INFORMATION

In connection with the preparation of the Company's Quarterly Report and this solicitation, the Company engaged the independent petroleum engineering firm of H. J. Gruy and Associates, Inc. to prepare an updated report, the 10-Q Gruy Report, on the Company's proved crude oil and natural gas reserves using unescalated prices as of March 31, 1986, so as to reflect the recent substantial decline in the prices which the Company was receiving for its crude oil and natural gas as of March 31, 1986, compared to December 31, 1985. The 10-Q Gruy Report indicates that the estimated future net revenues from the Company's proved crude oil and natural gas reserves and the present value thereof reflected in the Company's Annual Report have declined significantly since December 31, 1985, from $375,192,000 and $221,570,000, respectively, to $226,843,000 and $135,458,000, respectively, at March 31, 1986. Further, the 10-Q Gruy Report indicates that the estimated future net revenues from the Company's proved producing crude oil and natural gas reserves and the present value thereof reflected in the Company's Annual Report have declined since December 31, 1985, from $177,232,000 and $132,700,000, respectively, to $115,350,000 and $85,694,000, respectively, at March 31, 1986. For information with respect to the December 31, 1985, reserve report, see the discussion under the heading "Properties—Reserve Information" in the Company's Annual Report, a copy of which is attached hereto as Annex A and incorporated herein by reference. For information with respect to the 10-Q Gruy Report, see the summary of the 10-Q Gruy Report attached hereto as Exhibit G, which is incorporated herein by reference. See also "RISK FACTORS—Reserve Values" and "Other Information" in the Company's Quarterly Report. It should be noted that the Company has not obtained any reserve report with respect to the Company's reserves as of a date subsequent to March 31, 1986, and that the crude oil prices being received by the Company subsequent to such date have declined from $14.22 per barrel to $12.50 per barrel on the average.

The estimated future net revenues from proved crude oil and natural gas reserves and the present value thereof are summarized below:

| | March 31, 1986 | | | December 31, | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | 1985 | | | 1984 | | |
| | Proved Developed and Undeveloped | Proved Developed | Proved Developed Producing | Proved Developed and Undeveloped | Proved Developed | Proved Developed Producing | Proved Developed and Undeveloped | Proved Developed | Proved Developed Producing |
| | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| 1985 | $ — | $ — | $ — | $ — | $ — | $ — | $ 68,675,806 | $ 85,480,663 | $ 82,812,818 |
| 1986 | 25,114,868(2) | 25,985,314(2) | 26,061,966(2) | 44,186,495 | 50,570,542 | 49,887,928 | 70,513,312 | 59,438,368 | 52,938,596 |
| 1987 | 26,318,057 | 25,912,723 | 23,693,991 | 40,883,469 | 36,868,885 | 33,405,476 | 67,087,793 | 45,196,987 | 36,619,650 |
| 1988 | 12,619,174 | 18,850,644 | 16,116,893 | 28,585,027 | 29,326,478 | 23,312,655 | — | — | — |
| Remainder | 162,790,726 | 98,765,296 | 49,477,030 | 261,536,934 | 176,156,507 | 70,625,819 | 333,299,898 | 239,199,524 | 104,812,471 |
| Total | $226,842,825 | $169,513,977 | $115,349,880 | $375,191,925 | $292,922,412 | $177,231,878 | $539,576,809 | $429,315,542 | $277,183,535 |
| Present Value(3) | $135,457,670 | $110,851,850 | $ 85,694,426 | $221,570,342 | $182,954,443 | $132,699,815 | $340,898,698 | $280,164,872 | $211,235,930 |

(1) In computing future net revenues at March 31, 1986, and December 31, 1985 and 1984, crude oil and natural gas prices were based on prices in effect on such dates and considered increases or decreases to the extent they are fixed and determinable from existing contracts. The economic projections include a provision for windfall profit tax using a net income limitation calculation and consider operating, drilling, and equipment costs to remain constant at levels as of December 31, 1985, December 31, 1985, and December 31, 1984, respectively. No deductions have been made for general corporate overhead, income taxes, or any other indirect costs.

(2) Nine month period only.

(3) Present value is defined for use herein as future net revenue discounted at 10% per year over the expected period of realization. Present value as used herein should not be construed as fair market value since no consideration has been given to many factors which influence the prices at which petroleum properties are traded, such as taxes on operating profits, allowance for return on the investment, and normal risks incident to the crude oil and natural gas business.



RAM00279

### 1986 ANNUAL MEETING OF SHAREHOLDERS

As a result of the Company's restructuring efforts, the Company has not yet scheduled its 1986 Annual Meeting of Shareholders and does not currently plan to schedule the 1986 Annual Meeting of Shareholders until such time that the Company's restructuring efforts have progressed sufficiently that such a meeting would not constitute a distraction to such efforts. In that regard, in connection with the Company's efforts to reorganize and in connection with any Confirmation of a plan of reorganization of the Company, additional directors of the Company may be elected by the Board itself. However, such additional directors have not yet been identified with certainty. Various of the Company's creditors may propose new directors for consideration. In summary, the Company hopes to avoid holding a shareholder meeting until more certainty exists with respect to its affairs. If the Plan is confirmed, a change in control of the Company will result because of the substantial number of shares of the New Common Stock and voting Preferred Stock being issued to the holders of the Class 7, 8A, 8B, 12 and 13 claims. As a result of such change in control, the new controlling shareholders may propose for election as early as the 1986 Annual Meeting of Shareholders, or in a special meeting of shareholders, a slate of directors other than the Company's current directors. For information as to possible changes in the Board of Directors of the Company if the Plan is confirmed, see "THE PLAN—Implementation of the Plan—Management of the Company".

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For a discussion of the Company's financial condition and results of operations at December 31, 1985 and 1984, and for the two years then ended, and at March 31, 1986 and 1985, and for the three-month periods then ended, see the discussion under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in the Company's Annual Report and the Company's Quarterly Report, respectively, which are included as part of this Disclosure Statement and are incorporated herein by reference. For a discussion of recent developments in the Company's financial condition, see "PURPOSE AND EFFECTS OF THE PLAN—CERTAIN CONSIDERATIONS" and "RISK FACTORS".

## RISK FACTORS

Impaired creditors should consider the following risk factors.

### GENERAL CONDITIONS IN THE CRUDE OIL AND NATURAL GAS INDUSTRY

During 1985, the Company and other companies in the crude oil and natural gas industry experienced the lingering effect of the worldwide recession of earlier years with a resulting reduction in the demand for crude oil and natural gas, both worldwide and domestically. Increased efforts throughout the world to decrease dependence on crude oil and natural gas through the implementation of conservation measures and the conversion of alternative forms of energy contributed to excess supplies of hydrocarbon energy in the United States and throughout the world. In 1985 and 1986 to date, the lowering of official prices and disregard for pricing agreements and production quotas for crude oil by the Organization of Petroleum Exporting Countries ("OPEC"), coupled with high production despite falling prices by non-OPEC oil producing countries, increased worldwide competition in the sale of crude oil which, in turn, caused downward pressure on petroleum prices. In December 1985, certain members of OPEC, after failing to reach agreement as to production quotas and pricing, announced that they intended to achieve a larger share of the world crude oil market by increasing their production of, and decreasing their prices for, crude oil. Since such time and through the implementation of such actions, the worldwide price of crude oil has decreased significantly and may continue to decrease in the near future. Decreased crude oil prices have led, and is likely to continue to lead, to decreased natural gas prices in some instances because of the ability



RAM00280

of a large portion of United States industries to burn either residual fuel oil, a crude oil component, or natural gas. Declining crude oil and natural gas prices, high interest rates, international financial instability, conservation measures, tax policy and other factors have tended, in recent periods, to depress large segments of the crude oil and natural gas industry. There continues to be uncertainty in the crude oil and natural gas industry over the duration and severity of these conditions. Whether worldwide accords will be reached in the future by producing countries and whether any such accords would stabilize or improve crude oil and natural gas prices cannot be predicted. These conditions (in combination with the Company's heavy debt burden) have already seriously affected the business of the Company and have rendered it unable to service its existing debt other than its secured bank debt, and, possibly, part of its secured indebtedness to Halliburton.

Within the natural gas industry some pipelines and other purchasers of natural gas have, in recent years and in certain instances, challenged the validity of provisions commonly found in contracts for the purchase of natural gas which are advantageous to producers such as the Company. In addition, from time to time, various federal and state regulatory authorities having jurisdiction over the production and sale of natural gas have indicated that they may, to the extent permitted by law, attempt to limit the application of, or even declare unenforceable, such contract clauses. These include so called "take-or-pay" contracts which assure the seller of specified levels of sales of natural gas and income from a well, regardless of the ability of the purchaser to use, resell or even receive the natural gas, and "indefinite pricing" or "price escalation" provisions of natural gas contracts which provide for increases in the prices received by the producer for natural gas over the term of the contract. On the other hand, certain natural gas contracts may permit the purchaser to substantially curtail the quantities it purchases or to reduce the prices it pays for the natural gas, thereby decreasing the revenues received by the producer under such contracts. The latter clauses, commonly referred to as "market out" or "renegotiation" provisions, are presently being given effect by some segments of the industry, thus adversely affecting the sales by producers of natural gas under such contracts in certain instances. The Company is not currently involved in any "take-or-pay" or similar type litigation, but has attempted to renegotiate its natural gas sales arrangements with its natural gas customers. In addition, although most of the Company's contracts are long-term, such contracts are subject to contractual provisions for price renegotiation and other risks of renegotiation, curtailment and other measures that could further adversely affect the Company's revenues.

For the past three years, the natural gas industry has experienced a supply and demand imbalance resulting in excess deliverability of natural gas supply. Economic conditions and the availability of alternative fuels at competitive prices are just two of the factors that have affected demand and caused increased competition for natural gas markets. Many producers (including the Company), pipeline companies, and distribution companies have lowered their prices from time to time in an attempt to maintain or increase sales. Gas purchasers, including several of the Company's natural gas purchasers, have implemented a variety of marketing approaches, including natural gas "clearinghouses" designed as a vehicle for month-to-month spot sale and various types of special marketing programs, in an effort to increase sales or avoid additional take-or-pay liabilities. The Federal Energy Regulatory Commission ("FERC") has approved a variety of marketing programs and eased restrictions on transportation of natural gas to end-users in an effort to respond to conditions in the marketplace. It is impossible to predict with accuracy what the market for future natural gas production will be or how the FERC or other agencies will react to future events in the marketplace.



RAM00281

## FINANCIAL CONDITION OF THE COMPANY AND RESULTS OF OPERATIONS

The above described adverse trends in the crude oil and natural gas industry, coupled with high interest costs resulting from funds borrowed to finance a portion of the Company's previously active exploration and development activities, have affected adversely and continue to affect adversely the Company's operations and liquidity. While the Company took a number of steps in 1985 to restructure its indebtedness, the Company's financial difficulties have continued to increase and the Company faces significant financial uncertainties.

As of December 31, 1985, the Company had a working capital deficit of $344,874,000, a significant portion of which was due to the reclassification of all the Company's long-term debt (approximately $355,113,000) to current liabilities. Capital expenditures during 1985 were $9,032,000 as compared to $95,222,000 during 1984. Capital expenditures are expected to remain at a low level throughout 1986 and will be primarily limited to remedial production maintenance and low-risk development drilling. Because the Company curtailed drilling expenditures in the third quarter of 1984, the Company has not made productive certain proved developed non-producing and proved undeveloped reserves and consequently did not have cash flow from such reserves in 1985. However, under most current crude oil and natural gas prices, it is doubtful that additional drilling and completions on the Company's development properties would have contributed significantly to improve the Company's cash flow even if the Company would have had funds for such drilling. Deferral of such development and drilling can also result in a decrease in the present value of future net revenues from the Company's proved reserves as income streams from such reserves are not currently realized.

Among the Company's efforts to restructure its indebtedness in 1985 were (i) its agreement with Halliburton in April 1985 to extend (with a monthly amortization schedule) the term of a sizeable trade payable through April 1987 and (ii) its Exchange Offers that were closed on October 3, 1985, pursuant to which the Company exchanged approximately $125,155,000 face amount of the 15% Senior Notes and approximately 7,418,000 shares of Common Stock for approximately $234,216,000 face amount of the Debentures, having a net book value of approximately $217,846,000. As a result of the Exchange Offers, the Company reduced the face amount of its indebtedness by approximately $109,000,000 and its annual cash interest costs by approximately $12,719,000. On December 5, 1985, the Company obtained from its shareholders approval of an amendment to its Articles of Incorporation increasing the number of its authorized shares of Common Stock from 35,000,000 to 90,000,000 and decreasing the par value thereof from $1.00 to $.01 so as to allow the Company to exercise an option under the 15% Senior Notes to pay accrued interest thereon and to make certain redemptions of the 15% Senior Notes with shares of Common Stock. On December 15, 1985, the Company exercised its option to pay the first semi-annual interest payment on the 15% Senior Notes with shares of Common Stock by issuing to the holders of the 15% Senior Notes approximately 23,150,000 shares of Common Stock valued at approximately $.54 per share. The Company's exercise of this option saved the Company approximately $9,400,000 in cash. While the above efforts provided the Company with temporary relief from its heavy debt burden, the amount of the Company's debt combined with the recent significant declines in the prices for crude oil and natural gas have rendered the Company unable to service all its debt.

During the quarter ended March 31, 1986, prices for crude oil declined sharply resulting in significant decreases in the undiscounted future net cash flow from the proved crude oil and natural gas reserves attributable to the Company's properties. These price declines, along with the Company's current financial position, have made it doubtful as to whether the Company will have sufficient funds to develop its proved non-producing reserves. Because of the drastic decline in prices and the Company's lack of sufficient funds to develop its proved non-producing reserves, the Company recorded a valuation adjustment as of March 31, 1986, aggregating $174,000,000 to reduce the carrying value of its crude oil and natural gas properties to the total estimated undiscounted future net cash flow from proved developed producing crude oil and natural gas reserves attributable thereto. For further information with respect to the Company's crude oil and natural gas properties at March 31, 1986, and the discounted present value therefrom, see "THE COMPANY—Additional Reserve Information" and the summary of the 10-Q Gruy Report attached hereto as Exhibit G.



RAM00282

At June 16, 1986, the Company had approximately $43,651,000 of outstanding indebtedness under the Bank Note, which debt is being repaid in equal monthly installments of approximately $1,147,000. Under the Loan Agreement, the Company is required to maintain an annual cash flow of at least $45,000,000 and working capital of at least $3,000,000 (excluding the current portion of long-term liabilities that is not in default), which the Company was unable to achieve in 1985. As a result of such failure, as well as the Company's failure to make certain required payments of principal and interest on certain of its other indebtedness, the Company is currently in default under the Loan Agreement and the Bank could accelerate the amounts due under the Loan Agreement and foreclose on the Company's properties securing the Company's obligations under the Loan Agreement. In addition, under the terms of a Cash Collateral Agreement between the Company and the Bank securing the Company's obligation under the Loan Agreement, proceeds from the production of the Company's mortgaged crude oil and natural gas properties are currently being deposited into a cash collateral account. As a result of the Company's default under the Loan Agreement, the cash in this account is being made available to the Company solely at the discretion of the Bank.

As of June 16, 1986, the aggregate face amount of the Company's indebtedness was approximately $277,399,000, which excluded intercompany indebtedness and the $33,100,000 in Letters of Credit. At the present date, the Company has no outside source of capital or debt and its only source of funds to meet its near-term cash demands are from crude oil and natural gas sales. Due to the combination of the Company's inability to finance and engage in the necessary drilling activities to bring undeveloped and non-producing reserves into production and the continuing decline in prices for crude oil and natural gas, the Company expects to experience continued severe decreases in its cash flow and liquidity in the remainder of 1986. The average prices which the Company is receiving per barrel of crude oil and Mcf of natural gas have significantly decreased since December 31, 1985, from an average in 1985 of $24.92 and $2.80, respectively, to a current approximate average of $12.50 and $2.45, respectively. If the prices of crude oil and natural gas remain at their present levels or decline further and the Company is otherwise unable to increase its cash flow, the Company will not have sufficient cash flow in 1986 to service any of its long-term indebtedness other than its secured bank debt and, possibly, part of its secured debt to Halliburton. In that regard, in an effort to conserve its cash, the Company has not made any payments of principal or interest on the Halliburton Note since April 7, 1986, and is currently in default thereunder. As a result of such default, Halliburton could accelerate the amounts due under the Halliburton Note and foreclose on the Company's properties securing its obligations thereunder. The Company, however, is currently negotiating with Halliburton the possibility of the Company making some payment of principal and interest on the Halliburton Note prior to the Company's filing for reorganization.

In addition, under the terms of the 15% Senior Notes and the Debentures, which are expressly subordinate to the bank debt under the Loan Agreement and the Halliburton Note, upon the maturity of the Bank Note or the Halliburton Note, whether by lapse of time, acceleration or otherwise, all material amounts due under the Loan Agreement and the Halliburton Note and all interest thereon is required to be paid in full before any payment of principal or interest may be made on the 15% Senior Notes or the Debentures. Accordingly, if the Company's default under the Loan Agreement or the Halliburton Note were to be used as a basis for acceleration of such indebtedness, the Company would be legally prohibited from paying any interest or principal on the 15% Senior Notes or Debentures. However, because of the Company's difficult financial position and in an effort to conserve its cash, the Company has determined that it will not make any further payments of interest on the 15% Senior Notes or the Debentures. In that regard, the Company has already defaulted or will soon be in default with respect to the payment of interest on the 15% Senior Notes and on all issues of Debentures. Further, it is expected that the Company will not meet the Minimum Coverage Requirement with respect to the minimum required security for the payment of the 15% Senior Notes by July 15, 1986, and will be in default with respect to such requirement as of such date. An event of default under the 15% Senior Notes or under any issue of the Debentures could result in the holders thereof accelerating the amounts due thereunder, and, in the case of the 15% Senior Notes, a foreclosure on the Company's property securing the 15% Senior Notes. The Company's failure to pay interest on the 15% Senior Notes or the Debentures is also a default under the Loan Agreement.



RAM00283

In summary, because of the Company's difficult financial position, the Company does not believe that it will be able to continue as a going concern beyond 1986 unless it is able to restructure and reduce its outstanding indebtedness to a level at which the Company will be able to service and carry on the development drilling activities necessary to improve its future cash flow by bringing proved developed non-producing and other reserves into production. While many uncertainties exist as to the future of the crude oil and natural gas industry and the Company's future, the Company believes that the Plan presents the best opportunity to restructure its indebtedness to a serviceable level for the benefit of the Company and its creditors and shareholders. Further, the Company believes that the approval of the Plan by the Company's impaired creditors prior to the Company's filing of a voluntary petition under Chapter 11 of the Bankruptcy Code could substantially reduce the time and expense to the Company related to such a proceeding.

## RESERVE VALUES

Reserve information in this Disclosure Statement, including the information set forth in the Gruy Report and the 10-Q Gruy Report, relating to the Company's reserves is based upon engineering evaluations. Petroleum engineering is not an exact science. Estimates of economically recoverable crude oil and natural gas reserves and of the future net revenues therefrom are based upon a number of variable factors and assumptions, such as historical production of the subject properties as compared with similar producing properties, the assumed effects of regulation by governmental agencies and assumptions concerning future crude oil and natural gas prices and future operating costs, severance and excise taxes, development costs and workover and remedial costs, all of which may in fact vary considerably from actual results. All such estimates are to some degree speculative, and classifications of reserves are only attempts to define the degree of speculation involved. For these reasons, estimates of the economically recoverable reserves of crude oil and natural gas attributable to any particular group of properties, the classification and risk of recovering such reserves and estimates of the future net revenues expected therefrom, prepared by different engineers or by the same engineers at different times, may vary substantially. Estimates with respect to proved undeveloped and proved developed non-producing reserves that may be developed and produced in the future are based upon volumetric calculations and upon analogy to similar types of reserves rather than upon actual production history. These methods are not as reliable as actual production history in estimating reserves. Later studies of the same reserves based upon production history will result in variations, which may be substantial, in the estimated reserves. The Company therefore emphasizes that the actual production, revenues, severance and excise taxes, development expenditures and operating expenditures with respect to its reserves as reflected in this Disclosure Statement will likely vary from estimates, and such variances may be material.

Since December 31, 1985, prices for crude oil and natural gas have declined significantly from the prices used to estimate future net revenues as of such date in the Company's Annual Report. Accordingly, in connection with the preparation of the Company's Quarterly Report and this solicitation of ballots, the Company engaged its independent petroleum engineers to prepare an updated report, the 10-Q Gruy Report, on the Company's proved crude oil and natural gas reserves as of March 31, 1985, so as to reflect current prices. The 10-Q Gruy Report indicates that the estimated future net revenues from the Company's proved crude oil and natural gas reserves and the present value therefrom have declined from $375,192,000 and $221,570,000, respectively, at December 31, 1985, to $226,843,000 and $135,458,000, respectively, at March 31, 1986. Further, such report indicates that the estimated future net revenues from the Company's proved producing crude oil and natural gas reserves and the present value thereof reflected in the Company's Annual Report have declined since December 31, 1985, from $177,232,000 and $132,700,000, respectively to $115,350,000 and $85,694,000, respectively, at March 31, 1986. While the Company believes that such report accurately reflects the estimated future net revenues attributable to its total proved and proved producing reserves at March 31, 1986, the actual future net revenues will be affected by actual production, supply and demand for crude oil and natural gas, curtailments or increases in consumption by natural gas purchasers and changes in governmental regulations or taxation. The timing of future net revenues from proved reserves, and thus their present value, is affected by the timing of the incurrence of expenses in connection with their development. Further, the 10% discount factor used to calculate present value, which is required by the Commission to be used to calculate present value for



RAM00284

reporting purposes, is not necessarily the most appropriate discount factor based on interest rates in effect from time to time and risks associated with the crude oil and natural gas industry. Present value, no matter what discount rate is used, is materially affected by the assumptions as to timing of future production, which may and often do prove to be inaccurate.

## BANKRUPTCY CONSIDERATIONS

In general, in order to have the Plan confirmed, each class of impaired claims and interests is or will be given the opportunity to vote to accept or reject the Plan. With regard to such classes, the Plan will be deemed accepted by a class if the members who hold at least two-thirds in amount and more than half in number of the total Allowed Claims of the class vote for acceptance. The Plan will be deemed accepted by a class of interests if it is accepted by the members who hold at least two-thirds in amount of the total Allowed Interests. Only those members who vote to accept or reject the Plan will be counted as class members for voting purposes. In the event any class of claims or interests that is impaired under the Plan fails to accept the Plan by the minimum percentage of votes, the Company may request Confirmation pursuant to the cram-down provisions of Section 1129(b) of the Bankruptcy Code, which would allow Confirmation of the Plan regardless of the fact that a particular class of claims or interests has not accepted the Plan. Further, the Company may request the Bankruptcy Court to confirm the Plan pursuant to the cram-down provisions of the Bankruptcy Code in lieu of a vote of the holders of the Common Stock. There, however, can be no assurance that any class of creditors or interest holders under the Plan will accept the Plan or that the Company would be able to use the cram-down provisions of the Bankruptcy Code for Confirmation of the Plan.

Additionally, the following specific risks exist with respect to a Confirmation of the Plan in a Chapter 11 case:

(i) The Bankruptcy Code provides that acceptances or rejections obtained prior to the Petition Date will be effective for Chapter 11 purposes only if the prepetition solicitation of the acceptances or rejections complies with applicable non-bankruptcy law governing the adequacy of disclosure or, if no such law exists, the information distributed prior to or with the solicitation meets the "adequate information" requirements of Chapter 11 set forth in section 1126(b) of the Bankruptcy Code. The Company intends to continue the effectiveness of the ballots received prior to Petition Date for purposes of voting on the Plan once it has filed a petition under Chapter 11. There can be no assurance that (a) a party in interest will not successfully object to the continued effectiveness of the ballots or (b) that the Bankruptcy Court will deem the ballots effective for purposes of Confirmation of the Plan.

(ii) Any objection to the Plan filed in the Chapter 11 case by a member of a class of claims or interests could either prevent Confirmation of the Plan or delay such Confirmation for a significant period of time.

(iii) In the event that certain creditors contest the amount of their Allowed Claim and successfully contend that such amount should be higher than the amount reflected on the Schedule of Liabilities, the Bankruptcy Court may deem the Plan not feasible, and may deny Confirmation of the Plan.

(iv) In the event that any class of impaired claims or interests fails to provide acceptance levels to meet the minimum class vote requirements as described above, the Company may request a cram-down. In order to effectuate a cram-down, the Bankruptcy Court must determine that the Plan is fair and equitable with respect to the dissenting class. The Bankruptcy Code contains guidelines for the application of the fair and equitable standard to secured creditors and interest holders. As indicated earlier, the Company may submit to the Bankruptcy Court for determination the issue whether, in light of all circumstances, the holders of the Common Stock are impaired under the Plan and may seek Confirmation of the Plan without soliciting the holders of the Common Stock pursuant to the cram-down provisions under Section 1129(b) of the Bankruptcy Code on the basis that the Plan does not discriminate unfairly and is fair and equitable to the holders of the Common Stock. See "CONFIRMATION OF THE PLAN—Requirements for Confirmation of the Plan".

**Treatment of Claims or Interests Under the Plan**

Section 1123(a)(4) of the Bankruptcy Code provides that a debtor must provide the same treatment for each claim or interest on a particular class, unless the holder of a particular claim or interest agrees to a less favorable treatment of such particular claim or interest. The Company believes that it has complied with Section 1123(a)(4) by its classification and treatment of various creditors under the Plan. In the event that the Bankruptcy Court finds that the Plan violates Section 1123(a)(4), and the creditors affected do not consent to the treatment afforded them under the Plan, the Bankruptcy Court may deny Confirmation of the Plan. See "THE PLAN—Classification and Treatment of Claims and Interests".

**Risk of Chapter 11 Filing Prior to Expiration of Solicitation Period**

In the event that an unforeseen circumstance occurs, including the filing of an involuntary Chapter 7 or Chapter 11 case against the Company pursuant to Section 303 of the Bankruptcy Code, the Plan may become inoperative. In such event, the Company may elect to prepare and send to its creditors and interest holders alternative plans of reorganization which may contain various alternative terms and conditions, including, for example, payments and treatment of its Allowed Claims and Allowed Interests different from that set forth in the Plan. In addition, if the Company is required to modify the Plan, the Company may need to resolicit from its creditors acceptances and rejections concerning the Plan.

**General Litigation Disclaimer**

Upon the Company's filing of a petition under Chapter 11 of the Bankruptcy Code, the Company will be subject to the jurisdiction of the Bankruptcy Court and the Company's business will be operated pursuant to the requirements of the Bankruptcy Code. The Bankruptcy Code contains numerous provisions which set forth various causes of action which are unique to the Bankruptcy Code and not otherwise assertable outside of a bankruptcy case. These causes of action include, but are not limited to, matters relating to preferences, fraudulent conveyances, adequate protection, enforceability of, and relief from, the automatic stay, turnover of property of the Company's estate, avoidance of liens, abandonment of property of the Company's estate and certain other matters relating specifically to reorganization under Chapter 11 of the Bankruptcy Code, such as classification of claims and interests, treatment of claims and interests, impairment of claims and interests and disclosure and solicitation in connection with a plan of reorganization.

The Plan, at Article IX grants the Company the exclusive right to maintain causes of action to recover preferences and fraudulent conveyances. While the Company is not currently aware of any specific circumstances that would clearly entitle a party in interest to assert any cause of action against the Company in a bankruptcy proceeding, there can be no assurance that such circumstances do not exist and that one or more parties in interest will not assert such causes of action against the Company. In the event that any cause of action is asserted against the Company which materially affects the operation of the Company's business or its ability to have the Plan confirmed, it is unlikely that the Company will be able to achieve Confirmation of the Plan within the time hoped for to avail the Company of the benefits of the prepetition solicitation contemplated by this Disclosure Statement. If such is the case, the Company may be forced to seek other alternatives to the Plan.

## RISKS WITH RESPECT TO THE NEW SECURITIES

**Uncertainty with respect to the Trading Prices of the New Securities**

No trading market currently exists for the New Convertible Secured Notes, the Preferred Stock, the New Common Stock or any of the Warrants, and the Company does not anticipate that a trading market will exist until the Plan is confirmed. Because creditors may have little, if any, ability to liquidate their claims (or the 15% Senior Notes or Debentures which gave rise to their claims) during the pendency of the Chapter 11 case, the Company anticipates that upon the establishment of a trading market, there may initially be a large number of holders who wish to dispose of the New Securities received pursuant to the Plan. As a result, the trading market for the New Securities may be expected to be unstable for some period of time following Confirmation. The Company has no reasonable means of assessing an initial price range for the New Convertible Secured Notes, the Preferred Stock, the New Common Stock or any of the Warrants.

In addition, upon Confirmation of the Plan, the Company will have authorized 2,300,000,000 shares of New Common Stock, of which approximately 142,448,000 shares will be issued and outstanding as of the Effective Date and 2,015,822,000 shares reserved for future issuance upon conversion of the New Convertible Secured Notes and the Preferred Stock and upon the exercise of the Warrants. Although the Company believes that such capitalization is desirable in order to gain approval of and to implement the Plan, the potential issuance of over 2,000,000,000 shares of New Common Stock will likely result in an extremely low market price for the New Common Stock for the foreseeable future, restrict the marketability of the New Common Stock and, adversely affect the ability of the Company to list the New Common Stock, the Preferred Stock, the New Convertible Secured Notes and the Warrants on the PSE or on any other national securities exchange if it decides to attempt to list such New Securities. Accordingly, there can be no assurance as to the price or marketability of the New Common Stock issued pursuant to the Plan. See "PURPOSE AND EFFECTS OF THE PLAN—CERTAIN CONSIDERATIONS—Trading of the New Securities".

**Possible Illiquidity of the New Securities**

If the Plan is confirmed, a substantial face amount of the New Convertible Secured Notes and a substantial number of Warrants and shares of both New Common Stock and Preferred Stock will be concentrated in a relatively small number of persons. Sales or offers to sell the substantial blocks of the New Convertible Secured Notes, the New Common Stock, the Preferred Stock or the Warrants issued pursuant to the Plan, or the perception by investors, investment professionals and securities analysts of the possibility that such sales may occur, could adversely affect the price of and market for such New Securities. In addition, the Company does not anticipate the payment of dividends on its New Common Stock or the Senior Preferred Stock in the foreseeable future and the Series A Preferred Stock is not entitled to any dividends.

**Dilution and Possible Change in Control**

If the Plan is confirmed, the percentage ownership and percentage of voting power of all holders of the existing Common Stock immediately prior to Confirmation will be reduced to approximately 36.2% and 16.7%, respectively, of the shares of New Common Stock outstanding after Confirmation. In addition, $75,093,000 principal amount of New Convertible Secured Notes, 116,929,000 shares of the Preferred Stock and Warrants to purchase 997,424,000 shares of New Common Stock will be issued under the Plan. Such securities will be convertible into or exercisable for a total of 2,015,822,000 shares of the New Common Stock. Further, each issue of the Preferred Stock will be entitled to vote with the New Common Stock on all corporate matters and will have the right to vote an aggregate of approximately 166,991,000 votes (53.97% of the total voting power) with respect to such matters. See "PURPOSE AND EFFECTS OF THE PLAN—CERTAIN CONDITIONS—Effects on Voting Power". As a result, a change of control of the Company will result when the Plan is Confirmed, and the new controlling shareholders may propose the election of a slate of directors different than the directors who will be serving as the Board of Directors



RAM00287

upon Confirmation of the Plan. Except as discussed in "THE PLAN—Implementation of the Plan—Management of the Company", management of the Company is not presently aware of any agreement or understanding of a formal or informal nature that would result in such an action. The Company, however, cannot predict what changes might be made in the Company's Board of Directors following Confirmation of the Plan.

## NET OPERATING LOSS CARRYFORWARD

As of December 31, 1985, the Company had consolidated investment tax credit and net operating loss carryforwards of approximately $15,000,000 and $245,000,000, respectively, and had a statutory depletion carryforward of approximately $3,300,000. The Company believes that such carryforwards are significant assets of the Company which may be available to offset future taxable income of the Company, if any, and thereby reduce the Company's tax obligation. The potential ability of the Company to have the benefit of such carryforwards may be restricted upon Confirmation of the Plan. See "CERTAIN FEDERAL INCOME TAX CONSEQUENCES—Federal Income Tax Consequences to the Company".

## FINANCIAL PROJECTIONS

The Company has included in this Disclosure Statement certain financial projections relating to its operations assuming confirmation of the Plan. While the Company believes that such projections are reasonable, there is no assurance that such projections will prove to be the case. The financial projections are based upon various assumptions, including, but not limited to, future prices of crude oil and natural gas, the availability of working capital to fund development drilling, realization of reserve estimates and levels of operating and administrative expense. Although the Company believes that such assumptions are reasonable, such assumptions may prove to be incorrect. See "FEASIBILITY OF THE PLAN".

## GENERAL BUSINESS RISKS

### Production and Development Hazards

Hazards such as unexpected formations, blow-outs, cratering and fires are involved in crude oil and natural gas drilling, production and development activities. Such hazards, as well as adverse weather conditions, may hinder or delay drilling and development operations. The Company attempts to obtain and maintain insurance coverage customary in the crude oil and natural gas industry, but may be subject to liability for pollution and other damages or may lose substantial portions of its properties due to hazards against which it is impossible or impractical (due to prohibitive premium requirements) to maintain insurance. Governmental regulations relating to environmental matters could also increase the Company's cost of production and development operations or require it to cease production and development operations in certain areas.

### Competition and Marketing

The crude oil and natural gas industry is highly competitive both in the search for and acquisition of crude oil and natural gas reserves and in the refining, processing, and marketing of petroleum products. Competitors include the major oil companies, independent crude oil and natural gas companies, and individual producers and operators, as well as major pipeline companies. Other sources of energy, such as coal and nuclear power, also provide competition, and crude oil and natural gas is subject to substantial competition from foreign sources. The Company competes with many other companies having far greater financial resources. The Company's ability to obtain new crude oil and natural gas reserves is limited to the extent that its capital is not sufficient to permit competition with larger companies in the acquisition or development of such reserves.



RAM00288

# CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following discussion summarizes certain federal income tax consequences of the Plan to certain creditors of and investors in the Company and to the Company, based upon the Internal Revenue Code of 1954, as amended (the "IRC"), the Treasury Regulations promulgated thereunder (the "Treasury Regulations"), judicial authority and current administrative rulings and practice. The Plan and its related tax consequences are complex. Moreover, many of the IRC provisions governing the federal income tax issues arising from the Plan have been extensively revised by recent legislation, and regulations have not been issued with respect thereto. The Company has not requested a ruling from the Internal Revenue Service (the "Service") nor has the Company obtained an opinion of counsel with respect to these matters. Accordingly, no assurance can be given as to the Service's interpretation. In addition, the House of Representatives and the Senate have each approved separate versions of tax legislation which, if enacted, could have a material effect on the tax consequences described below. Conference resolution and signature by the President remain before the proposed legislation becomes law. Further, the federal income tax consequences to any particular creditor or investor may be affected by matters not discussed below. For example, certain types of creditors or investors (including foreign persons, life insurance companies, tax exempt organizations and taxpayers who may be subject to the alternative minimum tax) may be subject to special rules not addressed herein. There also may be state, local or foreign tax considerations applicable to each creditor or investor. THE DISCUSSION SET FORTH BELOW IS INCLUDED FOR GENERAL INFORMATION ONLY. EACH CREDITOR AND INVESTOR IS URGED TO CONSULT HIS OWN TAX ADVISOR AS TO THE CONSEQUENCES OF THE PLAN TO HIM UNDER FEDERAL AND APPLICABLE STATE, LOCAL AND FOREIGN TAX LAWS.

As more specifically described in "THE PLAN", the Bank will exchange the Bank Note for the New Bank Note and $.075 Warrants. Halliburton will exchange the Halliburton Note for the New Halliburton Note, shares of New Common Stock and $.075 Warrants. The holders of 15% Senior Notes (the "Note Holders") will exchange the 15% Senior Notes for the New Convertible Secured Notes, Senior Preferred Stock, $.075 Warrants, $.10 Warrants and shares of New Common Stock. Further, holders of the Debentures (the "Debenture Holders") will exchange their Debentures for Series A Preferred Stock, $.10 Warrants, $.125 Warrants and shares of New Common Stock. The Bank, Halliburton, the Note Holders and the Debenture Holders are sometimes hereinafter referred to collectively as the "Debt Holders" or singularly as a "Debt Holder".

Certain members of management of the Company will be issued shares of New Common Stock, $.075 Warrants and $.10 Warrants in consideration for their agreement to remain in the employ or become employees of the Company during the Chapter 11 case and as additional incentive for them to continue in employment with the Company after confirmation of the Plan. Copeland will be issued shares of New Common Stock, $.075 Warrants and $.10 Warrants in exchange for their services in developing and implementing the Plan. PWI will be issued shares of New Common Stock in exchange for its services in connection with the Plan. The current holders of the Common Stock will be issued shares of the New Common Stock in exchange for their existing shares of Common Stock and be issued $.125 Warrants, $.15 Warrants and $.25 Warrants. The discussion with respect to the Bank, Halliburton, the Note Holders, the Debenture Holders and the shareholders who participate in the Plan is largely applicable to those who will hold the New Bank Note, the New Halliburton Note, the New Convertible Secured Notes, the Senior Preferred Stock, the Series A Preferred Stock, the Warrants and the New Common Stock for long-term investment as "capital assets" rather than as dealers in such property primarily for sale in the ordinary course of business. Such persons who will hold such items as other than capital assets are urged to consult their tax advisors as to the effects of the Plan.



RAM00289

## TAX CONSEQUENCES TO EXCHANGING DEBT HOLDERS

The federal income tax consequences to an exchanging Debt Holder will depend primarily upon whether the Consummation of the Plan will constitute a "recapitalization" under the IRC, whether the Bank Note, the Halliburton Note, the 15% Senior Notes, the Debentures and the New Notes are classified as "securities" for federal income tax purposes, and the amount of the exchanging Debt Holder's adjusted tax basis in the items exchanged.

Whether the Consummation of the Plan will be classified as a recapitalization with respect to a Debt Holder and whether the Bank Note, the Halliburton Note, the 15% Senior Notes, the Debentures and the New Notes are classified as "securities" will determine, except with respect to the receipt of the Warrants, whether an exchanging Debt Holder will recognize gain or loss on the exchange. The adjusted tax basis of such items to an exchanging Debt Holder will determine the amount of gain or loss, if gain or loss is recognized.

The terms "recapitalization" and "securities" are not defined in the IRC or the regulations thereunder, and they have not been clearly defined by court decisions. Bankruptcy reorganizations similar to the reorganization contemplated by the Plan, however, have been treated as recapitalizations. Thus, it is believed by the Company that the Consummation of the Plan will constitute a "recapitalization".

The determination of whether the Bank Note, the Halliburton Note, the 15% Senior Notes, the Debentures and the New Notes are "securities" is made separately for each issue of such instruments. One of the most significant factors considered in making this determination is the original term to maturity of the instrument. In general, the likelihood that an instrument will be considered to be a security increases with the length of its term to maturity. Additionally, instruments with a term to maturity of ten years or more are generally classified as "securities". Instruments with a term to maturity of more than five years, but less than ten years, are sometimes considered "securities" depending on the facts.

In bankruptcy reorganizations, debt instruments with a term to maturity in excess of five years possess few characteristics of early repayment. Such instruments generally represent long-term debt on the financial statements of the corporation. Consequently, in bankruptcy reorganizations, many instruments, with a term to maturity of more than five years, but less than ten years, are recognized as securities. The term to maturity of the Bank Note is five years. The term to maturity of the New Bank Note is seven years. In the context of the Company's bankruptcy proceeding, both the Bank Note and the New Bank Note should be considered securities. The Halliburton Note has a term to maturity of two years, the New Halliburton Note has a term to maturity of seven years and the payment thereof is secured by a lien inferior to the lien securing the payment of the Bank Note and the New Bank Note, respectively. While the Halliburton Note and the New Halliburton Note may be considered securities, an argument can be made that the Halliburton Note is not a security. The 15% Senior Notes have an original term to maturity of ten years, and the New Convertible Secured Notes have a term to maturity of approximately ten years. Consequently, (except for the Halliburton Note) all such notes should be considered securities. Since all issues of the Debentures had initial terms to maturity of ten years or more, it is likely the Debentures should be classified as "securities". For these reasons, although there is uncertainty with respect to these matters, it is believed by the Company that (except for the Halliburton Note) the various instruments described above will be considered securities, the non-recognition provisions of sections 354 and 356 of the IRC will apply and the federal income tax consequences will be similar as to each issue exchanged.

## TAX CONSEQUENCES TO THE HOLDER OF THE BANK NOTE

### General

*Gain or Loss.*

Assuming the exchange of the Bank Note for the New Bank Note and the Warrants pursuant to the Plan constitutes a part of the recapitalization and the non-recognition provisions of section 354(a) of the IRC apply, and subject to certain exceptions described below, no loss will be recognized by the holder of the Bank Note on the receipt of the New Bank Note, and gain realized, if any, will be recognized only to the extent of the fair market value of the Warrants. It is possible that the Service will take the position that the Bank Note or the New Bank Note is not a security for federal income tax purposes. If either the Bank Note exchanged or the New Bank Note received is not considered a security, the holder thereof will have gain or loss equal to the difference between the "amount realized" on the exchange and the exchanging holder's adjusted tax basis (which will include any previously accrued OID) in the Bank Note exchanged. For both cash basis and accrual basis taxpayers, the "amount realized" will be the aggregate fair market value of the New Bank Note and the Warrants received. Although the matter is unclear, for an accrual basis taxpayer the fair market value of the New Bank Note is possibly the face amount thereof. Any gain or loss will be a capital gain or loss if the Bank Note was a capital asset in the hands of the exchanging holder; otherwise, such gain or loss will be ordinary income. In most cases, assets such as the Bank Note and the New Bank Note in the hands of a "bank" as defined in the IRC will not be capital assets.

The New Note holders, including the holder of the New Bank Note, will have the contractual right contained in the Warrants to use the New Notes to pay the exercise price of the Warrants. For that purpose, the New Notes will be valued at 110% of their face amounts. For federal income tax purposes, such contractual right is perhaps analogous to a conversion feature with respect to a convertible bond. In that case, the conversion feature itself is not treated as "other property" when the convertible bond is received in a reorganization (such as, a recapitalization). Rather, the conversion feature is treated as part of the bond. In this case, the conversion right is not contained in the New Notes; rather, it is contained only in the Warrants. Thus, in this case, the presence of the contractual exercise rights in the Warrants should not result in the recognition of gain or loss upon the receipt of the New Notes. There is, however, no specific authority for this reasoning. Consequently, it is possible that the contractual rights might be considered "other property" appurtenant to the New Notes. If such rights were considered "other property", gain, if any, would be recognized to the extent of the fair market value of such rights in the same manner as the gain attributable to the Warrants.

*Accrued Interest.*

To the extent that the New Bank Note and the Warrants received are attributable to interest, including any OID, which has accrued on the Bank Note on or after the beginning of a holder's holding period, such holder will be treated as having been paid interest equal to that amount. To the extent not previously included in income, such interest payment would be recognized as ordinary income to the holder regardless of whether the Consummation of the Plan constitutes a recapitalization or whether the Bank Note or the New Bank Note constitutes a security. It is possible that the Service will take the position that a portion of the New Bank Note or the Warrants received are allocable and "attributable" to accrued interest. In that case, any cash basis holder of the Bank Note will recognize interest income equal to the amount so allocated. Moreover, any holder who previously accrued interest income on the Bank Note may be entitled to recognize a loss on the accrued interest that was not actually paid pursuant to the Plan. Additionally, in the event that any portion of the New Bank Note or the Warrants is ultimately required to be allocated to accrued interest on the Bank Note, such allocation may affect a holder's gain or loss, tax basis and holding period in the New Bank Note or the Warrants.

*Basis and Holding Period.*

If the Bank Note and the New Bank Note are both considered to be securities, the tax basis of the New Bank Note received by the holder of the Bank Note pursuant to the Plan will equal the exchanging holder's adjusted tax basis in the Bank Note exchanged, decreased by the fair market value of the



RAM00291

Warrants, and increased by any gain recognized. The Warrants received will have a tax basis equal to their fair market value. The holding period of the New Bank Note will include the period for which an exchanging holder held the Bank Note, provided that the Bank Note was a capital asset in such holder's hands. If the Bank Note was not a capital asset in the holder's hands, the holding period of the New Bank Note will begin the first day after the exchange. The first day of the holding period of the Warrants will be the day after the exchange. If any accrued interest is recognized as income, the tax basis and holding period of each of the New Bank Note and the Warrants will be affected accordingly.

If the exchange of the Bank Note for the New Bank Note and the Warrants is not a recapitalization, the tax basis of the New Bank Note and the Warrants received by an exchanging holder of the Bank Note will be the amount realized (calculated as described above) with respect to the New Bank Note and the Warrants received. The first day of the holding period for the New Bank Note and the Warrants received will be the day after the exchange.

**Tax Consequences of Holding the New Bank Note**

*Original Issue Discount.*

To the extent that any debt instrument includes "original issue discount" ("OID") within the meaning of section 1273 of the IRC, section 1272 of the IRC requires the holder to include a portion of the OID in income for each taxable year during which he holds such debt. The New Bank Note will have OID to the extent of the excess, if any, of the redemption price of the New Bank Note at maturity over the "issue price". In calculating the issue price of the New Bank Note, the New Bank Note and the Warrants received are treated as a single instrument or "investment unit", and the issue price is first calculated for the investment unit.

Assuming the Consummation of the Plan is classified as a recapitalization, the issue price of the New Bank Note will equal the issue price of the Bank Note surrendered, increased for the ratable portion of any OID on the Bank Note previously includable in the income of any holder. Because the issue price of the New Bank Note should not be less than its redemption price, the Company believes that the New Bank Note will not have OID.

*Bond Premium.*

If the tax basis of the exchanging Debt Holder in the New Bank Note (determined as described under *"Basis and Holding Period"* above) exceeds the principal amount of the New Bank Note received, then the exchanging holder may be allowed to deduct ratably over the term of the New Bank Note the excess of such holder's basis over the principal amount as amortizable bond premium. To amortize bond premium, the taxpayer must make the necessary election which will apply to all debt instruments held by the taxpayer. Debt Holders should consult their own tax advisors concerning the existence of bond premium and the election in respect thereof.

*Market Discount.*

The Tax Reform Act of 1984 (the "1984 Act") made changes with respect to the tax treatment of "market discount bonds", which are obligations issued after June 18, 1984, with stated redemption prices at maturity greater than the tax basis of the obligations in the hands of the holder immediately after their acquisition. The 1984 Act requires gain on disposition of market discount bonds to be recognized as interest income to the extent of accrued market discount. An exception is provided for dispositions of market discount bonds that do not result in recognition of gain to the holder. On subsequent disposition, however, of the non-recognition property received, gain is treated as interest income to the extent of the amount of accrued market discount as of the date of the prior disposition. The 1984 Act also limits the ability of the holder of a market discount bond acquired after June 18, 1984, to take current interest deductions on indebtedness incurred or continued to purchase or carry the market discount bond.

The 1984 Act provides an election to holders of market discount bonds to include accrued market discount in income currently. Neither the rule requiring ordinary income treatment on disposition nor the rule limiting interest deductions will apply to market discount bonds with respect to which the election is made.

Although the legislative history creates uncertainty with respect to debt instruments received in non-taxable transactions, the market discount rules will probably apply to an exchanging holder whose tax basis in the New Bank Note received is less than the stated redemption price at maturity of the New Bank Note. An exchanging holder who has market discount with respect to his New Bank Note may realize ordinary income on a future disposition of a New Bank Note instead of capital gain if such capital gain treatment were otherwise available.

**Tax Consequences of the Sale or Exchange of the New Bank Note**

Subject to the rules discussed in "Market Discount" above and assuming that the New Bank Note is a capital asset in the hands of its holder, the sale or exchange of the New Bank Note will result in capital gain or loss equal to the difference between the amount realized and the holder's adjusted tax basis in the New Bank Note immediately before such sale or exchange, which basis should reflect any market discount previously included in income and any bond premium previously amortized by such holder. In most cases, however, assets such as the Bank Note and the New Bank Note in the hands of a "bank" as defined in the IRC will not be capital assets. Further, to the extent the holder of the Bank Note or the New Bank Note has claimed an ordinary deduction as a bad debt all or any portion of the Bank Note or the New Bank Note, any gain recognized on sale or other disposition of the New Bank Note will be ordinary income.

**Purchase of the New Common Stock with the Warrants**

Except as otherwise described herein with respect to management, PWI, and Copeland, the exercise of the Warrants with cash and the acquisition of New Common Stock for the prices stated in the Warrants are not taxable events. Consequently, no gain or loss should be recognized upon such exercise of the Warrants.

In addition to an exercise with cash, the Warrants may be exercised by the surrender of any of the New Notes valued at 110% of their principal amount or by the surrender of shares of Senior Preferred Stock at 100% of their liquidation value. To the extent there is gain inherent in the Warrants, that amount of gain will not be realized for federal income tax purposes by virtue of the exercise. Thus, no gain or loss will be recognized with respect to such exercise of the Warrants. To the extent, however, a New Note or shares of Senior Preferred Stock are used to satisfy an obligation in excess of the holder's adjusted basis of such New Note, there is also gain inherent in the New Note or in the shares of Senior Preferred Stock. The surrender of the New Note or of the Senior Preferred Stock as part of the acquisition of the New Common Stock should be considered a recapitalization. Thus, no gain or loss would be recognized with respect to the surrender of the New Note or of the Senior Preferred Stock for New Common Stock. There is, however, no authority for such result, and it may be that the surrender of the New Note or of the Senior Preferred Stock in satisfaction of the cash payment obligation under the Warrant would be considered a taxable event with gain recognized in an amount equal to the cash payment obligation (exercise price) in excess of the holder's adjusted basis in the New Note or in the shares of Senior Preferred Stock.

The tax basis of the New Common Stock received pursuant to the exercise of the Warrants for cash will equal the adjusted tax basis of the Warrants plus any additional money paid. The holding period for the New Common Stock will begin with the date of exercise of the Warrants.

The tax basis of the New Common Stock received pursuant to the exercise of the Warrants with the surrender of New Notes or the Senior Preferred Stock will equal the adjusted tax basis of the Warrants plus the adjusted basis of the New Notes or the Senior Preferred Stock surrendered. In the event gain is recognized by the holder of the New Note or the Senior Preferred Stock upon the surrender of such New Note or the Senior Preferred Stock in satisfaction of the Warrant exercise price, the tax basis of the New Common Stock received pursuant to the exercise of the Warrants will equal the adjusted tax basis of the Warrants plus the exercise price. The holding period for the New Common Stock will, to the extent of the relative value of such stock attributable to the exercise price, include the holding period of the New Note or the Senior Preferred Stock surrendered in exchange therefor. In the event gain is recognized by the holder of the New Note or the Senior Preferred Stock upon the surrender of such New Note or the Senior Preferred Stock in satisfaction of the Warrant exercise price, the holding period for the remaining New

Common Stock will begin with the date of exercise of the Warrants. Otherwise, the holding period may include the holding period of the New Note or the Senior Preferred Stock surrendered in exchange therefor.

**Anti-Dilution Provision of the Warrants**

Under certain provisions of the Warrants (and similar provisions in the New Convertible Secured Notes, the Senior Preferred Stock and the Series A Preferred Stock), the holders of the Warrants (and such other instruments) are entitled to exercise rights to obtain shares of New Common Stock. Under other provisions of such instruments, there is a description of the number of shares of New Common Stock that the holder is entitled to receive upon exercise of the rights to acquire such shares. The exercise price and the number of shares of New Common Stock to be received are subject to adjustment upon the occurrence of certain events, including (i) payment of certain dividends or distributions in shares of New Common Stock to the holders of the New Common Stock, (ii) certain combinations, subdivisions or reclassifications of the New Common Stock, (iii) certain distributions to the holders of New Common Stock of evidences of indebtedness of the Company, certain assets (which exclude cash dividends or distributions payable out of consolidated retained earnings), shares of stock other than the New Common Stock and certain subscription rights therefor, and (iv) with certain specified exemptions (including the issuance of the New Securities pursuant to the Plan and the receipt of shares of New Common Stock upon the conversion or exercise of any such New Securities), the sale and issuance of shares of New Common Stock or rights, options, warrants, or convertible or exchangeable securities containing rights to subscribe for or purchase shares of New Common Stock at a price lower than the then current Market Price per share of the New Common Stock. No adjustment to the exercise price of Warrants shall be made until cumulative adjustments amount to at least 1% of the price then in effect. In the event of any consolidation or merger or sale of property of the Company as an entirety or substantially as an entirety, the Company or surviving or purchasing corporation will be required to provide each holder of an instrument the kind and amount of property such holder could have received if such holder had exercised or converted the instrument immediately prior thereto.

If at any time the Company makes a distribution of money or other property to its shareholders which would be taxable to such shareholders as a dividend for federal income tax purposes (*e.g.*, distributions of evidences of indebtedness or assets of the Company, but generally not stock dividends or rights to subscribe to New Common Stock) and pursuant to the anti-dilution provisions relating to the instruments described above the conversion or exercise price thereof is reduced or the number of shares of New Common Stock to be received is increased, for federal income tax purposes such reduction may be deemed pursuant to section 305 of the IRC to result in the receipt of a taxable dividend by the holders of such instruments. It does not matter that such holders may actually receive nothing. Because the instrument holders' interests in the Company are proportionately increased on such event, such transaction, if it ever occurs, would have the effect described in section 305(c) and 305(b)(2) of the IRC.

## TAX CONSEQUENCES TO THE HOLDER OF THE HALLIBURTON NOTE

**General**

*Gain or Loss.*

Assuming the exchange of the Halliburton Note for the New Halliburton Note, the New Common Stock and the Warrants constitutes a part of the recapitalization and the non-recognition provisions of section 354(a) of the IRC apply, and subject to certain exceptions described or referred to below, no loss will be recognized by the holder of the Halliburton Note on the exchange pursuant to the Plan, and gain realized, if any, will be recognized only to the extent of the fair market value of the Warrants. It is possible that the Service will take the position that the Halliburton Note or the New Halliburton Note is not a security and is not equity for federal income tax purposes. If either the Halliburton Note exchanged or the New Halliburton Note received is not considered a security and is not considered equity or if the Halliburton Note exchanged is considered equity and the New Halliburton Note received is considered a

security, the holder will have gain or loss equal to the difference between the "amount realized" on the exchange and the exchanging holder's adjusted tax basis (which will include any previously accrued OID) in the Halliburton Note exchanged. For both cash basis and accrual basis taxpayers, the "amount realized" will be the aggregate fair market value of the New Halliburton Note, the New Common Stock and the Warrants received. Although the matter is unclear, for an accrual basis taxpayer, the fair market value of the New Halliburton Note is possibly the face amount thereof. Any gain or loss will be a capital gain or loss if the Halliburton Note was a capital asset in the hands of the exchanging holder; otherwise, such gain or loss will be ordinary income.

The tax consequences of the provision in the Warrants that allows exercise of the Warrants with the surrender of the New Halliburton Note at 110% of face amount will produce the tax consequences described with respect to the same issue regarding the New Bank Note. See "CERTAIN FEDERAL INCOME TAX CONSEQUENCES—Tax Consequences to the Holder of the Bank Note—General—Gain or Loss".

*Accrued Interest.*

To the extent that the New Halliburton Note, the New Common Stock and the Warrants received are attributable to interest, including any OID, which is accrued on the Halliburton Note on or after the beginning of a holder's holding period, such holder will be treated as having been paid interest equal to that amount. To the extent not previously included in income, such interest payment will be recognized as ordinary income to the holder regardless of whether the Consummation of the Plan constitutes a recapitalization or whether the Halliburton Note or the New Halliburton Note constitutes a security. The Plan does not specifically allocate to accrued interest any of the New Halliburton Note, the New Common Stock or the Warrants to be received pursuant thereto. Rather, all such items are attributable to the entire claim of the holder of the Halliburton Note, and the Company believes that all such items should be allocated first to the principal amount of the Halliburton Note exchanged. If such allocation is upheld, any cash basis holder would not have any interest income on the exchange. Moreover, any holder who previously accrued interest income on the Halliburton Note may be entitled to recognize a loss on the accrued interest that was not actually paid pursuant to the Plan. It is possible, however, that the Service will take the position that the portion of the New Halliburton Note, the New Common Stock or the Warrants received are allocable and "attributable" to accrued interest. In that case, any cash basis holder will recognize interest income equal to the amount so allocated. Additionally, in the event that any portion of the New Halliburton Note, the New Common Stock or the Warrants ultimately is required to be allocated to accrued interest on the Halliburton Note, such allocation may effect the holder's gain or loss, tax basis and holding period in the New Halliburton Note, the New Common Stock or the Warrants.

*Basis and Holding Period.*

If the Halliburton Note and the New Halliburton Note are both considered to be securities, the aggregate tax basis of the New Halliburton Note and the New Common Stock received pursuant to the Plan will equal the exchanging holder's adjusted basis in the Halliburton Note exchanged, decreased by the fair market value of the Warrants and increased by any gain recognized. The Warrants received will have a tax basis equal to their fair market value. The remaining aggregate basis will be allocated between the New Halliburton Note and the New Common Stock in proportion to their relative fair market values. The holding period of the New Halliburton Note and the New Common Stock will include the period for which an exchanging holder held the Halliburton Note, provided that the Halliburton Note was a capital asset in such holder's hands. If the Halliburton Note were not a capital asset in such holder's hands, the holding period of the New Halliburton Note and the New Common Stock will begin the day after the exchange. The first day of the holding period of the Warrants will be the day after the exchange. If any accrued interest is recognized as income, the tax basis and holding periods of the New Halliburton Note, the New Common Stock and the Warrants will be affected accordingly.

If the Halliburton Note is not considered a security, the New Halliburton Note and the New Common Stock will have a tax basis equal to their fair market value. If the Halliburton Note is considered a security and the New Halliburton Note is not considered either a security or equity, the New Halliburton Note will have a tax basis equal to its fair market value. The aggregate tax basis of the New Common Stock

received will equal the adjusted tax basis in the Halliburton Note surrendered, increased by any gain recognized on the exchange and decreased by the fair market value of the New Halliburton Note and the Warrants received. The holding period of the New Common Stock will include the period for which the exchanging holder held the Halliburton Note, provided the Halliburton Note was a capital asset in such holder's hand. Otherwise, the holding period of the New Common Stock will begin the day after the exchange. The first day of the holding period of the New Halliburton Note will be the day after the exchange.

If the exchange of the Halliburton Note for the New Halliburton Note, the New Common Stock and the Warrants is not a recapitalization, the tax basis of the New Halliburton Note, the New Common Stock and the Warrants received by an exchanging holder of the Halliburton Note will be the amount realized (calculated as described above) with respect to the New Halliburton Note, the New Common Stock and the Warrants received. The first day of the holding period for the New Halliburton Note, the New Common Stock and the Warrants received will be the day after the exchange.

**Tax Consequences of Holding the New Halliburton Note**

*Original Issue Discount.*

To the extent that the New Halliburton Note includes OID, section 1272 of the IRC requires the holder thereof to include a portion of the OID in income for each taxable year during which it holds the New Halliburton Note. The New Halliburton Note will have OID to the extent of the excess, if any, of the redemption price of the New Halliburton Note at maturity over the "issue price".

Assuming the Consummation of the Plan is classified as a recapitalization, the issue price of the New Halliburton Note will be determined in the same manner as the issue price of the New Bank Note discussed above. See "CERTAIN FEDERAL INCOME TAX CONSEQUENCES—Tax Consequences to the Holder of the Bank Note—Original Issue Discount". Nonetheless for purposes of determining OID, the exchange of the Halliburton Note for the New Halliburton Note may be considered as pursuant to a plan of reorganization (*i.e.* a recapitalization) in which event the issue price of the New Halliburton Note will not be less than the issue price of the Halliburton Note. Presumably, the issue price of the Halliburton Note is equal to its face amount plus any accrued interest. Because the issue price of the Halliburton Note will also equal the principal amount of the New Halliburton Note, the New Halliburton Note should have no OID. If the exchange of the Halliburton Note for the New Halliburton Note is not considered as pursuant to a plan of reorganization, it should be considered as an exchange of the New Halliburton Note for property (*i.e.* the Halliburton Note). In that event, the issue price of the New Halliburton Note should equal the principal amount of such note due to the fact that there is adequate stated interest (all be it variable). Thus, the issue price of the New Halliburton Note should not be less than its redemption price and the New Halliburton Note should have no OID.

*Bond Premium.*

The federal income tax consequences to the holder of the Halliburton Note with respect to bond premium, if any, on the New Halliburton Note are the same as those with respect to the New Bank Note discussed above. See "CERTAIN FEDERAL INCOME TAX CONSEQUENCES—Tax Consequences to the Holder of the Bank Note—Bond Premium".

*Market Discount.*

The discussion of market discount with respect to the New Bank Note is applicable to the New Halliburton Note. See "CERTAIN FEDERAL INCOME TAX CONSEQUENCES—Tax Consequences to the Holder of the Bank Note—Market Discount". There are additional items to be discussed regarding the market discount ramifications of the New Halliburton Note. Notwithstanding there should be no OID in the New Halliburton Note, the adjusted basis of a holder of the New Halliburton Note may be less than the stated redemption price at maturity of the New Halliburton Note. Even though it seems incongruous for the market discount rules to be applicable to the initial issuance of a debt obligation, notwithstanding the original issue discount rules are not applicable, the market discount rules will probably apply to an exchanging holders whose tax basis in the New Halliburton Note is less than the stated redemption price at maturity of the New Halliburton Note.



RAM00296

**Tax Consequences of the Sale or Exchange of the New Halliburton Note**

Subject to the rules discussed in "Market Discount" above and assuming that the New Halliburton Note is a capital asset in the hands of its holder, the sale or exchange of the New Halliburton Note will result in capital gain or loss equal to the difference between the amount realized and the holder's adjusted tax basis in the New Halliburton Note immediately before such sale or exchange, which basis should reflect any market discount previously included in income and any bond premium previously amortized by such holder. If the New Halliburton Note is not a capital asset in the hands of the holder thereof, any gain or loss on a subsequent sale or exchange will be ordinary income.

Further, to the extent the holder of the Halliburton Note or the New Halliburton Note has claimed an ordinary deduction as a bad debt on all or any portion of the Halliburton Note or the New Halliburton Note, any gain recognized on sale or other disposition of the New Halliburton Note will be ordinary income.

**Purchase of the New Common Stock with the Warrants**

The discussion above with respect to gain or loss on the exercise of the Warrants and the tax basis and holding period for the New Common Stock obtained by exercise of the Warrants by the holder of the Bank Note is equally applicable to the holder of the Halliburton Note. Moreover, the discussion of the anti-dilution provisions is applicable. See "CERTAIN FEDERAL INCOME TAX CONSEQUENCES—Tax Consequences to the Holder of the Bank Note—Purchase of the New Common Stock With the Warrants" and "Anti-Dilution Provisions of the Warrants".

## TAX CONSEQUENCES TO THE HOLDERS OF THE 15% SENIOR NOTES

**General**

*Gain or Loss.*

Assuming the exchange of the 15% Senior Notes for the New Convertible Secured Notes, the Senior Preferred Stock, the Warrants, and the New Common Stock constitutes a part of the recapitalization and the non-recognition provisions of section 354(a) of the IRC apply, and subject to certain exceptions described below, no loss will be recognized by the holders of the 15% Senior Notes on the exchange, and gain realized, if any, will be recognized only to the extent of the fair market value of the Warrants. It is possible that the Service will take the position that the 15% Senior Notes or the New Convertible Secured Notes are not securities for federal income tax purposes. If the 15% Senior Notes are considered securities but the New Convertible Secured Notes are not, any gain on the exchange of the 15% Senior Notes for the New Convertible Secured Notes, the Senior Preferred Stock, the Warrants and the Common Stock will be recognized to the extent of the fair market value of the New Convertible Secured Notes and the Warrants received, but no loss will be recognized. If either the 15% Senior Notes exchanged or both the 15% Senior Notes exchanged and the New Convertible Secured Notes received are not considered securities, a holder of the 15% Senior Notes will have gain or loss equal to the difference between the "amount realized" on the exchange and the exchanging holder's adjusted tax basis (which will include any previously accrued OID) in the 15% Senior Notes exchanged. For both cash basis and accrual basis taxpayers the "amount realized" will be the aggregate fair market value of the New Convertible Secured Notes, the Senior Preferred Stock, the Warrants and the New Common Stock received. Although the matter is unclear, for an accrual basis taxpayer the fair market value of the New Convertible Secured Notes is possibly the face amount thereof. Any gain or loss will be a capital gain or loss if the 15% Senior Notes were capital assets in the hands of the holder thereof; otherwise, such gain or loss will be ordinary income.

*Accrued Interest.*

The federal income tax consequences to the Note Holders with respect to any portion of the New Convertible Secured Notes, the Senior Preferred Stock, the Warrants and the New Common Stock received in exchange for the 15% Senior Notes being deemed to be attributable to accrued interest on the 15% Senior Notes are the same as those to the holder of the Halliburton Note discussed above. See "CERTAIN FEDERAL INCOME TAX CONSEQUENCES—Tax Consequences to the Holder of the Halliburton Note—Accrued Interest".



RAM00297

*Debt or Equity.*

The Service could contend that the New Convertible Secured Notes are equity due to the fact that (1) the Company's equity capitalization is threatened in bankruptcy, (2) no interest is to be paid thereon, and (3) the New Convertible Secured Notes are convertible into New Common Stock. The New Convertible Secured Notes, however, should constitute debt under bankruptcy and creditor law. Further, the New Convertible Secured Notes are secured with property of the Company, and subject to the rights of the holder of Superior Indebtedness, if such property is sold, the proceeds must be used in part to repay such Notes.

If the New Convertible Secured Notes are determined to be equity, there would be little effect on the holders thereof. The nonrecognition rules of section 354 of the IRC would apply to the same extent as described above. Further, the basis and holding period rules would be similar.

*Effect of Conversion Rights.*

The conversion rights in the New Convertible Secured Notes and the Senior Preferred Stock should not affect the taxability of the receipt of the New Convertible Secured Notes and the Senior Preferred Stock pursuant to the Plan because such rights are not treated as separate assets. Consequently, except as otherwise described herein, such rights should not affect the tax treatment described above with respect to the receipt of the New Convertible Secured Notes and the Senior Preferred Stock.

The tax consequences of the provision in the Warrants that allow the exercise thereof with the surrender of the New Convertible Secured Notes at 110% of the face amount will produce the tax consequences described with respect to the same issue regarding the New Bank Note. See "CERTAIN FEDERAL INCOME TAX CONSEQUENCES—Tax Consequences to the Holder of the Bank Note—General—Gain or Loss".

*Basis and Holding Period.*

If the 15% Senior Notes and the New Convertible Secured Notes are both considered to be securities, the aggregate tax basis of the New Convertible Secured Notes, the Senior Preferred Stock and the New Common Stock received pursuant to the Plan will equal the exchanging holder's adjusted tax basis in the 15% Senior Notes exchanged, decreased by the fair market value of the Warrants, and increased by any gain recognized. The Warrants received will have a tax basis equal to their fair market value. The remaining aggregate basis will be allocated between the New Convertible Secured Notes, the Senior Preferred Stock and the New Common Stock in proportion to their relative fair market values. The holding period of the New Convertible Secured Notes, the Senior Preferred Stock and the New Common Stock will include the period for which an exchanging holder held the 15% Senior Notes, provided that the 15% Senior Notes were capital assets in such holder's hands. The first day of the holding period of the Warrants will be the day after the exchange. If any accrued interest is recognized as income, the tax bases and holding periods of the New Convertible Secured Notes, the Warrants, the Senior Preferred Stock and the New Common Stock will be affected accordingly.

If the 15% Senior Notes are considered securities but the New Convertible Secured Notes are not, the New Convertible Secured Notes will have a tax basis equal to their fair market value. The aggregate tax basis of the Senior Preferred Stock and the New Common Stock received will equal the adjusted tax basis in the 15% Senior Notes surrendered, increased by any gain recognized on the exchange and decreased by the fair market value of the New Convertible Secured Notes and the Warrants received. The holding period of the Senior Preferred Stock and the New Common Stock would include the period for which the exchanging holder held the 15% Senior Notes, provided the 15% Senior Notes were capital assets in such holder's hands. The first day of the holding periods of the New Convertible Secured Notes and the Warrants would be the day after the exchange.

If the exchange of 15% Senior Notes for the New Convertible Secured Notes, the Senior Preferred Stock, the Warrants and the New Common Stock is not a recapitalization, the tax basis of the New Convertible Secured Notes, the Senior Preferred Stock, the Warrants and the New Common Stock received by an exchanging holder of the 15% Senior Notes will be the amount realized (calculated as described above) with respect to the New Convertible Secured Notes, the Senior Preferred Stock, the



RAM00298

Warrants and the New Common Stock received. The first day of the holding period for the New Convertible Secured Notes, the Senior Preferred Stock, the Warrants and the New Common Stock received will be the day after the exchange.

**Tax Consequences of Holding the New Convertible Secured Notes**

*Original Issue Discount.*

To the extent that any of the New Convertible Secured Notes includes OID, section 1272 of the IRC requires the holder thereof to include a portion of the OID in income for each taxable year during which he holds such debt. The New Convertible Secured Notes will have OID to the extent of the excess, if any, of the redemption price of the New Convertible Secured Notes at maturity over the "issue price". In calculating the issue price of the New Convertible Secured Notes, all of the New Convertible Secured Notes, the Senior Preferred Stock, the Warrants and the New Common Stock received are treated as a single instrument or "investment unit", and the issue price is first calculated for the investment unit.

Assuming the Consummation of the Plan is classified as a recapitalization, the issue price of the aggregate of all the New Convertible Secured Notes, the Senior Preferred Stock, the Warrants and the New Common Stock received will equal the greater of (i) the issue price of the 15% Senior Notes surrendered, increased for the ratable portion of the OID on the 15% Senior Notes previously includable in the income of any holder, or (ii) the fair market value of the 15% Senior Notes on the date of the exchange. The issue price of the aggregate of all New Convertible Secured Notes, Senior Preferred Stock, Warrants and New Common Stock received will be allocated among the aggregate of all New Convertible Secured Notes, Senior Preferred Stock, Warrants and New Common Stock in proportion to their relative fair market values to determine the issue price of the New Convertible Secured Notes. There was OID in some of the 15% Senior Notes as a result of the Exchange Offers. Because the issue price of the New Convertible Secured Notes, as so calculated, may be less than the redemption price of the New Convertible Secured Notes, the Company believes that the New Convertible Secured Notes received will have some OID.

*Bond Premium.*

The federal income tax consequences to the holders of the 15% Senior Notes with respect to bond premium, if any, on the New Convertible Secured Notes are the same as those with respect to the New Bank Note discussed above. See "CERTAIN FEDERAL INCOME TAX CONSEQUENCES—Tax Consequences to the Holder of the Bank Note—Bond Premium".

*Backup Withholding.*

Interest paid, if any, to holders of the New Convertible Secured Notes and dividends paid, if any, to holders of New Common Stock or Senior Preferred Stock may be subject to backup withholding. Interest paid to a holder of the New Convertible Secured Notes who is a United States person will ordinarily not be subject to withholding of United States federal income tax. Further, dividends paid to holders of New Common Stock or Senior Preferred Stock will ordinarily not be subject to withholding. Withholding, however, of such tax at the rate of 20 percent must be made in the event of failure of a holder to supply the Company or its agent with such holder's taxpayer identification number. Such "backup withholding" may also apply to a holder who is otherwise exempt from withholding if such holder fails properly to document his or its status as an exempt recipient. Each exchanging holder may be asked to provide and certify his correct taxpayer identification number or tax status.

*Market Discount.*

The discussion of market discount with respect to the New Bank Note is equally applicable to the New Convertible Secured Notes. See "CERTAIN FEDERAL INCOME TAX CONSEQUENCES—Tax Consequences to the Holder of the Bank Note—Market Discount".



RAM00299

**Tax Consequences of the Sale or Exchange of the New Convertible Secured Notes and of the Senior Preferred Stock**

*General.*

Subject to the rules discussed in "Market Discount" above and assuming that the New Convertible Secured Notes are capital assets in the hands of the holders thereof, the sale, exchange or redemption of the New Convertible Secured Notes will result in capital gain or loss equal to the difference between the amount realized and the holder's adjusted tax basis in the New Convertible Secured Notes immediately before such sale, exchange or redemption, which basis would reflect any market discount previously included in income and any bond premium previously amortized by such holder. Subject to certain aspects regarding redemption, the sale, exchange or redemption of the Senior Preferred Stock will result in capital gain or loss equal to the difference between the amount realized and the holder's adjusted tax basis in the Senior Preferred Stock immediately before such sale, exchange or redemption. See "CERTAIN FEDERAL INCOME TAX CONSEQUENCES—Tax Consequences to Shareholders—Tax Consequences of Holding New Common Stock, Senior Preferred Stock and Series A Preferred Stock".

*Exchange of the New Convertible Secured Notes and Senior Preferred Stock for the New Common Stock.*

Assuming that the conversion of the New Convertible Secured Notes or of the Senior Preferred Stock for New Common Stock pursuant to the conversion provision of such securities will constitute a recapitalization under section 368 of the IRC and the nonrecognition provisions of section 354(a) of the IRC apply or that the conversion is a non-realization event for tax purposes, and, with respect to the New Convertible Secured Notes, subject to the rules discussed in "Market Discount" above, a holder of New Convertible Secured Notes or Senior Preferred Stock which are so exchanged will not recognize any gain or loss as a result thereof. Additionally, in such an exchange, a holder of New Convertible Secured Notes or Senior Preferred Stock will have a tax basis in the New Common Stock received equal to the aggregate tax basis of the New Convertible Secured Notes or Senior Preferred Stock exchanged therefor and a holding period for the New Common Stock received which includes the period for which such holder held the exchanged New Convertible Secured Notes or Senior Preferred Stock, provided that such New Convertible Secured Notes or Senior Preferred Stock were capital assets in such holder's hands at the time of the exchange.

*Purchase of the New Common Stock With the Warrants.*

The discussion above with respect to gain or loss on the exercise of the Warrants and with respect to the tax basis and holding period for the New Common Stock obtained by exercise of the Warrants by the holder of the New Bank Note is equally applicable to the holders of the New Convertible Secured Notes. Moreover, the discussion of the anti-dilution provisions is also applicable. See "CERTAIN FEDERAL INCOME TAX CONSEQUENCES—Tax Consequences to the Holder of the Bank Note—Purchase of the New Common Stock With the Warrants" and "Anti-Dilution Provisions of the Warrants".

## TAX CONSEQUENCES TO THE HOLDERS OF THE DEBENTURES

**General**

*Gain or Loss.*

Assuming the exchange of the Debentures for the Series A Preferred Stock, the Warrants and the New Common Stock constitutes a part of the recapitalization and the non-recognition provisions of section 354(a) of the IRC apply, and subject to certain exceptions described below, no loss will be recognized by the holders of the Debentures on the exchange pursuant to the Plan, and gain realized, if any, will be recognized only to the extent of the fair market value of the Warrants.

*Accrued Interest.*

To the extent that the Series A Preferred Stock, the Warrants and the New Common Stock received are attributable to interest, including any OID, which has been accrued on the Debentures on or after the beginning of a holder's holding period, such holder will be treated as having been paid interest equal to



RAM00300

that amount. To the extent not previously included in income, such interest payment would be recognized as ordinary income to the holder regardless of whether the Consummation of the Plan constitutes a recapitalization or whether the Debentures constitute securities. The Plan does not specifically allocate to accrued interest any of the Series A Preferred Stock, the Warrants or the New Common Stock; rather, all the shares of the Series A Preferred Stock, the Warrants and shares of the New Common Stock to be received pursuant to the Plan are attributable to the entire claim of the holders of Debentures, and the Company believes that all such items should be first allocated to the principal amount of the Debentures exchanged. If such allocation is upheld, any cash basis holder would not have any interest income on the exchange. Moreover, any holder who previously accrued interest income on the Debentures may be entitled to recognize a loss on the accrued interest that was not actually paid pursuant to the Plan. It is possible, however, that the Service will take the position that a portion of the Series A Preferred Stock, the Warrants or the New Common Stock received are allocable and "attributable" to accrued interest. In that case, any cash basis holder will recognize interest income equal to the amount so allocated. Additionally, in the event that any portion of the Series A Preferred Stock, the Warrants or the New Common Stock is ultimately required to be allocated to accrued interest on the Debentures, such allocation may affect a holder's gain or loss, tax basis or holding period in the Series A Preferred Stock, the Warrants or the New Common Stock.

*Basis and Holding Period.*

The aggregate tax basis of the Series A Preferred Stock and the New Common Stock received pursuant to the Plan will equal the exchanging holder's adjusted tax basis in the Debentures exchanged, decreased by the fair market value of the Warrants, and increased by any gain recognized. The Warrants will have a tax basis equal to their fair market value. The remaining aggregate basis will be allocated between the Series A Preferred Stock and the New Common Stock in proportion to their relative fair market values. The holding period of the Series A Preferred Stock and the New Common Stock will include the period for which an exchanging holder held the Debentures, provided that the Debentures were capital assets in such holder's hands. The first day of the holding period of the Warrants will be the day after the exchange. If any accrued interest is recognized as income, the tax basis and holding period of each of the Series A Preferred Stock, the New Common Stock and the Warrants will be affected accordingly.

*Effect of Conversion Rights.*

The conversion rights in the Series A Preferred Stock should not affect the taxability of the receipt of the Series A Preferred Stock pursuant to the Plan because such rights are not treated as separate assets. Consequently, except as otherwise described herein, such rights should not affect the tax treatment described above with respect to the receipt of the Series A Preferred Stock.

**Tax Consequences of Holding the Series A Preferred Stock and the New Common Stock**

Dividends paid, if any, to a holder of the New Common Stock may be subject to backup withholding. The discussion with respect to backup withholding with respect to interest payments on the New Convertible Secured Notes and with respect to dividend payments on the Senior Preferred Stock is equally applicable to dividends paid on the New Common Stock. See "CERTAIN FEDERAL INCOME TAX CONSEQUENCES—Tax Consequences of Holding the New Convertible Secured Notes—Backup Withholding".

**Tax Consequences of the Sale or Exchange of the Series A Preferred Stock**

*General.*

Subject to certain aspects regarding redemption, the sale, exchange or redemption of the Series A Preferred Stock will result in capital gain or loss equal to the difference between the amount realized and the holder's adjusted tax basis in the Series A Preferred Stock immediately before such sale, exchange or redemption. See "CERTAIN FEDERAL INCOME TAX CONSEQUENCES—Tax Consequences to Shareholders—Tax Consequences of Holding New Common Stock and Series A Preferred Stock".

*Exchange of the Series A Preferred Stock for New Common Stock.*

The federal income tax consequences of the conversion of the Series A Preferred Stock pursuant to the conversion provisions of such securities for New Common Stock are the same as those discussed with respect to the Senior Preferred Stock in "CERTAIN FEDERAL INCOME TAX CONSEQUENCES—Tax Consequences to the Holders of the 15% Senior Notes—Exchange of the New Convertible Secured Notes and Senior Preferred Stock for the New Common Stock".

*Recapture on Sale or Other Disposition of the Series A Preferred Stock.*

All or a portion of any gain recognized on the sale or other disposition of the Series A Preferred Stock may be treated as ordinary income. See "CERTAIN FEDERAL INCOME TAX CONSEQUENCES—Tax Consequences to Shareholders—Tax Consequences of Holding New Common Stock and Series A Preferred Stock".

## TAX CONSEQUENCES TO MANAGEMENT, COPELAND AND PWI

### General

Property received (such as the New Common Stock) by certain members of management, Copeland and PWI in compensation of their efforts on behalf of the Company during the Chapter 11 case will be considered taxable income to such persons to the extent the fair market value of such property exceeds the price paid for it. The income attributable to such property is taxable when the property is transferable by the recipients or when the property is not subject to a substantial risk of forfeiture, whichever occurs first. A special rule is provided for stock or other securities, the sale of which could subject a recipient (normally, corporate "insiders") to suit under Section 16(b) of the Exchange Act. In that event, the recipient's rights in such property are deemed subject to a substantial risk of forfeiture and not transferable as long as the recipient is subject to such action. If the recipient desires to recognize the income currently, the recipient may elect to do so if such election is made within 30 days after the date of transfer of the stock or other securities.

The Warrants should be considered stock options for purposes of these rules. The grant of an option does not constitute a transfer of property, unless the option has a readily ascertainable fair market value at the time the option is granted. Normally, an option has a readily ascertainable fair market value if it is actively traded on an established securities market. In the event the option has a readily ascertainable fair market value, the recipient is taxable on the receipt of such property as described above. If the option does not have a readily ascertainable fair market value, no income is recognized on the grant of the option. Income is, however, recognized upon the exercise of such option in an amount equal to the fair market value of the stock received minus the exercise price paid.

### Management

In accordance with the discussion above, certain members of management would recognize taxable income upon the receipt of the New Common Stock and the Warrants. With respect to the New Common Stock, the recognition of such income and the determination of the amount of such income attributable to the New Common Stock would be deferred as long as management would be subject to suit under Section 16(b) of the Exchange Act as "insiders", unless management elects to recognize gain currently. The Warrants would be taxable if they have a readily ascertainable fair market value. Otherwise, no income would be recognized with respect to the Warrants until the Warrants are exercised. Upon exercise, income would be recognized to the extent the fair market value of the New Common Stock received exceeds the exercise price paid, subject, however, to the rule described above applicable to "insiders".

As any such income is recognized, the Company is required to treat such income as wages paid to employees and withhold taxes in accordance with the usual rules.



RAM00302

**Copeland and PWI**

In accordance with the discussion above, Copeland would recognize taxable income upon the receipt of the New Common Stock and the Warrants. PWI would recognize taxable income upon the receipt of the New Common Stock. The Warrants to be received by Copeland would be taxable if they have a readily ascertainable fair market value. Otherwise, no income would be recognized with respect to the Warrants until the Warrants are exercised. Upon exercise, income would be recognized to the extent the fair market value of the New Common Stock exceeds the exercise price paid, subject, however, to the rule described above applicable to "insiders."

## TAX CONSEQUENCES TO SHAREHOLDERS

**New Common Stock**

The receipt of the New Common Stock by the shareholders of the Company will not result in the recognition of any gain or loss.

**Warrants**

Under section 305 of the IRC, the receipt of the Warrants by the shareholders of the Company should not result in the recognition of any gain or loss. There is some question, however, whether the distribution of the Warrants would be considered a distribution under section 305 of the IRC or under section 356 of the IRC as part of a reorganization. If the distribution of the Warrants is treated as a distribution under section 356 as part of a reorganization, *i.e.*, "boot", the Warrants would be considered property distributed by the Company with respect to the Common Stock in an amount equal to the fair market value of the Warrants. To the extent of current or accumulated earnings and profits, as to which the Company expects it will have neither, such distribution would be treated as a dividend. Any excess would be treated first as a return of capital to the extent of basis in the Common Stock, and then as gain from the sale or exchange of the Common Stock.

**Basis**

If the distribution of the Warrants is considered a distribution under section 305 of the IRC, the basis of the shareholders in the New Common Stock and the Warrants will be the same as it was in the Common Stock prior to the Plan. Such basis must be allocated between the New Common Stock and the Warrants in accordance with the relative fair market values of each on the date of distribution. This rule of allocation applies to the Warrants only if such rights are ultimately exercised or sold. Under a special rule, no basis allocation to the Warrants is required if the fair market value of such rights on the date of distribution is less than 15% of the fair market value of the New Common Stock on that date. The allocation may nonetheless be made if the shareholder elects to do so in his tax return for the year in which the Warrants are received.

If the Warrants are considered "boot" in a reorganization, the basis of the Warrants will be their fair market value on the date of distribution. The basis of the New Common Stock will be the same as the Common Stock prior to the reorganization pursuant to the Plan, reduced by the fair market value of the Warrants and increased by any gain recognized by the recipient.

**Holding Period**

If the distribution of the Warrants is considered a distribution under section 305 of the IRC, the holding period of both the New Common Stock and the Warrants will include the holding period of the Common Stock prior to the reorganization pursuant to the Plan. If the Warrants are exercised, the holding period of the New Common Stock received pursuant to such exercise will begin with the date upon which the Warrants are exercised.

If the Warrants are considered "boot" in a reorganization, the holding period of the Warrants will begin on the first day after the date of distribution. The holding period of the New Common Stock will nonetheless include the holding period of the Common Stock prior to the reorganization pursuant to the Plan. If the Warrants are exercised, the holding period of the New Common Stock received pursuant to such exercise will begin with the date upon which the Warrants are exercised.

## TAX CONSEQUENCES OF HOLDING NEW COMMON STOCK, SENIOR PREFERRED STOCK AND SERIES A PREFERRED STOCK

Assuming the New Common Stock, Senior Preferred Stock and Series A Preferred Stock received pursuant to the Plan are capital assets in the hands of the holder, any gain or loss recognized on a subsequent sale or exchange of the New Common Stock, the Senior Preferred Stock or the Series A Preferred Stock will be capital gain or loss.

**Redemption**

Under section 305(c) of the IRC and section 1.305-5(b) of the Treasury Regulations, if the redemption price of preferred stock exceeds its issue price, the portion of such excess which constitutes an unreasonable redemption premium, if any, will be taxable as a dividend ratably over the period during which the preferred stock cannot be redeemed. A premium is considered to be reasonable if it is in the nature of a penalty for a premature redemption and if such premium does not exceed the amount which the issuer would be required to pay for such redemption right under market conditions existing at the time of issuance of the preferred stock. There is no redemption premium to be paid with respect to the Senior Preferred Stock or the Series A Preferred Stock. The Company, therefore, believes that there should be no problem with unreasonable redemption premium on either the Senior Preferred Stock or the Series A Preferred Stock.

Even though, upon the exercise by the Company of its right to redeem either the Senior Preferred Stock or the Series A Preferred Stock, a shareholder will surrender his preferred stock to the Company in return for cash, the transaction may be treated for federal income tax purposes as a distribution with respect to the stock owned by such shareholder taxable as a dividend under section 301 of the IRC to the extent of the Company's current or accumulated earnings and profits. Such redemption is not treated as a sale or exchange of the preferred stock redeemed, unless the redeeming shareholder's interest in the Company is completely terminated by such transaction or unless (i) the ratio of the voting stock owned by the shareholder (including stock attributed to the shareholder under section 302(c) of the IRC, immediately after the redemption to all the voting stock of the Company is less than 80 percent of the same ratio for the voting stock owned by the shareholder immediately before the redemption, and (ii) the shareholder owns less than 50 percent of the voting stock of the Company. If the shareholder's interest in the Company is not completely terminated, the transaction will still be treated for tax purposes as a sale or exchange rather than a dividend if the shareholder's interest in the Company (including other shares owned) is minimal (an interest of less than 1% should satisfy this requirement) and the shareholder exercises no control over the Company, so long as the shareholder's interest in the Company is actually reduced as a result of the transaction. The redemption in that situation is treated as a sale or exchange because it is "not essentially equivalent to a dividend." In determining whether a shareholder's interest in the Company has been reduced or terminated, the shareholder is deemed, under the constructive ownership rules of section 302(c) of the IRC, to own any shares in the Company which shares are owned by certain related persons and entities.

If a cash redemption of either the Senior Preferred Stock or the Series A Preferred Stock qualifies as a sale or exchange for tax purposes, the redeemed shareholder will recognize taxable gain or loss equal to the difference between the amount of cash received by such shareholder from the Company (other than cash which represents the payment of a previously declared dividend and which will be taxed as a dividend) and the shareholder's tax basis in the Senior Preferred Stock or the Series A Preferred Stock. Such gain or loss (as well as any gain or loss realized on any other taxable sale or exchange of either the Senior Preferred Stock or the Series A Preferred Stock) will be capital gain or loss. Further, if the shareholder holds such stock as a capital asset, and if the shareholder's holding period exceeds six months, such capital gain or loss will be long-term.

If a creditor receives stock of a corporation in satisfaction of the corporation's debts and such creditor has taken or is allowed an ordinary loss deduction (by reason of worthlessness or partial worthlessness of the indebtedness, by reason of the exchange or by failure to include the debt in income due to the cash basis method of accounting), any gain recognized on the ultimate sale or exchange of the stock received will be treated as ordinary income to the extent of the prior ordinary loss deduction. Further, the ordinary income "taint" will carry through to any other stock received with respect to such stock in nonrecognition transactions (such as conversion to common stock or future mergers or reorganizations). Thus, any gain on the ultimate sale of the New Common Stock, Senior Preferred Stock or Series A Preferred Stock received by a creditor will be subject to recapture to the extent of the aggregate ordinary loss deductions theretofore taken by the creditor.

Dividends paid, if any, with respect to the New Common Stock and the Senior Preferred Stock will be treated as ordinary income or the return of capital or capital gain, depending on the existence of current or accumulated earnings and profits of the Company at the time of payment.

## STATE AND LOCAL TAXES AND FOREIGN CREDITORS OR INVESTORS

Holders should consult their own tax advisors concerning the tax implications of the Consummation of the Plan under applicable state or local laws. Foreign creditors and investors should also consult their own tax advisors regarding the federal, state, local and foreign tax consequences of the Plan.

## FEDERAL INCOME TAX CONSEQUENCES TO THE COMPANY

The Company believes that it should not realize cancellation of indebtedness income as a result of the confirmation and Consummation of the Plan. Thus, the Company's tax attributes, such as net operating loss carryovers, investment credit carryovers, capital loss carryovers and the basis of its assets, should not be affected by the Plan. Although the question of net operating loss carryovers has been considered by the courts, including the Supreme Court of the United States and United States Court of Appeals for the Fifth Circuit, both in bankruptcy and non-bankruptcy contexts, there is significant uncertainty regarding such carryovers and other tax attributes as a result of the enactment of the Bankruptcy Tax Act of 1980, the Tax Reform Act of 1984 and H.R. 3838, which is presently pending in Congress.

Each creditor should be aware that there could be a potential adverse effect upon future operations of the Company if the Company is unable to preserve and maintain the net operating loss carryovers, as well as the other tax attributes briefly described above, after Confirmation and Consummation of the Plan. The Company did not have any earnings and profits for the period ending December 31, 1985. The Company believes it will have additional net operating losses for 1986 which will increase its net operating loss carryovers. Investment tax credits and net operating loss carryforwards of approximately $15,000,000 and $245,000,000, respectively, are available for federal income tax purposes with expiration dates primarily from 1995 to 2000. In addition, statutory depletion carryforwards of $3,300,000 are available for federal income tax purposes and have no expiration date.

To the extent debts of the Company are satisfied with shares of New Common Stock, the Company should not realize cancellation of indebtedness income. As stated above, the Company believes that no cancellation of indebtedness income will be realized under the Plan because it is expected that consideration will be given for all of the Company's debts which are extinguished. The Plan contemplates that all the debts of the Company will be satisfied with cash or other property, continued as debt obligations, or satisfied with shares of Preferred Stock or New Common Stock.

As a result of the reorganization in bankruptcy, there may be additional limitations on the Company's use of its otherwise available favorable tax attributes. Under section 382 of the IRC as in effect prior to the revisions made by the Tax Reform Act of 1976 (hereinafter section 382 as in effect prior to the revisions made by the Tax Reform Act of 1976 is referred to as "Old Section 382"), the net operating loss

carryovers, the investment and other credit carryovers and the capital loss carryovers generally would be eliminated and of no further use to the Company after a 50% or more change in the stock ownership of the ten largest shareholders if the Company and its subsidiaries do not continue to carry on substantially the same trade or business as conducted before the reorganization.

In the event of a change in stock ownership due to shifts among numerous, relatively small public shareholders, there is usually no effect on the corporation's tax attributes. Moreover, the acquisition of stock by the exchange of a security pursuant to a reorganization would not trigger Old Section 382. The changes in the Company's stock ownership caused by the Plan should not be sufficient to produce the 50 percentage points change in ownership described in Old Section 382. Such a determination, however, cannot be made from the present information. Further, the ultimate effect on stock ownership by the exercise of the Warrants or by the conversion privilege in the New Convertible Secured Notes, the Senior Preferred Stock or the Series A Preferred Stock cannot be determined at this time. Any such effect would relate back to the Consummation of the Plan for purposes of determining whether there had been a change in stock ownership. The Company and its subsidiaries will nonetheless continue to carry on substantially the same trade or business. The discontinuation, however, of the refinery operations in December 1985 could cause some concern. The Company owned three refineries: (1) the Berry refinery (3,500 bbls. per day) in Stephens, Arkansas, (2) the Longview refinery (14,000 bbls. per day) in Longview, Texas, and (3) the Adobe refinery (4,000 bbls. per day) in LaBlanca, Texas. The refineries represented approximately 4.9%, 6.9% and 7.7% of the Company's gross assets in 1985, 1984 and 1983, respectively. The gross revenues produced from refinery operations in 1985, 1984 and 1983, were $27,245,000, $35,541,000 and $37,390,000, respectively. The gross revenues produced from such operations represented approximately 27.3%, 18.0% and 19.3% of the Company's gross revenues in 1985, 1984 and 1983, respectively. The taxable losses (including gain from dispositions) attributable to such operations in 1985, 1984 and 1983, were approximately $1,200,000, $2,400,000 and $150,000, respectively. There were no investment tax credit carryforward amounts attributable to the refineries as of December 31, 1985. The taxable losses of the Company in 1985, 1984 and 1983, were $13,673,000, $40,859,000 and $41,401,000, respectively. The total net operating loss carryover amount for the operations of the entire Company as of December 31, 1985 was approximately $245,000,000 and the investment credit carryforward amount as of that date was $15,000,000. The refinery which was sold and the refineries being held for sale constitute all the assets and productive capacity of a separate business segment, and accordingly, the operating results of the refineries have been accounted for as a discontinued operation for financial reporting purposes.

Under the Treasury Regulations, a discontinuation of a minor part (20%) of a corporation's business to which all the corporation's net operating losses are attributable constitutes a discontinuation sufficient to eliminate the corporation's net operating losses under Old Section 382. This is because such net operating losses, if allowed to carryover, necessarily would offset income, if any, from trades or businesses unrelated to that which produced the losses. On the other hand, if there are no net operating losses attributable to the discontinued segment of the corporation's business, the other net operating losses are not eliminated. This results because the discontinuation of such business segment would not result in the utilization of net operating losses attributable to one business to offset gains of a business unrelated to that which produced the losses.

The Company believes the refinery operations of the Company constitute a minor part of the Company's business. The net operating losses attributable to the refinery operations constitute an insignificant part of the Company's net operating losses. There is, however, the possibility that the losses attributable to the refinery operations would be used to offset gains of a business unrelated to the prior refinery operations. Nonetheless, the Company believes that the refinery losses constitute only a small part of the total losses, that the remaining businesses will constitute the major portion of the Company's operations, and that the losses attributable to the major portion of the Company's operations will be offset by gains from the same operations which produced the losses. Thus, the Company believes it should be considered as having continued substantially in the same trade or business as before the implementation of the Plan.

Old Section 382 was substantially revised by the Tax Reform Act of 1976. The revisions made by the Tax Reform Act of 1976 were to be effective January 1, 1978, but were postponed periodically until January 1, 1986. Although there are currently discussions in Congress to repeal the revisions to section 382 made by the Tax Reform Act of 1976 (hereinafter referred to as "Current Section 382"), such revisions were allowed to become effective January 1, 1986. Consequently, the applicable law as it now exists is Current Section 382.

Under Current Section 382, the net operating losses and other similar attributes of the Company generally are reduced if the controlling shareholders do not own, as a result of purchases of stock by others, at least 40% of the stock of the corporation. For each percentage below 40% to 20%, the tax attributes are reduced by 3½% (from 100% availability to 30% availability). For each percentage below 20%, the tax attributes are reduced by 1½% (from 30% availability to zero). The important factor is whether there has been a purchase sufficient to trigger Current Section 382. Stock transferred to creditors or securityholders for the relinquishment or extinguishment in whole or in part of their claims against the Company and stock transferred to one or more persons who were full time employees of the Company at all times during the 36 month period ending on the last day of the Company's taxable year will not constitute purchases of stock sufficient to cause the reduction or the elimination of the Company's net operating losses. For this purpose, stock which could be acquired pursuant to options or warrants is treated as outstanding. Consequently, the Company should not lose any of its tax attributes as a result of the application of Current Section 382.

Congress, however, is now attempting to revise again section 382 of the IRC. On December 17, 1985, the House of Representatives passed H.R. 3838 which, among other things, amends section 382. Section 321 of H.R. 3838 wholly revises section 382 (hereinafter, such proposed revision is referred to as "Proposed Section 382"). Proposed Section 382, as well as all of H.R. 3838, has currently been considered by the Senate. The Senate Committee on Finance reported a bill with a revised version of Proposed Section 382. H.R. 3838, 99th Cong., 2nd Sess. § 621 (May 29, 1986) (hereinafter referred to as the "Senate Bill"); S. Rep. No. 99-313, 99th Cong., 2nd Sess. 224 (May 29, 1986); *see also* Joint Committee on Taxation, Summary of Tax Reform Provisions in H.R. 3838 as Ordered Reported by the Senate Committee on Finance (JCX-5-86) (May 12, 1986). The Senate passed its version of Proposed Section 382 on June 24, 1986. The Senate largely adopted Proposed Section 382, but several changes have been recommended. Conference Committee resolution of the difference between the two versions of H.R. 3838 and signature by the President remain before the proposed legislation becomes law. There is no assurance that the proposed legislation will be enacted, or if it is enacted, that such legislation would in any way resemble the proposed legislation passed by either house of Congress.

Proposed Section 382 would extend not only to net operating losses and other carryover items, but also to the basis of assets. If the basis of the Company's assets exceeds the fair market value of such assets by more than 15% (the Senate Bill increases this to 25%), then such excess is to be treated as an unrealized built-in loss subject to disallowance in the same fashion net operating losses and other carryover items are to be disallowed. Under Proposed Section 382, the disallowance provisions would be triggered if there is more than a 50% owner shift with respect to 5% shareholders during any three year period. Less than 5% shareholders are aggregated for purposes of this rule, and this combined stock ownership is compared with the stock ownership of similarly situated shareholders from year to year. If there has been such a shift in stock ownership, then the usefulness of the tax attributes of the Company would be subject to an annual limitation. That is, such attributes are not eliminated or reduced. Rather, the amount of such attributes which may be used in any year after the shift is limited. The amount of the limitation is equal to the total fair market value of the equity of the corporation times the long-term tax-exempt rate. The long-term tax-exempt rate is equal to the applicable federal rate (determined under section 1274 of the IRC as of the date of the 50% owner shift) for long-term indebtedness properly adjusted, under regulations prescribed by the Secretary, for differences between rates on taxable and tax-exempt obligations (the Senate Bill changes this to the federal mid-term rate with no adjustment to tax-exempt rates). Further, the equity of the corporation is equal to the fair market value of the corporation's stock, warrants, conversion features of convertible debt and any other equity interest. The fair market value of the equity of the corporation is determined immediately prior to the 50% owner shift. There is, however, a special rule for insolvency

reorganizations. In the case of any exchange of debt for stock in a bankruptcy proceeding under title 11 of the Bankruptcy Code, the fair market value of the equity is to be determined immediately after the 50% owners shift (the Senate Bill eliminates this rule and provides an exception for bankruptcy reorganizations where creditors receive stock; interest deductions attributable to such creditors' debts for the prior three years would be removed from net operating loss carryovers, and a subsequent stock ownership change within two years would result in the elimination of the tax attributes).

Under Proposed Section 382, there is no requirement that the corporation continue in substantially the same trade or business after the change. Rather, only the concept of continuity of business enterprise otherwise applicable to reorganizations need be satisfied.

With respect to the Company, there may be a shift in stock ownership sufficient to trigger Proposed Section 382 (although the reorganization in bankruptcy pursuant to the Plan would not trigger Proposed Section 382 under the Senate Bill). Such shift in stock ownership, however, will occur in bankruptcy as a result of an exchange of stock for debt. Consequently, the limitation on using the Company's tax attributes would be determined with reference to the fair market value of the equity of the Company immediately after the Confirmation and Consummation of the Plan.

The effective date provisions of H.R. 3838 purport to make Proposed Section 382 effective for owner shifts which occur after December 31, 1985 (the Senate Bill purports to be effective for owner shifts occurring after December 31, 1986). Further, Current Section 382 is repealed effective as of the date of enactment of the Tax Reform Act of 1976. Consequently, Proposed Section 382 purports to supplant completely Current Section 382 (the Senate Bill also repeals Current Section 382 as of January 1, 1986, but the Senate Bill anticipates that Old Section 382 will continue as the applicable law through 1986).

In addition, Proposed Section 382 contains an effective date provision for bankruptcy reorganizations which occur before January 1, 1989 (the Senate Bill has no such provision). In such a case, the exchange of debt for stock by creditors who were creditors as of September 25, 1985, is not to be considered a stock shift under Proposed Section 382. Rather, such a stock shift is to be governed by Old Section 382.

With respect to the Company, the bankruptcy reorganization for pre-September 25, 1985, creditors should under the effective date rules of H.R. 3838 cause the stock shift not to be governed by Proposed Section 382, but rather by Old Section 382. Under the Senate Bill, Old Section 382 would continue to apply for plans of reorganization adopted on or prior to December 31, 1986. Consequently, the continuing usefulness of the tax attributes of the Company should be governed by Old Section 382 and not be materially affected by the Plan. There may have been no change in stock ownership sufficient to trigger Old Section 382. Regardless of whether there has been a change in stock ownership, the Company and its subsidiaries should be considered to have continued in substantially the same trade or business as before the reorganization. With respect to this issue, the principal concern is the Company's discontinued refinery operations. There are no or very little net operating losses or investment credit carryforward amounts attributable to the refinery operations. Consequently, under the Treasury Regulations the discontinuation of the refinery operations should have no effect on the determination whether the Company has continued substantially the same trade or business.

Interest payments with respect to the New Bank Note will be deductible by the Company, whereas dividends, if any, with respect to the New Common Stock and the Preferred Stock are not deductible.

To the extent the Warrants issued in the recapitalization are part of the effort to renew and extend the Company's debt structure, the fair market value of such Warrants may be deductible as interest expense currently or as costs of obtaining such financing over the life of the New Bank Note, the New Halliburton Note and the New Convertible Secured Notes.

The New Common Stock and the Warrants to be issued to certain members of management of the Company will result in deductible salary expense to the Company at the same time and in the same amounts as income with respect thereto is recognized as compensation by management.

The New Common Stock and the Warrants to be issued to Copeland and the New Common Stock to be issued to PWI will result in a compensation expense to the Company at the same time and in the same amounts as income with respect thereto is recognized as compensation income by Copeland or by PWI, or both. Such expense, however, may have to be capitalized as part of the intangible expense of the reorganization in bankruptcy pursuant to the Plan.

# DESCRIPTION OF EXISTING CAPITAL STOCK

The Company's authorized capital stock currently consists of 90,000,000 shares of Common Stock, and 1,000,000 shares of preferred stock. At July 7, 1986, there were 51,705,723 shares of Common Stock issued and outstanding and 1,390,634 shares reserved for issuance with respect to the conversion rights of the 11¾% Debentures and the 9% Debentures. Such shares were held by 7,671 shareholders of record. There are currently no shares of preferred stock issued or outstanding.

## COMMON STOCK

All shares of the Common Stock are entitled to share equally in dividends from sources legally available therefor, when, as, and if declared by the Board of Directors, and upon liquidation or dissolution of the Company, whether voluntary or involuntary, to share equally in its assets available for distribution to shareholders, subject in each case to the rights of the holders of any outstanding preferred stock. The shareholders have no pre-emptive rights.

Owners of Common Stock are entitled to one vote per share for the election of directors and on all other matters submitted to a vote of shareholders. Holders of the Common Stock do not have the right to cumulative votes in the election of directors, which means that the holders of a majority of the Common Stock voting in the election of directors can elect 100% of the directors if they choose to do so, and, in such event, the other holders will not be able to elect any person or persons to the Board of Directors.

In addition, if certain elections were to be made by the Company's Board of Directors under the Louisiana Business Corporation Law, unless certain price and procedural requirements are met, certain business combinations involving the Company and any holder of 20% or more of the Company's outstanding voting stock may be required to be approved by at least (i) 80% of the votes entitled to be cast by holders of the outstanding stock and (ii) 66⅔% of the votes entitled to be cast by holders of voting stock other than the voting stock held by such holder. This provision could be regarded as a deterrent to a takeover of the Company.

## PREFERRED STOCK

The Board of Directors of the Company is authorized, without any further action by the shareholders, to issue preferred stock from time to time in such series, in such number of shares and with such dividend, redemption, liquidation, voting, conversion, sinking fund, and other rights, in preference to the Common Stock, as the Board of Directors may determine. Although there are currently no shares of preferred stock issued or outstanding and the Board of Directors has no current intention of issuing any shares of preferred stock other than the Senior Preferred Stock and the Series A Preferred Stock to be issued under the Plan, shares of preferred stock could (within the limits imposed by applicable law) be issued in one or more transactions with terms, provisions and rights (including special voting rights) which would make it more difficult and, therefore, less likely that there would be a takeover of the Company. Any such issuance of preferred stock could have the effect of diluting the earnings per share and book value of existing shares of Common Stock, and such additional shares could be used to dilute the stock ownership of persons seeking to gain control of the Company. Issuance of preferred stock as an anti-takeover device might preclude shareholders from taking advantage of a situation which might be favorable to their interests.

## DIVIDEND RESTRICTIONS

During the fiscal years ended December 31, 1983 and 1984, the Company paid cash dividends on the Common Stock in the amounts of $.36 and $.27 per share, respectively. The Company has not paid any dividends on the Common Stock since the third quarter of 1984, and does not intend to pay dividends in the forseeable future. Payment of future dividends is currently restricted by the terms of the Loan Agreement, which provides that the Company may not pay cash dividends in any fiscal year in excess of the greater of (i) 50% of the consolidated net income for the preceding calendar year or (ii) 15% of cash flow generated for the preceding year, or make any other distributions (except in the Common Stock) with respect to the Common Stock without the consent of the lenders under the Loan Agreement. In addition, as a result of the Company's current financial condition it is prohibited by the law of the State of Louisiana from paying any dividends. For information as to certain additional restrictions on the payment of dividends that will exist upon confirmation of the Plan, see "THE NEW SECURITIES".



RAM00309

# THE OLD DEBT SECURITIES

## THE BANK NOTE AND THE LETTERS OF CREDIT

The Bank Note was issued by the Company pursuant to the terms of the Loan Agreement dated as of July 28, 1982, between the Company and the Bank. The Bank Note bears interest at the rate of ¼% above prime per annum, is payable in equal monthly principal installments of $1,147,000 plus accrued and unpaid interest and is payable in full on or before March 1, 1990. Under the Loan Agreement, the Company is required to maintain specific levels of annual working capital and cash flow and specified ratios of debt-to-equity and debt-to-security. The Loan Agreement also limits the Company's ability to effect borrowings, sales of assets, loans to others and investment or merger activities. The Company is required under the Loan Agreement to apply the proceeds from the sale of properties mortgaged to secure the Company's obligations thereunder to the prepayment of principal on the Bank Note. The Company's obligations under the Loan Agreement are guaranteed by CEPCO and Crystal Michigan. As of June 16, 1986, the unpaid outstanding principal amount under the Bank Note was approximately $43,651,000. Because the Company is not in compliance with certain covenants under the Loan Agreement and has failed to make required payments on certain of its other indebtedness, all amounts due under the Bank Note are currently subject to acceleration by the Bank. See "RISK FACTORS—Financial Condition of the Company and Results of Operations".

The Letters of Credit were also issued pursuant to the terms of the Loan Agreement. The Letters of Credit were issued by the Bank primarily to support the obligations of the Company and its subsidiaries to indemnify various third parties for any loss of tax benefits received by such third parties under certain so-called "safe harbor" leases entered into by them with the Company and its subsidiaries. Under the terms of the Letters of Credit, the Company is required to pay to the Bank an annual commitment fee of between .5% to .75% of the principal amount of the Letters of Credit.

As of June 16, 1986, there was outstanding approximately $33,100,000 in Letters of Credit. The estimated amounts of the Letters of Credit that will be outstanding as of December 31 of each year from 1986 through 1996, assuming (i) the renewal pursuant to the terms of the obligations with respect to which such Letters of Credit were issued and (ii) the non-renewal of the Letters of Credit that are required to be renewed pursuant to the obligations with respect to which such Letters of Credit were issued, are as follows:

| Year Ending December 31, | Outstanding Letters of Credit Assuming Renewal(1) | Outstanding Letters of Credit Assuming Non-Renewal(1) |
|---|---|---|
| 1986 | $32,200,000 | $32,200,000 |
| 1987 | 28,100,000 | 26,100,000 |
| 1988 | 23,800,000 | 19,100,000 |
| 1989 | 19,100,000 | 15,000,000 |
| 1990 | 14,300,000 | 10,900,000 |
| 1991 | 12,200,000 | 9,400,000 |
| 1992 | 10,200,000 | 7,900,000 |
| 1993 | 8,200,000 | 6,400,000 |
| 1994 | 6,300,000 | 5,100,000 |
| 1995 | 4,700,000 | 3,800,000 |
| 1996 | 500,000 | 9,000 |

(1) Approximately $2,000,000 and $3,500,000 of the Letters of Credit scheduled to expire during 1987 and 1988, respectively, must, pursuant to the terms of the obligations with respect to which they were issued, be renewed by the Company prior to their expiration or the holders thereof may present such Letters of Credit for payment to the Bank. If such Letters of Credit are presented for payment to the



RAM00310

Bank, the Company would be immediately obligated to reimburse the Bank for all payments made by the Bank with respect to such Letters of Credit. The Company believes that if the Plan is confirmed, all the Letters of Credit that the Company is required to have renewed will likely be renewed.

Assuming the Plan is approved and confirmed, the Company does not anticipate that the Letters of Credit will ever be presented for payment in any material amount. However, because the Letters of Credit relate to safe harbor leases with respect to certain equipment and related items used by the Company and its subsidiaries in connection with their drilling and production activities, if any of the wells in which such equipment and material is used becomes uneconomical and such equipment and materials cannot be used or redeployed, the tax benefits with respect to such equipment and materials could be lost and the Letters of Credit presented for payment. Under such circumstances, the Company would be obligated to the Bank for all payments made by it pursuant to the Letters of Credit.

The payment of the Company's obligations under the Loan Agreement, including those with respect to the Bank Note and the Letters of Credit, and CEPCO's and Crystal Michigan's guarantees of such obligations, are secured by a lien on substantially all the Company's, CEPCO's and Crystal Michigan's crude oil and natural gas properties and proceeds therefrom, as well as by the Company's existing refinery assets. In addition, pursuant to the terms of a Cash Collateral Agreement with the Bank, such obligations are secured by the cash held in a specific bank account into which are deposited proceeds from the sale of any crude oil and natural gas produced from such mortgaged properties. As a result of the Company's failure to comply with certain of the covenants under the Loan Agreement, the Bank could accelerate all amounts due under the Bank Note and foreclose on the Company's, CEPCO's and Crystal Michigan's properties securing the Company's obligations under the Loan Agreement. Further, the Bank could apply all cash in the cash collateral account on deposit with the Bank pursuant to the Cash Collateral Agreement against such obligations.

## THE HALLIBURTON NOTE

The Halliburton Note was issued by the Company pursuant to an agreement with Halliburton dated April 24, 1985, as an extension of the term of a sizable trade payable to Halliburton. The Halliburton Note bears interest at the rate of 12% per annum and is payable in monthly installments of $750,000 plus accrued and unpaid interest with a final payment of $2,028,000 plus accrued and unpaid interest payable in April 1987. In connection with the Exchange Offers and in order to allow Halliburton to maintain its status as a senior creditor of the Company after the Exchange Offers, the Company in October 1985 designated the Company's obligations under the Halliburton Note as a First Mortgage Obligation (as defined in the 15% Senior Note Indenture) and granted or caused to be granted to Halliburton a lien on substantially all the Company's, CEPCO's and Crystal Michigan's producing crude oil and natural gas properties, including all the properties subject to the lien of the 15% Senior Note Indenture. Such lien, however, is subject to the lien to the Bank securing the Company's obligations under the Loan Agreement. As of June 16, 1986, the unpaid principal amount under the Halliburton Note was $10,278,000. On May 5, 1986, in contemplation of this solicitation of ballots, the Company suspended all payments of principal and interest to Halliburton on the Halliburton Note, which subsequently constituted an event of default thereunder. Accordingly, Halliburton currently has the right to accelerate the amounts due under the Halliburton Note and to foreclose on the Company's, CEPCO's and Crystal Michigan's properties securing the Halliburton Note. After default, interest accrues on the delinquent principal amounts on the Halliburton Note at the rate of 18% per annum. The Company, however, is currently negotiating with Halliburton the possibility of the Company making some additional payment of principal and interest on the Halliburton Note prior to the Company's filing for reorganization.



RAM00311

## THE 15% SENIOR NOTES

### General

The 15% Senior Notes were registered and issued under an Indenture of Mortgage, Deed of Trust, Assignment and Security Agreement dated as of June 16, 1985, between the Company and J. Henry Schroder Bank & Trust Company, as Trustee (the "15% Senior Note Trustee"). The 15% Senior Notes bear interest at the rate of 15% per annum, payable on June 15 and December 15 of each year to holders of record at the close of business on the last day of the calendar month next preceding each such interest payment date, and the principal thereon, except for certain sinking fund payments described below, is payable on June 15, 1995. The Company may, at its option, pay interest on the 15% Senior Notes with cash, shares of Common Stock (valued at 85% of their then current market value as described below and based upon an annual 17% interest rate) or a combination thereof. The 15% Senior Notes were initially issued in connection with the Exchange Offers in denominations of $10 and integral multiples thereof, but now may be issued only in denominations of $500 and integral multiples thereof. The 15% Senior Note Indenture authorizes an aggregate principal amount of $172,200,000 of the 15% Senior Notes. There is currently outstanding $125,155,000 principal amount of the 15% Senior Notes.

### Security for the 15% Senior Notes

The 15% Senior Notes are currently secured by a lien on certain of the Company's crude oil and natural gas properties, which currently consist of substantially all of the properties owned by the Company having proved crude oil and natural gas reserves. These properties are subject to the liens securing the Bank Note and the Halliburton Note. Included in the crude oil and natural gas properties pledged to secure the 15% Senior Notes are the Company's interests in its four largest crude oil and natural gas property groups: the Vernon Field in Jackson Parish, Louisiana, the Dorcheat Macedonia Field in Columbia County, Arkansas, the Arkana Trend in Bossier and Webster Parishes, Louisiana, and Lafayette County, Arkansas, and the North Missionary Lake Field in Caddo Parish, Louisiana. The properties pledged also include the Company's crude oil and natural gas interests in East and South Texas. Additional properties may be pledged to secure the 15% Senior Notes. To date, no such additional properties have been pledged, or are contemplated to be pledged, to secure the payment of the 15% Senior Notes.

The Company is required to maintain throughout the term of the 15% Senior Notes property securing the payment of the 15% Senior Notes (the "Minimum Coverage Requirement") such that the sum of (i) the present value of future net revenues from proved reserves attributable thereto, calculated using a 10% discount rate ("Present Value of Future Net Revenues"), and (ii) the independent appraised value of other properties (besides crude oil and natural gas properties having a present value of future net revenues of reserves attributable thereto), as determined by an independent appraiser ("Independent Appraised Value"), will equal or exceed the sum of (i) the Company's outstanding indebtedness the payment of which is secured by liens prior to the lien securing the 15% Senior Notes (the "First Mortgage Debt") and (ii) the principal amount of the 15% Senior Notes outstanding. For purposes of determining the Minimum Coverage Requirement, the value of the pledged and mortgaged property securing the payment of the 15% Senior Notes is determined by (i) the Company's year-end reserve report obtained from its independent petroleum engineers in connection with its reporting obligations with the Commission, (ii) any year-end independent appraisals of pledged or mortgaged property other than those properties having proved reserves and (iii) any additional reserve reports and appraisals prepared by independent engineers or appraisers with respect to property pledged or mortgaged after December 31 of the previous year but prior to the date on which the Minimum Coverage Requirement is tested.

The Minimum Coverage Requirement is required to be tested annually on or before April 5 of each year (the "Annual Test"). If the Company is not in compliance with the Minimum Coverage Requirement on the date of any Annual Test, such requirement must again be tested on or before the following July 15, and a failure of the Company to comply with the Minimum Coverage Requirement by such date constitutes a default under the 15% Senior Note Indenture. On April 4, 1986, the date on which the Minimum Coverage Requirement was last tested, the Present Value of Future Net Revenues as of



RAM00312

December 31, 1985, from proved reserves attributable to the property pledged or mortgaged to secure the 15% Senior Notes was $207,398,000, and the sum of the Company's First Mortgage Debt and the face amount of the 15% Senior Notes was $214,479,000. Accordingly, the Company was not in compliance with the Minimum Coverage Requirement as of such date, and unless the Company can either reduce the amount of First Mortgage Debt or pledge additional properties by July 15, 1986, the Company will be in default under the 15% Senior Notes as of such date. The Company does not currently anticipate it will reduce the amount of First Mortgage Debt or pledge additional properties by July 15, 1986, so as to comply with the Minimum Coverage Requirement by such date, and anticipates that it will be in default with respect to such requirement as of such date.

The Company is permitted to incur additional indebtedness the payment of which is secured by a lien on the properties securing the payment of the 15% Senior Notes that is prior to the liens securing the payment of the 15% Senior Notes, provided that after giving effect to such indebtedness, the Minimum Coverage Requirement is met. Additionally, subject to the consent of the holders of liens that are prior to the lien securing the payment of the 15% Senior Notes, as long as the Minimum Coverage Requirement is met, the Company is permitted to remove from the lien of the 15% Senior Note Indenture property having a Present Value of Future Net Revenues from proved reserves attributable thereto of up to $2,000,000 in any one year, provided that the Board of Directors of the Company determines that such removal is in the best interests of the Company, is for a proper corporate purpose and would not materially impair the security intended to be conferred by the 15% Senior Note Indenture. Further, the 15% Senior Note Indenture permits various liens on the property that is subject to the lien of the 15% Senior Note Indenture, which liens are regarded as necessary or incidental to the ownership and operation by the Company of such properties. Such permitted liens may be superior to the lien of the 15% Senior Note Indenture. The Company is also permitted to remove property from the lien of the 15% Senior Note Indenture in order to effect the sale thereof as long as the proceeds of such sale are used to reduce outstanding amounts of First Mortgage Debt or are delivered to the 15% Senior Note Trustee as security for the benefit of the holders of the 15% Senior Notes.

**Redemption**

The 15% Senior Notes are redeemable at the option of the Company, in whole or in part at anytime or from time to time, upon the mailing of a notice of redemption not less than 30 days or more than 60 days prior to the date fixed for redemption to the holders of the 15% Senior Notes at their last registered addresses, at the applicable percentage of principal set forth below, plus accrued interest:

If redeemed during the 12-month period beginning June 15,

| Year | Percentage of Principal |
|---|---|
| 1986 | 112.5% |
| 1987 | 110.0 |
| 1988 | 107.5 |
| 1989 | 105.0 |
| 1990 | 102.5 |
| 1991, and thereafter | 100.0 |

The 15% Senior Notes are also redeemable through the operation of the sinking fund described below at the principal amount thereof together with accrued interest to the redemption date. Additionally, at any time upon the sale of property securing the payment of the 15% Senior Notes, the Company is entitled, subject to the rights of the holders of liens securing First Mortgage Debt to the proceeds from the sale of such property, to cause the cash proceeds of such sale to be used to redeem outstanding 15% Senior Notes at 100% of principal amount thereof plus accrued interest, without any premium which might otherwise be applicable.

**Payment of Interest with Common Stock**

Subject to the subordination provisions described in the 15% Senior Note Indenture, the Company may, at its option, make any portion of any interest payment due on the 15% Senior Notes in cash, shares of Common Stock or a combination of cash and shares of Common Stock under the circumstances and in



RAM00313

the manner described below. If the Company elects to make any portion of any interest payment due on the 15% Senior Notes in shares of Common Stock (the "Stock Payment Option"), the Company is required to deliver to each holder of record of the 15% Senior Notes the number of whole shares of Common Stock determined by dividing the aggregate amount of interest to be paid in Common Stock (computed, for this purpose only, at 17% per annum) to such holder by an amount equal to the per share Computed Price (as defined below) of the Common Stock. In the event such number is not a whole number, the Company will not issue fractional shares but will deliver to such holder a number of shares of Common Stock that reflects a rounding to the nearest whole number. The "Computed Price" of a share of Common Stock for purposes of this Stock Payment Option means the price equal to 85% of the arithmetic mean of the "sale price" of the Common Stock during the 20 consecutive trading days ending on the tenth business day prior to the interest payment date. The "sale price" of the Common Stock for purposes of the Stock Payment Option means the average of the high and low sale prices (or if no sale prices are reported, the average of the high and low bid prices) as reported by the principal national or regional stock exchange on which the Common Stock is listed or, if the Common Stock is not listed on a national or regional stock exchange, as reported by NASDAQ or the National Quotation Bureau Incorporated or otherwise in the over-the-counter market.

Notwithstanding the above, the Company is required to make an interest payment on the 15% Senior Notes in cash and will not be entitled to elect the Stock Payment Option if, when such interest payment is to be made, any of the following circumstances exist:

(i) payment of such interest has not been made within five business days following the date on which such interest became due;

(ii) the number of shares of Common Stock authorized, unissued and unreserved for all purposes, or held in the Company's treasury, is insufficient to pay the portion of such interest to be paid in shares of Common Stock;

(iii) the issuance or delivery of shares of Common Stock pursuant to the Stock Payment Option would require registration with or approval of any governmental authority under any law or regulation, and such registration or approval has not been effected or obtained;

(iv) the Computed Price (as defined hereafter) is less than the par value of the Common Stock;

(v) an Event of Default (as defined in the 15% Senior Note Indenture) has occurred; or

(vi) the Common Stock (a) cannot be sold or transferred by unaffiliated holders of the 15% Senior Notes who receive the Common Stock pursuant to the Stock Payment Option without restriction or (b) is no longer listed on a national or regional securities exchange or traded in the over-the-counter market.

**Redemptions with Common Stock**

If, in any year, the Company is not in compliance with the Minimum Coverage Requirement and the Company has pledged to secure the payment of the 15% Senior Notes all properties which, in the good faith business judgment of its Board of Directors, are reasonably available to be pledged or mortgaged, the Company may, at its option, redeem at 100% of principal plus accrued interest the principal amount of 15% Senior Notes necessary for it to meet the Minimum Coverage Requirement by issuing in exchange for such 15% Senior Notes shares of Common Stock valued at 85% of their then current market value. Such redemption shall be made by the mailing of a notice of redemption not less than 30 days or more than 60 days prior to the date fixed for redemption to the holders of the 15% Senior Notes at their last registered address, and if the redemption would result in the Company meeting the Minimum Coverage Requirement, the Company will be deemed to have met the Minimum Coverage Requirement as of the date of the mailing of such notice. All redemptions pursuant to this provision must be made either pro rata or by lot, and in the event the number of shares to be issued to any particular holder of 15% Senior Notes is other than a whole number, the number of shares to be issued to such holder shall be rounded to the nearest whole number. For purposes of this provision, the current market value of the Common Stock to be issued in exchange for 15% Senior Notes in such a redemption shall be the arithmetic mean of the high



RAM00314

and low sale prices (or if no sale prices are reported, the average of the high and low bid prices) of the Common Stock during the 20 consecutive trading days beginning on the fifth business day prior to the notice of redemption as reported by the principal national or regional stock exchange on which the Common Stock is listed, or if the Common Stock is not listed on a national or regional stock exchange, as reported by NASDAQ or the National Quotation Bureau Incorporated or otherwise in the over-the-counter market, and if the Common Stock is not traded, as determined by the Board of Directors in good faith to be the fair value of the Common Stock.

**Sinking Fund**

The 15% Note Indenture requires the Company to provide for the retirement, by redemption at the principal amount thereof plus accrued interest to the date of redemption, of $18,733,250 principal amount of the 15% Senior Notes on or before June 15 of each year from June 15, 1991, to and including June 15, 1994, through the operation of a sinking fund (the "15% Senior Note Sinking Fund"). The Company may, at its option, receive credit against the 15% Senior Sinking Fund payments for the principal amount of (i) 15% Senior Notes acquired by the Company and surrendered for cancellation and (ii) 15% Senior Notes redeemed or called for redemption otherwise than through the operation of the 15% Senior Note Sinking Fund. All or any part of the cash in the 15% Senior Note Sinking Fund not required by the Trustee for the redemption or purchase of the 15% Senior Notes through the operation of the 15% Senior Note Sinking Fund shall be retained in the 15% Senior Note Sinking Fund or, at the request of the Company, shall be applied either (i) to the redemption of the 15% Senior Notes or (ii) if such cash does not exceed $25,000, to the purchase of 15% Senior Notes at a price not in excess of the principal amount thereof.

**Subordination to First Mortgage Obligations; Ranking**

The payment of principal of and premium, if any, and interest on the 15% Senior Notes is subordinated in right of payment, to the extent set forth in the 15% Senior Note Indenture, to the prior payment in full of all First Mortgage Obligations, whether outstanding on the date of the 15% Senior Indenture or thereafter created, incurred, assessed or guaranteed. The 15% Senior Notes, however, are senior in right of payment to the Debentures and rank equally with the Company's other Senior Indebtedness (as defined in the indentures under which the Debentures were issued). Upon the maturity of the First Mortgage Obligations by lapse of time, acceleration or otherwise, no payments, including 15% Senior Note Sinking Fund payments, may be made on the 15% Senior Notes and no 15% Senior Notes may be acquired by the Company until all principal of and premium, if any, and interest on the First Mortgage Obligations shall have been paid in full. Further, upon any distribution of the assets of the Company upon any dissolution, winding up, liquidation or bankruptcy of the Company, the obligees of First Mortgage Obligations are entitled to receive payment in full before the holders of the 15% Senior Notes are entitled to receive any payment. By reason of such subordination, in the event of the Company's bankruptcy or insolvency, holders of the 15% Senior Notes may recover less, proportionately, than the holders of the First Mortgage Obligations. The Company's obligations with respect to the Bank Note, the Letters of Credit and the Halliburton Note are First Mortgage Obligations under the 15% Senior Note Indenture.

The Company is permitted to incur additional indebtedness constituting First Mortgage Obligations, provided that after giving effect to such indebtedness, the Minimum Coverage Requirement is met. Neither the Minimum Coverage Requirement nor any other provision of the 15% Senior Note Indenture affects the Company's right to create unsecured debt or debt secured with properties other than the properties securing the 15% Senior Notes.

**Modification**

The 15% Senior Note Indenture, the rights and obligations of the Company and the rights of the holders of the 15% Senior Notes may be modified by the Company and the 15% Senior Note Trustee with the consent of the holders of a majority in aggregate principal amount of the 15% Senior Notes then outstanding, but no extension of the maturity of any of the 15% Senior Notes, or reduction of the interest



RAM00315

rate, or extension of the time of payment of interest, or premium, if any, on, or any change in the 15% Senior Note Sinking Fund requirements, or any other modification affecting the terms of payment of the principal of or premium, if any, or interest on the 15% Senior Notes or reducing the percentage required for modification of the 15% Senior Note Indenture shall be effective unless consented to by all such holders. Notwithstanding the foregoing, the 15% Senior Note Indenture may be modified without the consent of the holders of the 15% Senior Notes (i) to add to the covenants and agreements of the Company for the protection or benefit of the holders of the 15% Senior Notes, (ii) to cure any ambiguity or to make other provisions with respect to matters or questions arising under the 15% Senior Note Indenture that will not adversely affect the interest of the holders of the 15% Senior Notes, (iii) to evidence the succession of another corporation to the Company as provided in the 15% Senior Note Indenture and the assumption by the successor corporation of the covenants, agreements and obligations of the Company upon the 15% Senior Notes and under the 15% Senior Note Indenture, (iv) to add properties to be subjected to the lien of the 15% Senior Note Indenture or (v) to release properties or subordinate the lien of the 15% Senior Note Indenture under certain circumstances.

**Events of Default**

The following events are defined in the 15% Senior Note Indenture as events of default (a "15% Senior Note Event of Default"): (i) failure for 30 days to pay interest due; (ii) failure to pay principal of, including 15% Senior Note Sinking Fund payments, or premium, if any, on any of the 15% Senior Notes when due, whether at their maturity, upon acceleration or upon redemption; (iii) failure to perform any other covenants for a period of 60 days after written notice specifying such failure and requesting its remedy; (iv) the failure to maintain the Minimum Coverage Requirement by July 15 of any year in which the Company has failed to meet the Minimum Coverage Requirement on the date of the Annual Test; (v) the filing of a voluntary petition in bankruptcy or reorganization; (vi) the entry by a court of a decree or order, unstayed on appeal or otherwise, in effect for 90 days adjudicating the Company as a bankrupt or insolvent, appointing a receiver of the Company or of any substantial part of its property or ordering or approving certain other similar matters; and (vii) certain other events of bankruptcy, insolvency or reorganization.

As a result of the Company's failure to make a required payment of interest on the 15% Senior Notes that was due on June 15, 1986, and the Company's anticipated failure to comply with the Minimum Coverage Requirement by July 15, 1986, there will exist a 15% Senior Note Event of Default as of July 15, 1986.

The 15% Senior Note Indenture provides that the 15% Senior Note Trustee shall, within 90 days after the occurrence of a 15% Senior Note Event of Default, give to the holders of the 15% Senior Notes notice of all uncured defaults known to it; provided that, except in the case of default in payment of principal, including any 15% Senior Note Sinking Fund payment, or premium, if any, or interest with respect to the 15% Senior Notes, the 15% Senior Note Trustee shall be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interest of the holders of the 15% Senior Notes.

**Rights on Default**

If a 15% Senior Note Event of Default shall occur and be continuing, the 15% Senior Note Trustee or the holders of not less than 25% in aggregate principal amount of the 15% Senior Notes then outstanding may declare the principal and interest accrued thereon of all of the 15% Senior Notes to be due and payable immediately, but, subject to certain conditions, the holders of a majority in principal amount of the 15% Senior Notes at any time outstanding may rescind such declaration if the default is cured.

Past defaults (except a default in payment of principal, including a 15% Senior Note Sinking Fund payment, or premium, if any, or interest on the 15% Senior Notes, unless previously cured) may be waived by the holders of a majority in principal amount of the 15% Senior Notes at the time outstanding. Subject to provisions of the 15% Senior Note Indenture relating to the duties of the 15% Senior Note Trustee, in case any 15% Senior Note Event of Default shall occur and be continuing, the 15% Senior Note Trustee shall be under no obligation to exercise any of its rights or powers under the 15% Senior Note Indenture at

the request or direction of any of the holders of the 15% Senior Notes unless such holders shall have offered to the 15% Senior Note Trustee reasonable security or indemnity. Subject to such provision for indemnification of the 15% Senior Note Trustee and certain other limitations contained in the 15% Senior Note Indenture, the holders of a majority in principal amount of the 15% Senior Notes at the time outstanding shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the 15% Senior Note Trustee, or exercising any trust or power conferred on the 15% Senior Note Trustee.

Upon the occurrence of a 15% Senior Note Event of Default and acceleration of maturity of all amounts owing on the 15% Senior Notes, the 15% Senior Note Trustee may demand (subject to the rights of any holder of a lien superior to the lien of the 15% Senior Note Indenture) the right to take possession of the property securing the 15% Senior Notes and manage such properties or foreclose and sell such properties in the manner set forth in the 15% Senior Note Indenture in order to realize the benefit thereof for the holders of the 15% Senior Notes.

Because the Company's failure to make a required payment of interest on the 15% Senior Notes that was due on June 5, 1986, and its anticipated failure to comply with the Minimum Coverage Requirement by July 15, 1986, each of which will constitute a 15% Senior Note Event of Default, the 15% Senior Note Trustee will be entitled to declare all principal and interest accrued on the 15% Senior Notes to be due and payable as of such date and could take action to foreclose on the Company's properties securing the payment of the Company's obligations with respect to the 15% Senior Notes.

**Satisfaction and Discharge**

The 15% Senior Note Indenture provides that it will be discharged when all principal, premium, if any, and interest on all the 15% Senior Notes have been paid, or the Company shall within six months prior to the stated maturity of the 15% Senior Notes have delivered to the 15% Senior Note Trustee an amount sufficient to pay the principal of, and premium, if any, and interest on, such 15% Senior Notes and all other amounts payable by the Company under the 15% Senior Note Indenture.

**Governing Law**

Except as to those provisions setting forth the rights and duties of the 15% Senior Note Trustee, which are governed by and construed in accordance with the laws of the State of New York, and those provisions relating to the enforcement of certain of the remedies created by the 15% Senior Note Indenture with respect to the property securing the 15% Senior Notes, which provisions may be governed by the laws of the state in which such property is located, the 15% Senior Note Indenture and each 15% Senior Note is to be deemed a contract made under the laws of the State of Texas, and for all purposes is to be governed and construed in accordance with the laws of the State of Texas.

## THE 12⅝% DEBENTURES DUE 1990

**General**

The 12⅝% Debentures due 1990 were registered and issued under an Indenture dated as of June 15, 1978, between the Company and Texas Commerce Bank National Association (successor to Bankers Trust Company), as Trustee (the "1990 12⅝% Debenture Trustee"). The 12⅝% Debentures due 1990 bear interest at the rate of 12⅝% per annum, payable on June 15 and December 15 of each year to holders of record at the close of business on the last day of the calendar month next preceding such interest payment date and are payable on June 15, 1990. The 12⅝% Debentures due 1990 were issued in denominations of $1,000 and integral multiples thereof and are unsecured obligations of the Company subordinated in right of payment to certain other debt obligations of the Company. The 1990 12⅝% Debenture Indenture authorizes an aggregate maximum principal amount of $20,000,000 of the 12⅝% Debentures due 1990. There is currently outstanding $7,715,000 principal amount of the 12⅝% Debentures due 1990.



RAM00317

**Redemption**

The 12⅝% Debentures due 1990 are redeemable, at the option of the Company, in whole or in part, at any time or from time to time (except that no redemption at the option of the Company may be carried out prior to June 15, 1988, directly or indirectly from the proceeds of, or in anticipation of, the issuance of indebtedness for borrowed money having an interest cost, computed in accordance with generally accepted financial practice, of less than 12⅝% per annum), upon the mailing of notice redemption on not less than 30 days nor more than 60 days prior to the date fixed for redemption to the holders of the 12⅝% Debentures due 1990 at their last registered addresses, at the applicable percentage of principal set forth below, plus accrued interest:

If redeemed during the 12-month period beginning June 15,

| Year | Percentage of Principal |
|---|---|
| 1986 | 102.5250% |
| 1987 | 101.2625 |
| 1988, and thereafter | 100.0000 |

The 12⅝% Debentures due 1990 are also redeemable on similar notice through the operation of the sinking fund described below at the principal amount thereof together with accrued interest to the redemption date.

**Sinking Fund**

The 1990 12⅝% Debenture Indenture requires the Company to provide for the retirement, by redemption at the principal amount thereof plus accrued interest to the date of redemption, of $2,500,000 principal amount of 12⅝% Debentures due 1990, on June 15, of each year (having commenced on June 15, 1984) to and including June 15, 1989, through the operation of a sinking fund (the "1990 12⅝% Debenture Sinking Fund"). The Company may, at its option, receive credit against 1990 12⅝% Debenture Sinking Fund payments for the principal amount of (i) the 12⅝% Debentures due 1990 acquired by the Company and surrendered for cancellation and (ii) the 12⅝% Debentures due 1990 redeemed or called for redemption otherwise than through the operation of the 1990 12⅝% Debenture Sinking Fund. The June 15, 1984 and 1985, 1990 12⅝% Debenture Sinking Fund payments were satisfied in this manner. See "PURCHASES OF CERTAIN SECURITIES BY THE COMPANY". The Company has also the non-cumulative right to increase any 1990 12⅝% Debenture Sinking Fund payment to retire up to an additional $2,500,000 principal amount of the 12⅝% Debentures due 1990 on the redemption date at the principal amount thereof plus accrued interest. All or any part of the cash in the 1990 12⅝% Debenture Sinking Fund not required by the 1990 12⅝% Debenture Trustee for the redemption or purchase of 12⅝% Debentures due 1990 through the operation of the 1990 12⅝% Debenture Sinking Fund is to be retained in the 1990 12⅝% Debenture Sinking Fund or, at the request of the Company, is to be applied either (i) to the redemption of the 12⅝% Debentures due 1990 or (ii) if such cash does not exceed $25,000, to the purchase of the 12⅝% Debentures due 1990 at a price not in excess of the principal amount thereof. As a result of the Company's acquisition of $7,285,000 face amount of the 12⅝% Debentures due 1990 in the Exchange Offers, the Company may by surrendering such Debentures to the 1990 12⅝% Debenture Trustee satisfy its 1990 12⅝% Debenture Sinking Fund obligations through 1987 and reduce such obligations for 1988 to $215,000.

**Subordination of the 12⅝% Debentures due 1990**

The payment of the principal of and premium, if any, and interest on the 12⅝% Debentures due 1990 is subordinated in right of payment, to the extent set forth in the 1990 12⅝% Debenture Indenture, to the prior payment in full of all Senior Indebtedness (as defined in the 1990 12⅝% Debenture Indenture) of the Company, whether outstanding on the date of the 1990 12⅝% Debenture Indenture or thereafter created, incurred, assumed or guaranteed. Upon the maturity of the principal of any Senior Indebtedness by lapse of time, acceleration or otherwise, no payments, including 1990 12⅝% Debenture Sinking Fund



RAM00318

payments, may be made on the 12⅝% Debentures due 1990 and no 12⅝% Debentures due 1990 may be acquired until all principal of and premium, if any, and interest on all such matured Senior Indebtedness shall have been paid in full. Senior Indebtedness is defined in the 1990 12⅝% Debenture Indenture to mean the principal of and premium, if any, and interest on indebtedness (other than the other Debentures (with the exception of the 14⅞% Debentures) which are *pari passu* with the 12⅝% Debentures due 1990) of the Company or any of its subsidiaries, whether outstanding on the date of the 1990 12⅝% Debenture Indenture or thereafter created, incurred, assumed or guaranteed (i) for money borrowed from or guaranteed to others, (ii) under promissory notes, debentures, bonds or other instruments of indebtedness issued under the provisions of or pursuant to an indenture, agreement, or similar instrument or (iii) for the payment of money relating to the lease of any property which lease may be capitalized on the consolidated balance sheet of the Company and its subsidiaries in accordance with generally accepted accounting principles as such principles existed at the date of the 1990 12⅝% Debenture Indenture; and, in each case, all renewals, extensions and refundings thereof; unless, in each case, by the terms of the instrument creating or evidencing the indebtedness, it is provided that such indebtedness is not superior in right of payment to the 12⅝% Debentures due 1990. By reason of such subordination, in the event of the Company's bankruptcy or insolvency, holders of the 12⅝% Debentures due 1990 may recover less, proportionately, than holders of Senior Indebtedness. The Company's obligations with respect to the Bank Note, the Letters of Credit, the Halliburton Note, the 15% Senior Notes and the 14⅞% Debentures are Senior Indebtedness under the 1990 12⅝% Debenture Indenture. The 1990 12⅝% Debenture Indenture contains no limitation on the amount of Senior Indebtedness that may be issued or incurred in the future.

**Modification of the 1990 12⅝% Debenture Indenture**

The 1990 12⅝% Debenture Indenture, the rights and obligations of the Company and the rights of the holders of the 12⅝% Debentures due 1990 may be modified by the Company and the 1990 12⅝% Debenture Trustee with the consent of the holders of not less than 66⅔% in aggregate principal amount of the 12⅝% Debentures due 1990 then outstanding, but no extension of the maturity of any 12⅝% Debentures due 1990, or reduction of the interest rate, or extension of the time of payment of interest, or premium, if any, or any change in the 1990 12⅝% Debenture Sinking Fund requirements, or any other modification affecting the terms of payment of the principal of or premium, if any, or interest on the 12⅝% Debentures due 1990 or reducing the percentage required for modification of the 1990 12⅝% Debenture Indenture will be effective unless consented to by all the holders of the 12⅝% Debentures due 1990. Notwithstanding the foregoing, the 1990 12⅝% Debenture Indenture may be modified without the consent of the holders of the 12⅝% Debentures due 1990 (i) to add to the covenants of the Company for the benefit of the holders of the 12⅝% Debentures due 1990 or to surrender any right of the Company under the 1990 12⅝% Debenture Indenture, (ii) to cure any ambiguity or to make other provisions with respect to matters or questions arising under the 1990 12⅝% Debenture Indenture which will not adversely affect the interest of the holders of the 12⅝% Debentures due 1990 or (iii) to evidence the succession of another corporation to the Company as provided in the 1990 12⅝% Debenture Indenture and the assumption by the successor corporation of the covenants, agreements and obligations of the Company upon the 12⅝% Debentures due 1990 and under the 1990 12⅝% Debenture Indenture.

**Events of Default**

The following events are defined in the 1990 12⅝% Debenture Indenture as events of default (a "1990 12⅝% Debenture Event of Default"): (i) failure for 30 days to pay interest due; (ii) failure to pay principal of, including 1990 12⅝% Debenture Sinking Fund payments, or premium, if any, on any of the 12⅝% Debentures due 1990 when due, whether at their maturity, upon acceleration or upon redemption; (iii) failure to perform any other covenants for a period of 60 days after written notice specifying such failure and requesting its remedy; (iv) the entry by a court of a decree or order, unstayed on appeal or otherwise, in effect for 90 days adjudicating the Company as a bankrupt, appointing a receiver of the Company or of any substantial part of its property or ordering or approving certain other similar matters; and (v) certain other events of bankruptcy, insolvency or reorganization. As a result of the Company's failure on June 15, 1986, to make a required payment of interest on the 12⅝% Debentures due 1990, there will exist a 1990 12⅝% Debenture Event of Default as of July 15, 1986.



RAM00319

The 1990 12⅝% Debenture Indenture provides that the 1990 12⅝% Debenture Trustee must, within 90 days after the occurrence of a 1990 12⅝% Debenture Event of Default, give to the holders of the 12⅝% Debentures due 1990 notice of all uncured defaults known to it; provided that, except in the case of default in payment of principal, including any 1990 12⅝% Debenture Sinking Fund payment, premium or interest in respect of the 12⅝% Debentures due 1990, the 1990 12⅝% Debenture Trustee is protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interest of the holders of the 12⅝% Debentures due 1990.

**Rights on Default**

If a 1990 12⅝% Debenture Event of Default shall occur and be continuing, the 1990 12⅝% Debenture Trustee or the holders of not less than 25% in aggregate principal amount of the 12⅝% Debentures due 1990 at the time outstanding may declare the principal and interest accrued thereon of all of the 12⅝% Debentures due 1990 to be due and payable immediately, but, subject to certain conditions, the holders of the majority of the 12⅝% Debentures due 1990 at any time outstanding may rescind such declaration if the default is cured.

Past defaults (except a default in payment of principal, including a 1990 12⅝% Debenture Sinking Fund payment, or premium, if any, or interest on the 12⅝% Debentures due 1990 unless previously cured) may be waived by the holders of a majority in principal amount of the 12⅝% Debentures due 1990 at the time outstanding. Subject to provisions of the 1990 12⅝% Debenture Indenture relating to the duties of the 1990 12⅝% Debenture Trustee in case any 1990 12⅝% Debenture Event of Default shall occur and be continuing, the 1990 12⅝% Debenture Trustee has no obligation to exercise any of its rights or powers under the 1990 12⅝% Debenture Indenture at the request or direction of any of the holders of the 12⅝% Debentures due 1990 unless such holders have offered to the 1990 12⅝% Debenture Trustee reasonable security or indemnity. Subject to such provision for indemnification of the 1990 12⅝% Debenture Trustee and certain other limitations contained in the 1990 12⅝% Debenture Indenture, the holders of a majority in principal amount of the 12⅝% Debentures due 1990 at the time outstanding have the right to direct the time, method and place of conducting any proceeding for any remedy available to the 1990 12⅝% Debenture Trustee, or exercising any trust or power conferred on the 1990 12⅝% Debenture Trustee.

**Satisfaction and Discharge**

The 1990 12⅝% Debenture Indenture provides that it is to be discharged when all the principal of and premium, if any, and the interest on all the 12⅝% Debentures due 1990 have been paid, or shall have, or will within six months, become due and payable at their stated maturity, and the Company shall have delivered to the 1990 12⅝% Debenture Trustee an amount sufficient to pay the principal of and premium, if any, and interest on such 12⅝% Debentures due 1990 and all other amounts payable by the Company under the 1990 12⅝% Debenture Indenture.

**Governing Law**

The 12⅝% Debenture Indenture and each 12⅝% Debenture due 1990 is to be deemed a contract made under the laws of the State of New York, and for all purposes is to be governed and construed in accordance with the laws of the State of New York.

## THE 9% DEBENTURES

### General

The 9% Debentures were registered and issued under an Indenture dated as of May 1, 1981, between the Company and Texas Commerce Bank National Association (successor to First City National Bank of Houston), as Trustee (the "9% Debenture Trustee"). The 9% Debentures bear interest at the rate of 9% per annum, payable on May 1 and November 1 each year to holders of record at the close of business on each such date and are payable on May 1, 1991. The 9% Debentures were issued in denominations of $1,000 or integral multiples thereof, are unsecured obligations of the Company subordinated in right of payment to certain other debt obligations of the Company and are convertible into Common Stock. The 9% Debenture Indenture authorizes an aggregate principal amount of $31,200,000 of the 9% Debentures. There is currently outstanding $14,259,000 principal amount of the 9% Debentures.

### Conversion Rights

The 9% Debentures are convertible at their principal amount into the Common Stock at any time prior to maturity at approximately $37.50 per share, except that the right to convert the 9% Debentures which are called for redemption terminates on the close of business on the fifth business day prior to the date fixed for redemption. Such conversion price is subject to adjustment upon the occurrence of any of the following events: (i) the subdivision or combination or reclassification of outstanding shares of Common Stock, (ii) the capital reorganization of the Company, (iii) the payment in shares of capital stock of dividends on the Common Stock, (iv) the issuance of rights or warrants to all holders of the Common Stock entitling them to acquire shares of such stock at less than the current market price (as defined in the 9% Debenture Indenture) of shares of the Common Stock or (v) the distribution to all holders of the Common Stock of any shares of capital stock of the Company, of evidences of indebtedness or securities of the Company or of assets of the Company (excluding cash dividends or distributions from retained earnings) or rights or warrants to purchase the same. No adjustment of the conversion price is to be made until cumulative adjustments amount to at least 1% of the price then in effect. Fractional shares of the Common Stock are not to be issued upon conversion, but the 9% Debenture Indenture provides that a person otherwise entitled to a fractional interest shall receive cash equal to the market value of such fractional interest. On conversion, no adjustment for interest or dividends is to be made.

### Redemption Provisions

The 9% Debentures are redeemable, in whole or in part, in an amount not less than $1,000,000, at the option of the Company on not less than 30 days nor more than 60 days prior notice, at 100% of principal plus accrued interest to the redemption date. If less than all the outstanding 9% Debentures are to be redeemed, the 9% Debenture Trustee must select the 9% Debentures or portions thereof to be redeemed by lot (treating as a separate 9% Debenture each $1,000 principal amount of each 9% Debenture in a denomination greater than $1,000) or on a pro rata basis. In addition, the 9% Debentures are redeemable at the option of the Company if it is determined by the Company in its sole discretion that it would be required to pay additional interest with respect to such 9% Debentures as described below in "Additional Payment of Interest".

### Additional Payment of Interest

The Company is required to pay as additional interest such amounts as may be necessary in order that every net payment of principal of and interest on a 9% Debenture after withholding or deduction for or on account of any present or future tax, assessment or other governmental charge imposed by the United States of America or any political subdivision or taxing authority thereof or therein on a holder who is a United States Alien (as defined in the 9% Debenture Indenture) by reason of the making of such payment will not be less than the amount provided for in the 9% Debenture to be then due and payable.

The Company is not required to make any payment with respect to or on account of (i) any tax, assessment or other governmental charge which is required to be withheld or deducted or is imposed by reason of the presentation by the holder for such payment (if required by the terms of the 9% Debentures,

the 9% Debenture Indenture or the underwriting agreement with respect to the initial offering of the 9% Debentures) on a date more than 10 days after the date on which such payment becomes due and payable, (ii) any tax, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of principal of or interest on the 9% Debentures, other than as specifically contemplated by the provisions of the 9% Debenture Indenture relating to exchange, substitution and replacement of the 9% Debentures, (iii) any gift, estate, inheritance, transfer or personal property tax or any tax similar to any of the foregoing or (iv) any tax, assessment or other governmental charge imposed by any government other than the United States of America or any political subdivision or taxing authority thereof or therein.

**Subordination of the 9% Debentures**

The payment of the principal and interest on the 9% Debentures is subordinated in right of payment, to the extent set forth in the 9% Debenture Indenture, to the prior payment in full of all Senior Indebtedness (as defined in the 9% Debenture Indenture) of the Company, whether outstanding on the date of the 9% Debenture Indenture or thereafter created, incurred, assumed, or guaranteed. Upon the maturity of the principal of any Senior Indebtedness by lapse of time, acceleration or otherwise, no payments may be made on the 9% Debentures and no 9% Debentures may be acquired until all principal of and premium, if any, and interest on all such matured Senior Indebtedness shall have been paid in full. Senior Indebtedness is defined in the 9% Debenture Indenture to mean the principal of and premium, if any, and interest on indebtedness (other than the Debentures (with the exception of the 14⅛% Debentures) which are *pari passu* with the 9% Debentures) of the Company or any of its subsidiaries, whether outstanding on the date of the 9% Debenture Indenture or thereafter created, incurred, assumed, or guaranteed (i) for money borrowed from or guaranteed to others, (ii) under promissory notes, debentures, bonds or other instruments of indebtedness issued under the provisions of or pursuant to an indenture, agreement or similar instrument, or (iii) for the payment of money relating to the lease of any property which lease may be capitalized on the consolidated balance sheet of the Company and its subsidiaries in accordance with generally accepted accounting principles as such principles existed at the date of the 9% Debenture Indenture; and, in each case, all renewals, extensions and refundings thereof; unless, in each case, by the terms of the instrument creating or evidencing the indebtedness it is provided that such indebtedness is not superior in right of payment to the 9% Debentures. By reason of such subordination, in the event of the Company's bankruptcy or insolvency, holders of the 9% Debentures may recover less, proportionately, than holders of Senior Indebtedness. The Company's obligations with respect to the Bank Note, the Letters of Credit, the Halliburton Note, the 15% Senior Notes and the 14⅛% Debentures are Senior Indebtedness under the 9% Debenture Indenture. The 9% Debenture Indenture contains no limitation on the amount of Senior Indebtedness that may be issued or incurred in the future.

**Modification of the 9% Debenture Indenture**

The 9% Debenture Indenture, the rights, limitations of rights, obligations and duties and immunities under the 9% Debenture Indenture of the 9% Debenture Trustee, the Company and the holders of the 9% Debentures may be modified by the Company and the 9% Debenture Trustee by a supplemental indenture with the consent of the holders of a majority in aggregate principal amount of the 9% Debentures then outstanding; provided, however, that no such supplemental indenture may (i) extend the fixed maturity of any 9% Debenture, or reduce the principal amount thereof, or reduce the amount or extend the time of payment of interest thereon, or make the principal thereof or interest thereon payable in any coin or currency other than that provided in the 9% Debenture Indenture, or impair the right to convert any 9% Debenture into the Common Stock on the terms set forth in the 9% Debenture Indenture, without the consent, in each case, of the holder of each 9% Debenture so affected, or (ii) reduce the percentage of 9% Debentures the consent of the holders of which is required for any supplemental indenture, or reduce the percentage of 9% Debentures the holders of which are required to take any other action authorized to be taken by the holders of any specified aggregate principal amount of 9% Debentures under any other provision of the 9% Debenture Indenture or under applicable law, without the consent of the holders of all 9% Debentures then outstanding. Notwithstanding the forgoing, the 9% Debenture Indenture may be modified without the consent of the holders of the 9% Debentures (i) to add to the 9% Debenture



RAM00322

Indenture other provisions for the protection or benefit of the holders of the 9% Debentures, (ii) to cure any ambiguity or to make other provisions with respect to matters or questions arising under the 9% Debenture Indenture, including certain technical matters, which will not adversely affect the interest of the holders of the 9% Debentures or correct or supplement any provision of the 9% Debenture Indenture which may be defective or inconsistent with any other provision of the 9% Debenture Indenture, (iii) to evidence the succession of another corporation to the Company as provided in the 9% Debenture Indenture and the assumption by the successor corporation of the covenants, agreements and obligations of the Company upon the 9% Debentures and under the 9% Debenture Indenture, (iv) to provide for the issuance of 9% Debentures in coupon form or (v) to provide for the adjustment of the conversion price as provided in the 9% Debenture Indenture.

**Events of Default**

The following events are defined in the 9% Debenture Indenture as events of default (a "9% Debenture Event of Default"): (i) failure for 10 days to pay interest due including additional interest; (ii) failure to pay principal on any of the 9% Debentures when due, whether at their maturity, by acceleration or otherwise; (iii) failure to appoint a successor 9% Debenture Trustee under the 9% Debenture Indenture when a vacancy occurs in the office of the 9% Debenture Trustee; (iv) failure to effect conversion of the 9% Debentures pursuant to the 9% Debenture Indenture; (v) failure to perform any other covenant or agreement for a period of 30 days after written notice; (vi) the making by the Company in the 9% Debenture Indenture or underwriting agreement relating with respect to the initial offering of the 9% Debentures of an untrue representation in any material respect; and (vii) certain events of bankruptcy, insolvency or reorganization. As a result of the Company's failure to pay the May 1, 1986, interest payment due on the 9% Debentures by May 10, 1986, there currently exists a 9% Debenture Event of Default.

The 9% Debenture Indenture provides that the 9% Debenture Trustee must within 30 days after the occurrence of a 9% Debenture Event of Default, give to the holders of the 9% Debentures notice of all uncured defaults known to it; provided that, except in the case of default in payment of principal or interest in respect of the 9% Debentures, the 9% Debenture Trustee is protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interest of the holders of the 9% Debentures.

**Rights on Default**

If a 9% Debenture Event of Default shall occur and be continuing, the 9% Debenture Trustee or the holders of not less than 25% of the principal amount of the 9% Debentures then outstanding may declare the principal and interest accrued thereon of all of the 9% Debentures to be due and payable immediately, but, subject to certain conditions, the holders of the majority in aggregate principal amount of the 9% Debentures at any time outstanding may rescind such declaration if the default is cured. Because the Company's failure to pay the May 1, 1986, interest payment on the 9% Debentures constitutes a 9% Debenture Event of Default, the 9% Debenture Trustee or the holders of not less than $3,564,750 principal amount of the 9% Debentures may declare all principal and interest accrued on the 9% Debentures to be due and payable. To date, no such declaration has been made.

Past defaults (except, unless previously cured, a default in payment of principal or interest on the 9% Debentures) may be waived by the holders of a majority in principal amount of the 9% Debentures at the time outstanding. Subject to provisions of the 9% Debenture Indenture relating to the duties of the 9% Debenture Trustee in case any 9% Debenture Event of Default shall occur and be continuing, the 9% Debenture Trustee has no obligation to exercise any of its rights or powers under the 9% Debenture Indenture at the request or direction of any of the holders of the 9% Debentures unless such holders have offered to the 9% Debenture Trustee reasonable security or indemnity. Subject to such provision for indemnification of the 9% Debenture Trustee and certain other limitations contained in the 9% Debenture Indenture, the holders of a majority in aggregate principal amount of the 9% Debentures at the time outstanding have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the 9% Debenture Trustee, or exercising any trust or power conferred on the 9% Debenture Trustee.



RAM00323

**Satisfaction and Discharge**

The 9% Debenture Indenture provides that it is to be discharged when all the principal of and the interest on all the 9% Debentures has been paid, or shall have, or will within one year, become due and payable at their stated maturity, and the Company shall have delivered to the 9% Debenture Trustee an amount sufficient to pay the principal of and interest on such 9% Debentures and all other amounts payable by the Company under the 9% Debenture Indenture.

**Governing Law**

Except as to those provisions setting forth the rights and duties of the 9% Debenture Trustee, which are to be governed by and construed in accordance with the laws of the State of Texas, the 9% Debenture Indenture and each 9% Debenture is to be deemed to be a contract made under the laws of the State of Louisiana, and for all purposes is to be governed and construed in accordance with the laws of the State of Louisiana.

## THE 14⅞% DEBENTURES

**General**

The 14⅞% Debentures were initially offered by the Company in an underwritten public offering on December 16, 1983, at a price of $983.78 per $1,000 principal amount. $130,000,000 of the 14⅞% Debentures were offered and sold in the offering and $122,775,900 was received by the Company. The 14⅞% Debentures were registered and issued under an Indenture dated as of December 15, 1983, between the Company and Texas American Bank/Dallas (successor to MBank Houston, National Association), as Trustee (the "14⅞% Debenture Trustee"). The 14⅞% Debentures bear interest at the rate of 14⅞% per annum, payable on June 15 and December 15 each year to holders of record at the close of business on the last day of the calendar month next preceding such interest payment date and are payable on December 15, 1998. The 14⅞% Debentures were issued in denominations of $1,000 and integral multiples thereof and are unsecured obligations of the Company subordinated in right of payment to certain other debt obligations of the Company and are senior in right of payment to the other Debentures. The 14⅞% Debenture Indenture authorizes an aggregate principal amount of $130,000,000 of the 14⅞% Debentures. There is currently outstanding $16,691,000 principal amount of the 14⅞% Debentures.

**Redemption**

The 14⅞% Debentures are redeemable, at the option of the Company, in whole or in part, at any time or from time to time (except that no redemption at the option of the Company may be carried out prior to December 15, 1988, directly or indirectly from the proceeds of, or in anticipation of, the issuance of indebtedness for borrowed money having any interest cost of less than 15.15% per annum), upon the mailing of a notice of redemption on not less than 30 days or more than 60 days prior to the date fixed for redemption to the holders of the 14⅞% Debentures at their last registered addresses, at the applicable percentage of principal set forth below, plus accrued interest:

If redeemed during the 12-month period beginning December 15,

| Year | Percentage of Principal |
|---|---|
| 1985 | 111.9000% |
| 1986 | 110.4125 |
| 1987 | 108.9250 |
| 1988 | 107.4375 |
| 1989 | 105.9500 |
| 1990 | 104.4625 |
| 1991 | 102.9750 |
| 1992 | 101.4875 |
| 1993, and thereafter | 100.0000 |



RAM00324

If less than all of the 14⅞% Debentures are to be redeemed, the 14⅞% Debenture Trustee must select the particular 14⅞% Debentures (or the portions thereof) to be redeemed either pro rata or by lot.

The 14⅞% Debentures are redeemable on similar notice through the operation of the sinking fund described below at the principal amount thereof together with accrued interest to the redemption date.

**Sinking Fund**

The 14⅞% Debenture Indenture requires the Company to provide for the retirement, by redemption at the principal amount thereof together plus accrued interest to the date of redemption, of $14,950,000 principal amount of the 14⅞% Debentures on December 15, 1991, and on December 15 in each of the years thereafter to and including 1997, through the operation of a sinking fund (the "14⅞% Debenture Sinking Fund"). The Company may, at its option, receive credit against 14⅞% Debenture Sinking Fund payments for the principal amount of (i) the 14⅞% Debentures acquired by the Company and surrendered for cancellation and (ii) the 14⅞% Debentures redeemed or called for redemption otherwise than through the operation of the 14⅞% Debenture Sinking Fund. All or any part of the cash in the 14⅞% Debenture Sinking Fund not required by the 14⅞% Debenture Trustee for the redemption or purchase of 14⅞% Debentures through the operation of the 14⅞% Debenture Sinking Fund is to be retained in the 14⅞% Debenture Sinking Fund or, at the request of the Company, is to be applied either (i) to the redemption of the 14⅞% Debentures or (ii) if such cash does not exceed $25,000, to the purchase of the 14⅞% Debentures at a price not in excess of the principal amount thereof. As a result of the Company's acquisition of $113,309,000 face amount of the 14⅞% Debentures in the Exchange Offers, the Company may by surrendering such Debentures to the 14⅞% Debenture Trustee satisfy all of its 14⅞% Debenture Sinking Fund obligations.

**Original Issue Discount**

The 14⅞% Debentures were issued at $983.78 per $1,000 principal amount. As a result of such discount, under Section 502(b)(2) of the Bankruptcy Code, the Allowed Amount of the Allowed Claim of a holder of a 14⅞% Debenture in bankruptcy with respect to the principal amount thereof will be limited to the initial price of such 14⅞% Debenture plus that portion of the original issue discount which has been amortized on the straight-line basis from the date of issue to the date of the commencement of such proceeding. As of June 16, 1986, the Allowed Amount of the Allowed Claim (excluding accrued interest) per $1,000 principal amount of the 14⅞% Debentures was approximately $986. See "THE PLAN—Classification and Treatment of Claims and Interests—Class 12—14⅞% Debentures" and "DISCLOSURE STATEMENT SUMMARY—Purpose and Effects of the Plan—Distributions Under the Plan to the Holders of 15% Senior Notes and Debentures per $1,000 Face Amount".

**Ranking of the 14⅞% Debentures**

The payment of the principal of and premium, if any, and interest on the 14⅞% Debentures is subordinated in right of payment, to the extent set forth in the 14⅞% Debenture Indenture, to the prior payment in full of all Senior Indebtedness (as defined in the 14⅞% Debenture Indenture) of the Company, whether outstanding on the date of the 14⅞% Debenture Indenture or thereafter created, incurred, assumed or guaranteed, but is senior in right of payment to the other Debentures to the same extent that the 14⅞% Debentures are subordinated to Senior Indebtedness. Upon the maturity of the principal of any Senior Indebtedness by lapse of time, acceleration or otherwise, no payments, including 14⅞% Debenture Sinking Fund payments, may be made on the 14⅞% Debentures and no 14⅞% Debentures may be acquired until all principal of and premium, if any, and interest on all such matured Senior Indebtedness shall have been paid in full. Further, upon any distribution of the assets of the Company upon any dissolution, winding up, liquidation or reorganization of the Company, the holders of Senior Indebtedness are entitled to receive payment in full before the holders of the 14⅞% Debentures are entitled to receive any payment. Senior Indebtedness is defined in the 14⅞% Debenture Indenture to mean the principal of and premium, if any, and interest on indebtedness (other than the other Debentures) of the Company, whether outstanding on the date of the 14⅞% Debenture Indenture or thereafter created,



RAM00325

incurred, assumed or guaranteed (i) for money borrowed from or guaranteed to others, (ii) under promissory notes, debentures, bonds or other instruments of indebtedness issued under the provisions of or pursuant to an indenture, agreement or similar instrument or (iii) for the payment of money relating to the lease of any property which lease may be capitalized on a balance sheet of the Company prepared in accordance with generally accepted accounting principles as such principles existed at the date of the 14⅞% Debenture Indenture; and, in each case, all renewals, extensions and refundings thereof; unless, in each case, by the terms of the instrument creating or evidencing the indebtedness, it is provided that such indebtedness is not superior in right of payment to the 14⅞% Debentures. By reason of such subordination, in the event of the Company's bankruptcy or insolvency, holders of the 14⅞% Debentures may recover less, proportionately, than holders of Senior Indebtedness. The Company's obligations with respect to the Bank Note, the Letters of Credit, the Halliburton Note and the 15% Senior Notes are Senior Indebtedness under the 14⅞% Debenture Indenture. The 14⅞% Debenture Indenture does not contain any limitation on the amount of Senior Indebtedness that may be issued or incurred in the future.

**Modification of the 14⅞% Debenture Indenture**

The 14⅞% Debenture Indenture, the rights and obligations of the Company and the rights of the holders of the 14⅞% Debentures may be modified by the Company and the 14⅞% Debenture Trustee with the consent of the holders of a majority in aggregate principal amount of the 14⅞% Debentures then outstanding, but no extension of the maturity of any of the 14⅞% Debentures, or reduction of the interest rate, or extension of the time of payment of interest, or premium, if any, or any change in the 14⅞% Debenture Sinking Fund requirements, or any other modification affecting the terms of payment of the principal of or premium, if any, or interest on the 14⅞% Debentures or reducing the percentage required for modification of the 14⅞% Debenture Indenture is effective unless consented to by all such holders. Notwithstanding the foregoing, the 14⅞% Debenture Indenture may be modified without the consent of the holders of the 14⅞% Debentures (i) to add to the covenants of the Company for the protection or benefit of the holders of the 14⅞% Debentures, (ii) to cure any ambiguity or to make other provisions with respect to matters or questions arising under the 14⅞% Debenture Indenture which will not adversely affect the interest of the holders of the 14⅞% Debentures or (iii) to evidence the succession of another corporation to the Company as provided in the 14⅞% Debenture Indenture and the assumption by the successor corporation of the covenants, agreements and obligations of the Company upon the 14⅞% Debentures and under the 14⅞% Debenture Indenture.

**Events of Default**

The following events are defined in the 14⅞% Debenture Indenture as events of default (a "14⅞% Debenture Event of Default"): (i) failure for 30 days to pay interest due; (ii) failure to pay principal of, including 14⅞% Debenture Sinking Fund payments, or premium, if any, on any of the 14⅞% Debentures when due, whether at their maturity, upon acceleration or upon redemption; (iii) failure to perform any other covenants for a period of 60 days after written notice specifying such failure and requesting its remedy; (iv) the filing of a voluntary petition in bankruptcy or reorganization; (v) the entry by a court of a decree or order, unstayed on appeal or otherwise, in effect for 90 days adjudicating the Company as a bankrupt or insolvent, appointing a receiver of the Company or any substantial part of its property or ordering or approving certain other similar matters; and (vi) certain other events of bankruptcy, insolvency or reorganization. As a result of the Company's failure on June 15, 1986, to make a required payment of interest on the 14⅞% Debentures, there will exist a 14⅞% Debenture Event of Default as of July 15, 1986.

The 14⅞% Debenture Indenture provides that the 14⅞% Debenture Trustee must, within 90 days after the occurrence of a 14⅞% Debenture Event of Default, give to the holders of the 14⅞% Debentures notice of all uncured defaults known to it; provided that, except in the case of default in payment of principal, including any 14⅞% Debenture Sinking Fund payment, or premium, if any, or interest in respect of the 14⅞% Debentures, the 14⅞% Debenture Trustee is protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interest of the holders of the 14⅞% Debentures.



RAM00326

**Rights on Default**

If a 14⅞% Debenture Event of Default shall occur and be continuing, the 14⅞% Debenture Trustee or the holders of not less than 25% in aggregate principal amount of the 14⅞% Debentures then outstanding may declare the principal and interest accrued thereon of all of the 14⅞% Debentures to be due and payable immediately, but, subject to certain conditions, the holders of a majority in principal amount of the 14⅞% Debentures at any time outstanding may rescind such declaration if a default is cured.

Past defaults (except a default in payment of principal, including a 14⅞% Debenture Sinking Fund payment, or premium, if any, or interest on the 14⅞% Debentures unless previously cured) may be waived by the holders of a majority in principal amount of the 14⅞% Debentures at the time outstanding. Subject to provisions of the 14⅞% Debenture Indenture relating to the duties of the 14⅞% Debenture Trustee in case any 14⅞% Debenture Event of Default shall occur and be continuing, the 14⅞% Debenture Trustee has no obligation to exercise any of its rights or powers under the 14⅞% Debenture Indenture at the request or direction of any of the holders of the 14⅞% Debentures unless such holders have offered to the 14⅞% Debenture Trustee reasonable security or indemnity. Subject to such provision for indemnification of the 14⅞% Debenture Trustee and certain other limitations contained in the 14⅞% Debenture Indenture, the holders of a majority in principal amount of the 14⅞% Debentures at the time outstanding have the right to direct the time, method and place of conducting any proceeding for any remedy available to the 14⅞% Debenture Trustee, or exercising any trust or power conferred on the 14⅞% Debenture Trustee.

**Satisfaction and Discharge**

The 14⅞% Debenture Indenture provides that it shall be discharged when all the principal and the interest on all the 14⅞% Debentures has been paid, or the Company shall have delivered to the 14⅞% Debenture Trustee an amount sufficient to pay the principal of and interest on such 14⅞% Debentures and all other amounts payable by the Company under the 14⅞% Debenture Indenture.

**Governing Law**

The 14⅞% Debenture Indenture and each 14⅞% Debenture is to be deemed to be a contract made under the laws of the State of Texas, and for all purposes is to be governed and construed in accordance with the laws of the State of Texas.

## THE 11⅜% DEBENTURES

**General**

The 11⅜% Debentures were registered and issued under an Indenture dated as of April 15, 1980, between the Company and Texas Commerce Bank National Association (successor to Bankers Trust Company), as Trustee (the "11⅜% Debenture Trustee"). The 11⅜% Debentures bear interest at the rate of 11⅜% per annum, payable on April 15 and October 15 in each year to holders of record at the close of business on the immediately preceding March 31 and September 30 and are payable on April 15, 2000. The 11⅜% Debentures were issued in denominations of $1,000 and integral multiples thereof, are unsecured obligations of the Company subordinated in right of payment to certain other debt obligations of the Company, and are convertible into the Common Stock. The 11⅜% Debenture Indenture authorizes an aggregate principal amount of $50,000,000 of the 11⅜% Debentures. There is currently outstanding $20,412,000 principal amount of the 11⅜% Debentures.

**Conversion Rights**

The 11⅜% Debentures are convertible at their principal amount into the Common Stock at any time prior to maturity at approximately $20.20 per share, except that the right to convert the 11⅜% Debentures which are called for redemption terminates on the close of business on the 15th day prior to the date fixed for redemption. Such conversion price is subject to adjustment upon the occurrence of any of the following events: (i) the subdivision or combination or reclassification of outstanding shares of Common Stock, (ii)



RAM00327

the payment in shares of capital stock of dividends on the Common Stock, (iii) the issuance of rights or warrants to all holders of the Common Stock entitling them to acquire shares of such stock at less than the current market price (as defined in the 11⅜% Debenture Indenture) of shares of the Common Stock, or (iv) the distribution to all holders of the Common Stock of any shares of capital stock of the Company, of evidences of indebtedness or securities of the Company or of assets of the Company (excluding cash dividends or distributions from retained earnings). No adjustment of the conversion price is to be made until cumulative adjustments amount to at least 1% of the price then in effect. Fractional shares of the Common Stock are not to be issued upon conversion, but the 11⅜% Debenture Indenture provides that a person otherwise entitled to a fractional interest shall receive cash equal to the market value of such fractional interest. On conversion, no adjustment for interest or dividends is to be made, but if any holder surrenders an 11⅜% Debenture for conversion between the record date with respect to any regular interest payment date at the next interest payment date (unless called for redemption in whole or in part on a date in such period) *such 11⅜% Debenture when surrendered for conversion must be accompanied by payment* of an amount equal to the interest thereon which the registered holder on such record date is to receive.

**Redemption**

The 11⅜% Debentures are redeemable at the option of the Company, in whole or in part, at any time or from time to time, upon the mailing of a notice of redemption on not less than 30 days nor more than 60 days prior to the date fixed for redemption to the holders of the 11⅜% Debentures at their last registered addresses, at the applicable percentage of the principal set forth below, plus accrued interest:

If redeemed during the 12-month period beginning October 15,

| Year | Percentage of Principal | Year | Percentage of Principal |
|---|---|---|---|
| 1985 | 104.45% | 1988 | 101.80% |
| 1986 | 103.55 | 1989 | 100.90 |
| 1987 | 102.65 | 1990, and thereafter | 100.00 |

The 11⅜% Debentures are also redeemable on similar notice through the operation of the sinking fund described below at the principal amount thereof with interest accrued to the redemption date.

**Sinking Fund**

The 11⅜% Debenture Indenture requires the Company to provide for the retirement, by redemption at the principal amount thereof plus accrued interest to the date of redemption, of $3,750,000 of principal amount of the 11⅜% Debentures on April 15, 1992, and in each of the years thereafter to and including 1999, through the operation of a sinking fund (the "11⅜% Debenture Sinking Fund"). The Company may, at its option, receive credit against the 11⅜% Debenture Sinking Fund payments for the principal amount of (i) the 11⅜% Debentures acquired by the Company and surrendered for cancellation, (ii) the 11⅜% Debentures redeemed or called for redemption otherwise than through the operation of the 11⅜% Debenture Sinking Fund and (iii) the 11⅜% Debentures surrendered for conversion. All or any part of the cash in the 11⅜% Debenture Sinking Fund not required by the 11⅜% Debenture Trustee for the redemption or purchase of the 11⅜% Debentures through the operation of the 11⅜% Debenture Sinking Fund is to be retained in the 11⅜% Debenture Sinking Fund or, at the request of the Company, is to be applied either (i) to the redemption of the 11⅜% Debentures or (ii) if such cash does not exceed $25,000, to the purchase of 11⅜% Debentures at a price not in excess of the principal amount thereof. As a result of the Company's acquisition of $20,919,000 face amount of the 11⅜% Debentures in the Exchange Offers, the Company may be surrendering such Debentures to the 11⅜% Debenture Trustee satisfy its 11⅜% Debenture Sinking Fund obligations through 1996 and reduce such obligations for 1997 to $412,000.



RAM00328

**Original Issue Discount**

The 11⅜% Debentures were issued at $869 per $1,000 principal amount. As a result of such discount, under Section 502(b)(2) of the Bankruptcy Code, the Allowed Amount of the Allowed Claim of a holder of a 11⅜% Debenture in bankruptcy with respect to the principal amount thereof will be limited to the initial price of such 11⅜% Debenture plus that portion of the original issue discount which has been amortized on the straight-line basis from the date of issue to the date of the commencement of such proceeding. As of June 16, 1986, the Allowed Amount of the Allowed Claim (excluding accrued interest) per $1,000 principal amount of the 11⅜% Debentures was $909. See "THE PLAN—Classification and Treatment of Claims and Interests—Class 13—Subordinated Debenture Claims" and "DISCLOSURE STATEMENT SUMMARY—Purpose and Effects of the Plan—Distributions Under the Plan to the Holders of 15% Senior Notes and Debentures per $1,000 Face Amount". The discount on the original issue of the 11⅜% Debentures also constitutes an "original issue discount" for federal income tax purposes. Section 1273 (formerly, section 1232) of the IRC defines original issue discount as the difference between the "issue price" of each 11⅜% Debenture and the stated redemption price at maturity of such Debenture. See "CERTAIN FEDERAL INCOME TAX CONSEQUENCES".

**Subordination of the 11⅜% Debentures**

The payment of the principal of and premium, if any, and interest on the 11⅜% Debentures is subordinated in right of payment, to the extent set forth in the 11⅜% Debenture Indenture, to the prior payment in full of all Senior Indebtedness (as defined in the 11⅜% Debenture Indenture) of the Company, whether outstanding on the date of the 11⅜% Debenture Indenture or thereafter created, incurred, assumed, or guaranteed. Upon the maturity of the principal of any Senior Indebtedness by lapse of time, acceleration or otherwise, no payments, including 11⅜% Debenture Sinking Fund payments, may be made on the 11⅜% Debentures and no 11⅜% Debentures may be acquired until all principal of and premium, if any, and interest on all such matured Senior Indebtedness has been paid in full. Senior Indebtedness is defined in the 11⅜% Debenture Indenture to mean the principal of and premium, if any, and interest on indebtedness (other than the other Debentures (with the exception of the 14⅞% Debentures) which are *pari passu* with the 11⅜% Debentures) of the Company or any of its subsidiaries, whether outstanding on the date of the 11⅜% Debenture Indenture or thereafter created, incurred, assumed or guaranteed (i) for money borrowed from or guaranteed to others, (ii) under promissory notes, debentures, bonds or other instruments of indebtedness issued under the provisions of or pursuant to an indenture, agreement or similar instrument or (iii) for the payment of money relating to the lease of any property which lease may be capitalized on the consolidated balance sheet of the Company and its subsidiaries in accordance with generally accepted accounting principles as such principles existed at the date of the 11⅜% Debenture Indenture; and, in each case, and all renewals, extensions and refundings thereof; unless, in each case, by the terms of the instrument creating or evidencing the indebtedness it is provided that such indebtedness is not superior in right of payment to the 11⅜% Debentures. By reason of such subordination, in the event of the Company's bankruptcy or insolvency, holders of the 11⅜% Debentures may recover less, proportionately, than holders of Senior Indebtedness. The Company's obligations with respect to the Bank Note, the Letters of Credit, the Halliburton Note, the 15% Senior Notes and the 14⅞% Debentures are Senior Indebtedness under the 11⅜% Debenture Indenture. The 11⅜% Debenture Indenture contains no limitation on the amount of Senior Indebtedness that may be issued or incurred in the future.

**Modification of the 11⅜% Debenture Indenture**

The 11⅜% Debenture Indenture, the rights and obligations of the Company and the rights of the holders of the 11⅜% Debentures may be modified by the Company and the 11⅜% Debenture Trustee with the consent of the holders of not less than 66⅔% in aggregate principal amount of the 11⅜% Debentures then outstanding, but no extension of the maturity of any 11⅜% Debentures, or reduction of the interest rate, or extension of the time of payment of interest, or premium, if any, or any change in the 11⅜% Debenture Sinking Fund requirements, or any other modification affecting the terms of payment of the principal of or premium, if any, or interest on the 11⅜% Debentures or reducing the percentage required for modification of the 11⅜% Debenture Indenture will be effective unless consented to by all the holders



RAM00329

of the 11⅜% Debentures. Notwithstanding the foregoing, the 11⅜% Debenture Indenture may be modified without the consent of holders of the 11⅜% Debentures (i) to add to the covenants of the Company for the protection or benefit of the holders of the 11⅜% Debentures, (ii) to cure any ambiguity or to make other provisions with respect to matters or questions arising under the 11⅜% Debenture Indenture which will not adversely affect the interest of the holders of the 11⅜% Debentures or (iii) to evidence the succession of another corporation to the Company as provided in the 11⅜% Debenture Indenture and the assumption by the successor corporation of the covenants, agreements and obligations of the Company upon the 11⅜% Debentures and under the 11⅜% Debenture Indenture.

**Events of Default**

The following events are defined in the 11⅜% Debenture Indenture as events of default (an "11⅜% Debenture Event of Default"): (i) failure for 30 days to pay interest due; (ii) failure to pay principal of, including 11⅜% Debenture Sinking Fund payments, or premium, if any, on any of the 11⅜% Debentures when due, whether at their maturity, upon acceleration or upon redemption; (iii) failure to perform any other covenants for a period of 60 days after written notice specifying such failure and requesting its remedy; (iv) the entry by a court of a decree or order, unstayed on appeal or otherwise and in effect for 90 days, adjudicating the Company as a bankrupt, appointing a receiver of the Company or of any substantial part of its property or ordering or approving certain other similar matters; and (v) certain other events of bankruptcy, insolvency or reorganization. As a result of the Company's failure to pay the April 15, 1986, interest payment due on the 11⅜% Debentures by May 15, 1986, there currently exists a 11⅜% Debenture Event of Default.

The 11⅜% Debenture Indenture provides that the 11⅜% Debenture Trustee must, within 90 days after the occurrence of an 11⅜% Debenture Event of Default, give to the holders of the 11⅜% Debenture notice of all uncured defaults known to it; provided that, except in the case of default in payment of principal, including any 11⅜% Debenture Sinking Fund payments, premium or interest in respect of the 11⅜% Debentures, the 11⅜% Debenture Trustee is protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interest of the holders of the 11⅜% Debentures.

**Rights on Default**

If an 11⅜% Debenture Event of Default shall occur and be continuing, the 11⅜% Debenture Trustee or the holders of not less than 25% in aggregate principal amount of the 11⅜% Debentures then outstanding may declare the principal and interest accrued thereon of all of the 11⅜% Debentures to be due and payable immediately, but, subject to certain conditions, the holders of the majority of the 11⅜% Debentures at any time outstanding may rescind such declaration if the default is cured. Because the Company's failure to pay the April 15, 1986 interest payment on the 11⅜% Debentures constitutes an 11⅜% Debenture Event of Default, the 11⅜% Debenture Trustee or the holders of not less than $5,103,000 principal amount of the 11⅜% Debentures may declare all principal and interest accrued on the 11⅜% Debentures to be due and payable. To date, no such declaration has been made.

Past defaults (except a default in payment of principal, including an 11⅜% Debenture Sinking Fund payment, or premium, if any, or interest on the 11⅜% Debentures unless previously cured) may be waived by the holders of a majority of the 11⅜% Debentures at the time outstanding. Subject to provisions of the 11⅜% Debenture Indenture relating to the duties of the 11⅜% Debenture Trustee in case any 11⅜% Debenture Event of Default shall occur and be continuing, the 11⅜% Debenture Trustee has no obligation to exercise any of its rights or powers under the 11⅜% Debenture Indenture at the request or direction of any of the holders of the 11⅜% Debentures unless such holders have offered to the 11⅜% Debenture Trustee reasonable security or indemnity. Subject to such provision for indemnification of the 11⅜% Debenture Trustee and certain other limitations contained in the 11⅜% Debenture Indenture, the holders of a majority in principal amount of the 11⅜% Debentures at the time outstanding have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the 11⅜% Debenture Trustee, or exercising any trust or power conferred to the 11⅜% Debenture Trustee.



RAM00330

**Satisfaction and Discharge**

The 11⅜% Debenture Indenture provides that it shall be discharged when all the principal of and premium, if any, and the interest on all the 11⅜% Debentures have been paid, or shall have, or will within six months, become due and payable at their stated maturity, and the Company shall have delivered to the 11⅜% Debenture Trustee an amount sufficient to pay the principal of and premium, if any, and interest on such 11⅜% Debentures and all other amounts payable by the Company under the 11⅜% Debenture Indenture.

**Governing Law**

Except as to those provisions setting forth the rights and duties of the 11⅜% Debenture Trustee, which are to be governed by and construed in accordance with the laws of the State of New York, the 11⅜% Debenture Indenture and each 11⅜% Debenture is to be deemed to be a contract made under the laws of the State of Louisiana and for all purposes shall be governed and construed in accordance with the laws of the State of Louisiana.

## THE 13¼% DEBENTURES

**General**

The 13¼% Debentures were registered and issued under an Indenture dated as of June 14, 1980, between the Company and Texas Commerce Bank National Association (successor to Bankers Trust Company), as Trustee (the "13¼% Debenture Trustee"). The 13¼% Debentures bear interest at 13¼% per annum, payable on January 15 and July 15 each year to holders of record at the close of business on the last day of the calendar month next preceding such interest payment date and are payable on July 15, 2000. The 13¼% Debentures were issued in denominations of $1,000 or integral multiples thereof and are unsecured obligations of the Company subordinated in right of payment to certain other debt obligations of the Company. The 13¼% Debenture Indenture authorizes an aggregate principal amount of $35,000,000 of the Debentures. There is currently outstanding $12,919,000 principal amount of the 13¼% Debentures.

**Redemption**

The 13¼% Debentures are redeemable at the option of the Company, in whole or in part, at any time or from time to time, upon the mailing of a notice of redemption on not less than 30 days nor more than 60 days prior to the date fixed for redemption to the holders of the 13¼% Debentures at their last registered addresses, at the applicable percentage of principal set forth below, plus accrued interest:

If redeemed during the 12-month period beginning July 15,

| Year | Percentage of Principal |
|---|---|
| 1985 | 106.875% |
| 1986 | 105.500 |
| 1987 | 104.125 |
| 1988 | 102.750 |
| 1989 | 101.375 |
| 1990, and thereafter | 100.000 |

The 13¼% Debentures are also redeemable on similar notice through the operation of the sinking fund described below at the principal amount thereof with accrued interest to the redemption date.



RAM00331

**Sinking Fund**

The 13¾% Debenture Indenture requires the Company to provide for the retirement, by redemption at the principal amount thereof plus accrued interest to the date of redemption, of $2,625,000 principal amount of 13¾% Debentures on July 15, 1990, and in each of the years thereafter to and including 1999, through the operation of a sinking fund (the "13¾% Debenture Sinking Fund"). The Company may, at its option, receive credit against the 13¾% Debenture Sinking Fund payments for the principal amount of (i) the 13¾% Debentures acquired by the Company and surrendered for cancellation and (ii) the 13¾% Debentures redeemed or called for redemption otherwise than through the operation of the 13¾% Debenture Sinking Fund. All or any part of the cash in the 13¾% Debenture Sinking Fund not required by the 13¾% Debenture Trustee for the redemption or purchase of the 13¾% Debentures through the operation of the 13¾% Debenture Sinking Fund is to be retained in the 13¾% Debenture Sinking Fund or, at the request of the Company, is to be applied either (i) to the redemption of the 13¾% Debentures or (ii) if such cash does not exceed $25,000, to the purchase of the 13¾% Debentures at a price not in excess of the principal amount thereof. As a result of the Company's acquisition of $22,081,000 face amount of the 13¾% Debentures in the Exchange Offers, the Company may by surrendering such Debentures to the 13¾% Debenture Trustee satisfy its 13¾% Debenture Sinking Fund obligations through 1997 and reduce such obligations for 1998 to $1,555,000.

**Original Issue Discount**

The 13¾% Debentures were issued at $980.00 per $1,000 principal amount. As a result of such discount, under Section 502(b)(2) of the Bankruptcy Code, the Allowed Amount of the Allowed Claim of a holder of a 13¾% Debenture in bankruptcy with respect to the principal amount thereof will be limited to the initial price of such 13¾% Debenture plus that portion of the original issue discount which has been amortized on the straight-line basis from the date of issue to the date of the commencement of such proceeding. As of June 16, 1986, the Allowed Amount of the Allowed Claim (excluding accrued interest) per $1,000 principal amount of the 13¾% Debentures was $986. See "THE PLAN—Classification and Treatment of Claims and Interests—Class 13—Subordinated Debenture Claims" and "DISCLOSURE STATEMENT SUMMARY—Purpose and Effects of the Plan—Distributions Under the Plan to the Holders of 15% Senior Notes and Debentures per $1,000 Face Amount".

**Subordination of the 13¾% Debentures**

The payment of the principal of and premium, if any, and interest on the 13¾% Debentures is surbordinated in right of payment, to the extent set forth in the 13¾% Debenture Indenture, to the prior payment in full of all Senior Indebtedness (as defined in the 13¾% Debenture Indenture) of the Company, whether outstanding on the date of the 13¾% Debenture Indenture or thereafter created, incurred, assumed, or guaranteed. Upon the maturity of the principal of any Senior Indebtedness by lapse of time, acceleration or otherwise, no payments, including 13¾% Debenture Sinking Fund payments, may be made on the 13¾% Debentures and no 13¾% Debentures may be acquired until all principal of and premium, if any, and interest on all such matured Senior Indebtedness shall have been paid in full. Senior Indebtedness is defined in the 13¾% Debenture Indenture to mean the principal of and premium, if any, and interest on indebtedness (other than the other Debentures (with the exception of the 14⅞% Debentures) which are *pari passu* with the 13¾% Debentures) of the Company or any of its subsidiaries, whether outstanding on the date of the 13¾% Debenture Indenture or thereafter created, incurred, assumed or guaranteed (i) for money borrowed from or guaranteed to others, (ii) under promissory notes, debentures, bonds or other instruments of indebtedness issued under the provisions of or pursuant to an indenture, agreement or similar instrument or (iii) for the payment of money relating to the lease of any property which lease may be capitalized on the consolidated balance sheet of the Company and its subsidiaries in accordance with generally accepted accounting principles as such principles existed at the date of the 13¾% Debenture Indenture; and, in each case, all renewals, extensions and refundings thereof; unless, in each case, by the terms of the instrument creating or evidencing the indebtedness it is provided that such indebtedness is not superior in right of payment to the 13¾% Debentures. By reason of such subordination, in the event of the Company's bankruptcy or insolvency, holders of the 13¾% Debentures may recover less, proportionately, than holders of Senior Indebtedness. The Company's obligations with

respect to the Bank Note, the Letters of Credit, the Halliburton Note, the 15% Senior Notes and the 14⅞% Debentures are Senior Indebtedness under the 13¾% Debenture Indenture. The 13¾% Debenture Indenture contains no limitation on the amount of Senior Indebtedness that may be issued or incurred in the future.

**Modification of the 13¾% Debenture Indenture**

The 13¾% Debenture Indenture, the rights and obligations of the Company and the rights of the holders of the 13¾% Debentures may be modified by the Company and the 13¾% Debenture Trustee with the consent of the holders of not less than 66⅔% in aggregate principal amount of the 13¾% Debentures then outstanding, but no extension of the maturity of any 13¾% Debentures, or premium, if any, or reduction of the interest rate, or extension of the time of payment of interest, or any change in the 13¾% Debenture Sinking Fund requirements, or any other modification affecting the terms of the payment of the principal of or premium, if any, or interest on the 13¾% Debentures or reducing the percentage of holders of the 13¾% Debentures required for modification of the 13¾% Debenture Indenture will be effective unless consented to by all such holders. Notwithstanding the foregoing, the 13¾% Debenture Indenture may be modified without the consent of the holders of the 13¾% Debentures (i) to add to the covenants of the Company for the protection or benefit of the holders of the 13¾% Debentures, (ii) to cure any ambiguity or to make other provisions with respect to matters or questions arising under the 13¾% Debenture Indenture which will not adversely affect the interest of the holders of the 13¾% Debentures or (iii) to evidence the succession of another corporation to the Company as provided in the 13¾% Debenture Indenture and the assumption by the successor corporation of the covenants, agreements and obligations of the Company upon the 13¾% Debentures and under the 13¾% Debenture Indenture.

**Events of Default**

The following events are defined in the 13¾% Debenture Indenture as events of default (a "13¾% Debenture Event of Default"): (i) failure for 30 days to pay interest due; (ii) failure to pay principal of, including 13¾% Debenture Sinking Fund payments, or premium, if any, on any of the 13¾% Debentures when due, whether at their maturity, upon redemption or otherwise; (iii) failure to perform any other covenants for a period of 60 days after written notice specifying such failure and requesting its remedy; (iv) the entry by a court of a decree or order, unstayed on appeal or otherwise, in effect for 90 days adjudicating the Company as a bankrupt, appointing a receiver of the Company or of any substantial part of its property or ordering or approving certain other similar matters; and (v) certain other events of bankruptcy, insolvency or reorganization. Because the Company does not intend to make any further interest payments on the 13¾% Debentures there will likely exist a 13¾% Debenture Event of Default as of August 14, 1986, as a result of the Company's failure to pay the July 15, 1986, interest payment on the 13¾% Debentures by such date.

The 13¾% Debenture Indenture provides that the 13¾% Debenture Trustee must, within 90 days after the occurrence of any 13¾% Debenture Event of Default, give to the holders of the 13¾% Debentures notice of all uncured defaults known to it; provided that, except in the case of default in payment of principal, including any 13¾% Debenture Sinking Fund payments, premium, if any, or interest in respect of the 13¾% Debentures, the 13¾% Debenture Trustee is protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interest of the holders of the 13¾% Debentures.

**Rights on Default**

If a 13¾% Debenture Event of Default shall occur and be continuing, the 13¾% Debenture Trustee or the holders of not less than 25% in aggregate principal amount of the 13¾% Debentures then outstanding may declare the principal and interest accrued thereon of all of the 13¾% Debentures to be due and payable immediately, but, subject to certain conditions, the holders of the majority of the 13¾% Debentures at any time outstanding may rescind such declaration if a default is cured.



RAM00333

Past defaults (except a default in payment of principal, including a 13¾% Debenture Sinking Fund payment, premium, if any, or interest on the 13¾% Debentures unless previously cured) may be waived by the holders of a majority of the outstanding 13¾% Debentures. Subject to provisions of the 13¾% Debenture Indenture relating to the duties of the 13¾% Debenture Trustee in case any 13¾% Debenture Event of Default shall occur and be continuing, the 13¾% Debenture Trustee has no obligation to exercise any of its rights or powers under the 13¾% Debenture Indenture at the request or direction of any of the holders of the 13¾% Debentures unless such holders have offered to the 13¾% Debenture Trustee reasonable security or indemnity. Subject to such provision for indemnification of the 13¾% Debenture Trustee and certain other limitations contained in the 13¾% Debenture Indenture, the holders of a majority in principal amount of the 13¾% Debentures at the time outstanding have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the 13¾% Debenture Trustee, or exercising any trust or power conferred on the 13¾% Debenture Trustee.

**Satisfaction and Discharge**

The 13¾% Debenture Indenture provides that it shall be discharged when all the principal of and premium, if any, and the interest on all the 13¾% Debentures have been paid, or shall have, or will within six months, become due and payable at their stated maturity, and the Company shall have delivered to the 13¾% Debenture Trustee an amount sufficient to pay the principal of and premium, if any, and interest on such 13¾% Debentures and all other amounts payable by the Company under the 13¾% Debenture Indenture.

**Governing Law**

The 13¾% Debenture Indenture and each 13¾% Debenture is to be deemed to be a contract made under the laws of the State of New York, and for all purposes is to be governed and construed in accordance with the laws of the State of New York.

## THE 12⅜% DEBENTURES DUE 2001

**General**

The 12⅜% Debentures due 2001 were registered and issued under an Indenture dated as of December 15, 1981, between the Company and Texas Commerce Bank National Association (successor to Bankers Trust Company), as Trustee (the "2001 12⅜% Debenture Trustee"). The 12⅜% Debentures due 2001 bear interest at the rate of 12⅜% per annum, payable on June 15 and December 15 each year to holders of record at the close of business on the last day of the calendar month next preceding such interest payment date and are payable on December 15, 2001. The 12⅜% Debentures due 2001 were issued in denominations of $1,000 or integral multiples thereof and are unsecured obligations of the Company subordinated in right of payment to certain other debt obligations of the Company. The 2001 12⅜% Debenture Indenture authorizes an aggregate maximum principal amount of $80,000,000 of the 12⅜% Debentures due 2001. There is currently outstanding $26,319,000 principal amount of the 12⅜% Debentures due 2001.

**Redemption**

The 12⅜% Debentures due 2001 are redeemable at the option of the Company, in whole or in part, at any time or from time to time (except that no redemptions at the option of the Company may be carried out prior to December 15, 1986, directly or indirectly out of proceeds of, or in anticipation of, the issuance of indebtedness for borrowed money having any interest cost of less than 17% per annum), on not less than 30 days nor more than 60 days prior notice, at a redemption price equal to 100% of the principal amount thereof together with accrued interest to the date fixed for redemption.

The 12⅜% Debentures due 2001 are redeemable on similar notice through the operation of the sinking fund described below at the principal amount thereof with interest accrued to the redemption date.

**Sinking Fund**

The 2001 12⅝% Debenture Indenture requires the Company to provide for the retirement, by redemption at the principal amount thereof plus accrued interest to the date of redemption, of $6,000,000 principal amount of 12⅝% Debentures due 2001, on December 15, 1991, and in each of the years thereafter to and including 2000, through the operation of a sinking fund (the "2001 12⅝% Debenture Sinking Fund"). The Company may, at its option, receive credit against the 2001 12⅝% Sinking Fund payments for the principal amount of (i) the 12⅝% Debentures due 2001 acquired by the Company and surrendered for cancellation and (ii) the 12⅝% Debentures due 2001 redeemed or called for redemption otherwise than through the operation of the 2001 12⅝% Debenture Sinking Fund. All or any part of the cash in the 2001 12⅝% Debenture Sinking Fund not required by the 2001 12⅝% Debenture Trustee for the redemption or purchase of the 12⅝% Debentures due 2001 through the operation of the 2001 12⅝% Debenture Sinking Fund is to be retained in the 2001 12⅝% Debenture Sinking Fund or, at the request of the Company, is to be applied either (i) to the redemption of the 12⅝% Debentures due 2001 or (ii) if such cash does not exceed $25,000, to the purchase of 12⅝% Debentures due 2001 at a price not in excess of the principal amount thereof. As a result of the Company's acquisition of $53,681,000 face amount of the 12⅝% Debentures due 2001 in the Exchange Offers, the Company may by surrendering such Debentures to the 2001 12⅝% Debenture Trustee satisfy its 2001 12⅝% Debenture Sinking Fund obligations through 1998 and reduce such obligations for 1999 to $319,000.

**Original Issue Discount**

The 12⅝% Debentures due 2001 were issued at $750 per $1,000 principal amount. As a result of such discount, under Section 502(b)(2) of the Bankruptcy Code, the Allowed Amount of the Allowed Claim of a holder of a 12⅝% Debenture due 2001 in bankruptcy with respect to the principal amount thereof will be limited to the initial price of such 12⅝% Debenture due 2001 plus that portion of the original issue discount which has been amortized on the straight-line basis from the date of issue to the date of the commencement of such proceeding. As of June 16, 1986, the Allowed Amount of the Allowed Claim (excluding accrued interest) per $1,000 principal amount of the 12⅝% Debenture due 2001 was $806. See "THE PLAN—Classification and Treatment of Claims and Interests—Class 12—Subordinated Debenture Claims" and "DISCLOSURE STATEMENT SUMMARY—Purpose and Effects of the Plan —Distributions Under the Plan to the Holders of 15% Senior Notes and Debentures per $1,000 Face Amount". The discount on the original issue of the 12⅝% Debentures due 2001 also constitutes an "original issue discount" for federal income tax purposes. Section 1273 (formerly, section 1232) of the IRC defines original issue discount as the difference between the "issue price" of each 12⅝% Debenture due 2001 and the stated redemption price at maturity of such 12⅝% Debenture due 2001. See "CERTAIN FEDERAL INCOME TAX CONSEQUENCES".

**Subordination of the 12⅝% Debentures due 2001**

The payment of the principal of and interest on the 12⅝% Debentures due 2001 is subordinated in right of payment, to the extent set forth in the 2001 12⅝% Debenture Indenture, to the prior payment in full of all Senior Indebtedness (as defined in the 2001 12⅝% Debenture Indenture) of the Company, whether outstanding on the date of the 2001 12⅝% Debenture Indenture or thereafter created, incurred, assumed, or guaranteed. Upon the maturity of the principal of any Senior Indebtedness by lapse of time, acceleration or otherwise, no payments, including 2001 12⅝% Debenture Sinking Fund payments, may be made on the 12⅝% Debentures due 2001 and no 12⅝% Debentures due 2001 may be acquired until all principal of and premium, if any, and interest on all such matured Senior Indebtedness shall have been paid in full. Senior Indebtedness is defined to mean the principal of and premium, if any, and interest on indebtedness (other than the other Debentures (with the exception of the 14⅜% Debentures) which are *pari passu* with the 12⅝% Debentures due 2001) of the Company or any of its subsidiaries, whether outstanding on the date of the 2001 12⅝% Debenture Indenture or thereafter created, incurred, assumed, or guaranteed (i) for money borrowed from or guaranteed to others, (ii) under promissory notes, debentures, bonds or other instruments of indebtedness issued under the provisions of or pursuant to an indenture, agreement or similar instrument or (iii) for the payment of money relating to the lease of any property which lease may be capitalized on the consolidated balance sheet of the Company and its



RAM00335

subsidiaries in accordance with generally accepted accounting principles as such principles existed at the date of the 2001 12⅝% Debenture Indenture; and, in each case, all renewals, extensions and refundings thereof; unless, in each case, by the terms of the instrument creating or evidencing the indebtedness it is provided that such indebtedness is not superior in right of payment to the 12⅝% Debentures due 2001. By reason of such subordination, in the event of the Company's bankruptcy or insolvency, holders of the 12⅝% Debentures due 2001 may recover less, proportionately, than holders of Senior Indebtedness. The Company's obligations with respect to the Bank Note, the Letters of Credit, the Halliburton Note, the 15% Senior Notes and the 14⅞% Debentures are Senior Indebtedness under the 2001 12⅝% Debenture Indenture. The 2001 12⅝% Debenture Indenture does not contain any limitation on the amount of Senior Indebtedness that may be issued or incurred in the future.

**Modification of the 2001 12⅝% Debenture Indenture**

The 2001 12⅝% Debenture Indenture, the rights and obligations of the Company and the rights of the holders of the 12⅝% Debentures due 2001 may be modified by the Company and the 2001 12⅝% Debenture Trustee with the consent of the holders of not less than 66⅔% in aggregate principal amount of the 12⅝% Debentures due 2001 then outstanding, but no extension of the maturity of any 12⅝% Debentures due 2001, or reduction of the interest rate, or extension of the time of payment of interest, or any change in the 2001 12⅝% Debenture Sinking Fund requirements, or any other modification affecting the terms of payment of the principal of or interest on the 12⅝% Debentures due 2001 or reducing the percentage required for modification of the 2001 12⅝% Debenture Indenture will be effective unless consented to by all the holders of the 12⅝% Debentures due 2001. Notwithstanding the foregoing, the 2001 12⅝% Debenture Indenture may be modified without the consent of the holders of the 12⅝% Debentures due 2001 (i) to add to the covenants of the Company for the protection or benefit of the holders of the 12⅝% Debentures due 2001, (ii) to cure any ambiguity or to make other provisions with respect to matters or questions arising under the 2001 12⅝% Debenture Indenture which will not adversely affect the interest of holders of the 12⅝% Debentures due 2001 or (iii) to evidence the succession of another corporation to the Company as provided in the 2001 12⅝% Debenture Indenture and the assumption by the successor corporation of the covenants, agreements and obligations of the Company upon the 12⅝% Debentures due 2001 and under the 2001 12⅝% Debenture Indenture.

**Events of Default**

The following events are defined in the 2001 12⅝% Debenture Indenture as events of default (a "2001 12⅝% Debenture Event of Default"): (i) failure for 30 days to pay interest due; (ii) failure to pay principal of, including 12⅝% Debenture Sinking Fund payments, on any of the 12⅝% Debentures due 2001 when due, whether at their maturity, upon redemption or otherwise; (iii) failure to perform any other covenants for a period of 60 days after written notice specifying such failure and requesting its remedy; (iv) the filing of a voluntary petition in bankruptcy or reorganization; (v) the entry by a court of a decree or order, unstayed, on appeal or otherwise, in effect for 90 days adjudicating the Company as a bankrupt or insolvent, appointing a receiver of the Company or any substantial part of its property or ordering or approving certain other similar matters; and (vi) certain other events of bankruptcy, insolvency or reorganization. As a result of the Company's failure on June 15, 1986, to make a required payment of interest on the 12⅝% Debentures due 2001, there will exist a 2001 12⅝% Debenture Event of Default as of July 15, 1986.

The 2001 12⅝% Debenture Indenture provides that the 2001 12⅝% Debenture Trustee must, within 90 days after the occurrence of a 2001 12⅝% Debenture Event of Default, give to the holders of the 12⅝% Debentures due 2001 notice of all uncured defaults known to it; provided that, except in the case of default in payment of principal, including any 2001 12⅝% Debenture Sinking Fund payment or interest in respect of the 12⅝% Debentures due 2001, the 2001 12⅝% Debenture Trustee is protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interest of the holders of the 12⅝% Debentures due 2001.



RAM00336

**Rights on Default**

If a 2001 12⅛% Debenture Event of Default shall occur and be continuing, the 2001 12⅛% Debenture Trustee or the holders of not less than 25% in aggregate principal amount of the 12⅛% Debentures due 2001 at the time outstanding may declare to be due and payable immediately an amount of principal equal to the sum of the initial offering price of the 12⅛% Debentures due 2001 then outstanding plus that portion of the original issue discount (the difference between the principal amount of the 12⅛% Debentures due 2001 then outstanding and their initial offering price), calculated by using the "interest" method according to generally accepted accounting principles, attributable to the period from the date of issue of the 12⅛% Debenture due 2001 to the date of such declaration plus all accrued and unpaid interest. Subject to certain conditions, the holders of the majority of the 12⅛% Debentures due 2001 at any time outstanding may rescind such declaration if the default is cured.

Past defaults (except a default in payment of principal, including a 2001 12⅛% Debenture Sinking Fund payment, or interest on the 12⅛% Debentures due 2001 unless previously cured) may be waived by the holders of a majority in principal amount of the 12⅛% Debentures due 2001 at the time outstanding. Subject to provisions of the 2001 12⅛% Debenture Indenture relating to the duties of the 2001 12⅛% Debenture Trustee in case any 2001 12⅛% Debenture Event of Default shall occur and be continuing, the 2001 12⅛% Debenture Trustee has no obligation to exercise any of its rights or powers under the 2001 12⅛% Debenture Indenture at the request or direction of any of the holders of the 12⅛% Debentures due 2001 unless such holders have offered to the 2001 12⅛% Debenture Trustee reasonable security or indemnity. Subject to such provision for indemnification of the 2001 12⅛% Debenture Trustee and certain other limitations contained in the 2001 12⅛% Debenture Indenture, the holders of a majority in a principal amount of the 12⅛% Debentures due 2001 at the time outstanding have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the 2001 12⅛% Debenture Trustee, or exercising any trust or power conferred on the 2001 12⅛% Debenture Trustee.

**Satisfaction and Discharge**

The 2001 12⅛% Debenture Indenture provides that it shall be discharged when all the principal and the interest on all the 12⅛% Debentures due 2001 shall have been paid, or the Company shall have delivered to the 2001 12⅛% Debenture Trustee an amount sufficient to pay the principal of and interest on such 12⅛% Debentures due 2001 and all other amounts payable by the Company under the 2001 12⅛% Debenture Indenture.

**Governing Law**

The 2001 12⅛% Debenture Indenture and each 12⅛% Debenture due 2001 is to be deemed to be a contract made under the laws of the State of New York, and for all purposes is to be governed and construed in accordance with the laws of the State of New York.



RAM00337

# CONCLUSION

In order for the Plan to be confirmed by the Bankruptcy Court, the Bankruptcy Court must find that the criteria set forth in the Bankruptcy Code has been met. Among these requirements are acceptance of the Plan by all impaired classes.

The Board of Directors of the Company believes that the Plan is feasible and in the best interest of all of its creditors and shareholders. Accordingly, the Board of Directors recommends that you vote for acceptance of the Plan.

A ballot for acceptance or rejection of the Plan is enclosed. *It is important that you vote.*

CRYSTAL OIL COMPANY

J. N. AVERETT, JR., President and
Chief Executive Officer



RAM00338

# GLOSSARY OF TERMS

## GENERAL

Unless the context otherwise requires, the following terms used in this Disclosure Statement shall have the following meanings:

*AMEX* means the American Stock Exchange, Inc.

*Administrative Claim* means an administrative expense or claim under Section 503 of the Bankruptcy Code that is entitled to priority under Section 507(a)(1) of the Bankruptcy Code.

*Allowed* or *Allowed Amount* means the amount of any Allowed Claim or Allowed Interest.

*Allowed Claim* means a claim that is allowable under Section 502 of the Bankruptcy Code.

*Allowed Interest* means an interest in the Company that is allowable under Section 502 of the Bankruptcy Code. Under the Plan, the only Allowed Interest is one in the Common Stock.

*Annual Test* means the annual test of the Minimum Coverage Requirement with respect to the 15% Senior Notes as described in "THE OLD DEBT SECURITIES—The 15% Senior Notes".

*Available Cash Flow* means the cash flow of the Company available for payment of the Company's obligations with respect to the New Bank Note, the New Halliburton Note and the Letters of Credit as described in "THE NEW SECURITIES—The New Bank Note and the Letters of Credit".

*Average Monthly Market Price* means the average monthly market price of the New Common Stock as defined in each of the Warrant Agreements and described in "THE NEW SECURITIES—The Warrants".

*Ballot Solicitor* means D. F. King & Co., Inc., the Company's ballot solicitor with respect to this solicitation.

*Bank* means Bankers Trust Company, a New York banking corporation.

*Bank Note* means the promissory note dated July 28, 1982, from the Company to the Bank issued pursuant to the Loan Agreement.

*Bankruptcy Code* or *Code* means Title 11, United States Code, Bankruptcy, as amended.

*Bankruptcy Court* means the United States Bankruptcy Court for the Western District of Louisiana, or such other court that may have jurisdiction with respect to the reorganization of the Company under Chapter 11 of the Bankruptcy Code.

*CEPCO* means Crystal Exploration and Production Company, a Florida corporation.

*Cash Sweep* means the quarterly payments of principal on the New Bank Note and New Halliburton Note from Available Cash Flow after giving effect to all previous payments of principal and interest on the New Bank Note and the New Halliburton Note for such quarter.

*Charter Amendments* means the amendments to the Company's Articles of Incorporation to be effected under the Plan.

*Commission* means the Securities and Exchange Commission.

*Committees* means any committees appointed in the Chapter 11 case with respect to the Company under Section 1102 of the Bankruptcy Code.

*Common Stock* means the common stock, $.01 par value, of the Company.

*Company* means Crystal Oil Company, a Louisiana corporation.

*Company's Annual Report* means the Company's Annual Report on Form 10-K for the year ended December 31, 1985, attached hereto as Annex A.



RAM00339

*Company's Quarterly Report* means the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 1986, attached hereto as Annex B.

*Computed Price* means the price of the Common Stock for purposes of the Stock Payment Option as described in "THE OLD DEBT SECURITIES—The 15% Senior Notes".

*Confirmation* or *Confirmation of the Plan* means the entry by the Bankruptcy Court of an Order confirming a plan of reorganization.

*Confirmation Date* means the date on which the Confirmation Order with respect to the Plan becomes a Final Order.

*Confirmation Hearing* means the hearing which will be held before the Bankruptcy Court in which the Company will seek Confirmation of the Plan.

*Confirmation Order* means the Order confirming the Plan.

*Consummation* or *Consummation of Plan* means the accomplishment of all things contained or provided for in a plan of reorganization and the entry of an Order of Consummation finally closing the reorganization case with respect to the Company.

*Consummation Date* means the date on which the Order of Consummation becomes a Final Order.

*Copeland* means Copeland, Wickersham, Wiley & Co., Incorporated, one of the Company's financial advisors.

*Copeland Letter* means the letter from Copeland to the Board of Directors of the Company described in "PURPOSE AND EFFECTS OF THE PLAN—CERTAIN CONSIDERATIONS—Recommendation of the Company".

*CPL* means Crystal Program Limited, Inc., a Texas Corporation.

*CPL Partnerships* means the four oil and gas limited partnerships in which CPL acts as general partner.

*Current Section 382* means Section 382 of the IRC, as described in "Certain Federal Income Tax Consequences—Federal Income Tax Consequences to the Company".

*Crystal Michigan* means Crystal Exploration Company, a Michigan corporation.

*Debenture Holder* means any holder of a Debenture.

*Debenture Indentures* means the 11⅛% Debenture Indenture, the 14⅞% Debenture Indenture, the 9% Debenture Indenture, the 1990 12⅝% Debenture Indenture, the 13⅜% Debenture Indenture and the 2001 12⅝% Debenture Indenture.

*Debentures* means the 11⅛% Debentures, the 14⅞% Debentures, the 9% Debentures, the 12⅝% Debentures due 1990, the 12⅝% Debentures due 2001 and the 13⅜% Debentures.

*Debt Holders* means the Bank, Halliburton, the Note Holders and the Debenture Holders.

*Debtor-in-Possession* means Crystal Oil Company, when acting in its capacity as representative of the Estate.

*Default* means a default under the New Note Indenture.

*Disbursing Agent* means a national bank designated by the Company, with approval of the Bankruptcy Court, which will be appointed as agent of the Bankruptcy Court to hold and distribute the consideration to be distributed to holders of Allowed Claims and Allowed Interests pursuant to the provisions of the Plan and Orders.

*Disclosure Statement* means this Disclosure Statement pursuant to Sections 1125(a) and 1126(b) of the Bankruptcy Code and Bankruptcy Rule 3018(b) for Solicitation of Ballots, and all supplements and amendments hereto.

*Distribution Date* means the day occurring as soon as practicable after the Effective Date on which the Company will make distributions of cash and the New Securities under the Plan to the holders of Allowed Claims and Allowed Interests.



RAM00340

*Effective Date* means the 30th day following the Confirmation Order if the Confirmation Order has not been stayed on appeal by a court of competent jurisdiction. If the Confirmation Order is stayed on appeal, the Effective Date shall be 15 days after such stay is dissolved by the Final Order.

*Estate* means the estate to be created by Section 541 of the Bankruptcy Code upon the commencement of a case under Chapter 11 of the Bankruptcy Code with respect to the Company.

*Event of Default* means an event of default under the New Note Indenture.

*Exchange Act* means the Securities Exchange Act of 1934, as amended.

*Exchange Offers* means the Company's offers to exchange the 15% Senior Notes and shares of the Common Stock for the Debentures, which were closed on October 3, 1985.

*FERC* means the Federal Energy Regulatory Commission.

*Final Order* means an Order as to which any appeal that has been or may be taken has been resolved or as to which the time for appeal has expired.

*First Mortgage Debt* means the debt of the Company senior in right of payment to the 15% Senior Notes as described under "THE OLD DEBT SECURITIES—The 15% Senior Notes".

*First Mortgage Obligations* means the obligations of the Company with respect to (i) the Bank Note, the Letters of Credit and other liabilities arising under the Loan Agreement, (ii) the Halliburton Note and other liabilities arising under the agreement under which the Halliburton Note was issued and (iii) other notes, bonds, debentures or evidences of indebtedness issued by the Company, or other liabilities of the Company in respect of letters of credit, the payment of which are secured by liens that are expressly made senior to the lien of the 15% Senior Note Indenture.

*Gruy* means H. J. Gruy & Associates, Inc., the Company's independent petroleum engineers.

*Gruy Report* means the reserve report dated April 28, 1986, prepared by Gruy using escalated prices with respect to the Company's proved crude oil and natural gas reserves as of March 31, 1986, a summary of which is attached to this Disclosure Statement as Exhibit F.

*Halliburton* means Halliburton Company and Otis Engineering Corporation, a wholly-owned subsidiary of Halliburton Company.

*Halliburton Note* means the promissory note dated April 24, 1985, from the Company to Halliburton.

*Independent Appraised Value* means the independent appraised value of pledged or mortgaged property under the 15% Senior Note Indenture as described in "THE OLD DEBT SECURITIES—The 15% Senior Notes".

*IRC* means the Internal Revenue Code of 1954, as amended.

*ISE* means the Intermountain Stock Exchange.

*Letters of Credit* means the Letters of Credit issued by the Bank pursuant to the Loan Agreement as described in "THE OLD DEBT SECURITIES—The Bank Note and the Letters of Credit".

*Loan Agreement* means the Loan Agreement dated July 28, 1982, as amended, between the Bank and the Company.

*Mechanics and Materialmen Liens* or *M&M Liens* means the statutory liens granted by various state laws to secure the payment of claims of trade creditors.

*Mechanic's and Materialmen Lien Claims* or *M&M Lien Claims* means the claims of Class 9.

*Minimum Coverage Requirement* means the minimum security requirement with respect to the 15% Senior Notes as described under "THE OLD DEBT SECURITIES—The 15% Senior Notes".



RAM00341

*Minimum Payment* means the minimum monthly payment on the New Bank Note, as described in "THE NEW SECURITIES—The New Bank Note and the Letters of Credit".

*NASDAQ* means National Association of Securities Dealers Automated Quotation System.

*New Bank Note* means the note to be issued under the Plan to the Bank as the holder of the Class 6 claim under the Plan.

*New Common Stock* means the common stock of the Company on the Effective Date after giving effect to the Charter Amendments.

*New Convertible Secured Notes* means the Company's Non-Interest Bearing Convertible Subordinated Secured Notes due ten years after the date of the Effective Date, to be issued under the Plan to the holders of the Class 8A claims. The New Convertible Secured Notes will have substantially the same terms as described in this Disclosure Statement.

*New Halliburton Note* means the note to be issued under the Plan to Halliburton as the holder of the Class 7 claim.

*New Note Indenture* means the Indenture of Mortgage, Deed of Trust, Assignment and Security Agreement to be dated as of the Effective Date, between the Company and the Trustee.

*New Notes* means the New Bank Note, the New Halliburton Note and the New Convertible Secured Notes.

*New Securities* means the New Notes, the Preferred Stock, the New Common Stock and the Warrants.

*OID* means "original issue discount" within the meaning of section 1273 of the IRC.

*Old Section 382* means section 382 of the IRC, as described in "CERTAIN FEDERAL INCOME TAX CONSEQUENCES—Federal Income Tax Consequences to the Company".

*Old Securities* means the Bank Note, the Halliburton Note, the 15% Senior Notes, the Debentures and the Common Stock.

*OPEC* means Organization of Petroleum Exporting Countries.

*Order* means an order of the Bankruptcy Court.

*Petition Date* means the date on which there is filed a petition for relief under Chapter 11 of the Bankruptcy Code with respect to the Company.

*Plan* means the Plan of Reorganization of the Company under Chapter 11 of the Bankruptcy Code, attached hereto as Exhibit A, as it may be modified from time to time.

*Preferred Stock* means the Senior Preferred Stock and the Series A Preferred Stock.

*Present Value of Future Net Revenues* means the present value of future net revenues as required to be calculated under the 15% Senior Note Indenture and described under "THE OLD DEBT SECURITIES—The 15% Senior Notes".

*Proposed Section 382* means section 382 of the IRC as proposed to be amended as described in "CERTAIN FEDERAL INCOME TAX CONSEQUENCES—Federal Income Tax Consequences to the Company".

*Pro Rata* means the same proportion an Allowed Claim or an Allowed Interest in a particular class bears to the aggregate amount of all Allowed Claims or the aggregate number of Allowed Interests in such class.



RAM00342

*PSE* means the Pacific Stock Exchange Incorporated.

*PWI* means PaineWebber Incorporated, one of the Company's financial advisors.

*Schedule of Liabilities* means the listing of the liabilities of the Company, excluding, *inter alia*, employee, trade, and intercompany claims, substantially in the form on file with the Company, which the Company intends to file with the Bankruptcy Court after the Petition Date pursuant to Bankruptcy Rule 1007.

*Securities Act* means the Securities Act of 1933, as amended.

*Senate Bill* means S. Rep No. 99-313, 99th Cong., 2nd Sess. 224 (May 29, 1986).

*Senior Indebtedness* means, with respect to any issue of the Debentures, the definition of Senior Indebtedness as contained in the Indenture relating to such Debenture.

*Senior Preferred Stock* means the $.06 Senior Convertible Voting Preferred Stock of the Company to be issued to the holders of the Class 8A claims pursuant to the terms of the Plan. The Senior Preferred Stock will have terms substantially as set forth in Exhibit C.

*Series A Preferred Stock* means the Series A Convertible Voting Preferred Stock of the Company to be issued to the holders of the Class 12 and Class 13 claims pursuant to the terms of the Plan. The Series A Preferred Stock will have terms substantially as set forth in Exhibit D.

*Service* means the Internal Revenue Service.

*Sinking Fund* means the sinking fund with respect to the New Convertible Secured Notes as described in "THE NEW SECURITIES—The New Convertible Secured Notes".

*Stock Payment Option* means the option of the Company to pay interest on the 15% Senior Notes as described in "THE OLD DEBT SECURITIES—The 15% Senior Notes".

*Subordinated Debentures* means the 11⅜% Debentures, the 9% Debentures, the 13¾% Debentures, the 12⅝% Debentures due 1990 and the 12⅝% Debentures due 2001.

*Superior Indebtedness* means the indebtedness of the Company senior in right of payment to the New Convertible Secured Notes as described in "THE NEW SECURITIES—The New Convertible Secured Notes".

*Supplemental Agreement* means the agreement to be entered into between the Company and Halliburton with respect to the New Halliburton Note.

*Supplemental Loan Agreement* means the Supplemental Loan Agreement to be entered into between the Company and the Bank with respect to the New Bank Note as described in "THE NEW SECURITIES—The New Bank Note and the Letters of Credit".

*TAB* means Texas American Bank/Dallas.

*Treasury Regulations* mean the treasury regulations promulgated by the Service under the IRC.

*Trustee* means the trustee under the New Note Indenture.

*Voting Agent* means RepublicBank Dallas, National Association, the Voting Agent with respect to this solicitation of ballots.

*Warrant Agent* means, with respect to each series of the Warrants, the warrant agent under the Warrant Agreement with respect to such series.

*Warrant Agreement* means, with respect to each series of the Warrants, the Warrant Agreement pursuant to which such Warrants are to be issued.

*Warrants* means the $.075 Warrants, the $.10 Warrants, the $.125 Warrants, the $.15 Warrants and the $.25 Warrants. The terms of the Warrants will be substantially as set forth in Exhibit E.



RAM00343

*Windfall Profit Tax Claim* means the windfall profit tax claim asserted against the Company as described in "THE PLAN—Classification and Treatment of Claims and Interests".

*9% Debenture Event of Default* means an event of default as defined in the 9% Debenture Indenture.

*9% Debenture Indenture* means the Indenture dated as of May 1, 1981, between the Company and Texas Commerce Bank National Association, as successor trustee.

*9% Debenture Trustee* means Texas Commerce Bank National Association, as successor trustee under the 9% Debenture Indenture.

*9% Debentures* means the 9% Convertible Subordinated Debentures due 1991 of the Company.

*10-Q Gruy Report* means the reserve report dated May 15, 1986, prepared by Gruy using unescalated prices as of March 31, 1986, with respect to the Company's proved crude oil and natural gas reserves as of March 31, 1986, a summary of which is attached to this Disclosure Statement as Exhibit G.

*11⅛% Debenture Event of Default* means an event of default as defined in the 11⅛% Debenture Indenture.

*11⅛% Debenture Indenture* means the Indenture dated as of April 15, 1980, between the Company and Texas Commerce Bank National Association, as successor trustee.

*11⅛% Debenture Sinking Fund* means the sinking fund with respect to the 11⅛% Debentures as described in "THE OLD DEBT SECURITIES—The 11⅛% Debentures".

*11⅛% Debenture Trustee* means Texas Commerce Bank National Association, as successor trustee under the 11⅛% Debenture Indenture.

*11⅛% Debentures* means the 11⅛% Convertible Subordinated Debentures due 2000 of the Company.

*12⅝% Debentures due 1990* means the 12⅝% Subordinated Debentures due June 15, 1990, of the Company.

*12⅝% Debentures due 2001* means the 12⅝% Subordinated Debentures due December 15, 2001, of the Company.

*13¼% Debenture Event of Default* means an event of default as defined in the 13¼% Debenture Indenture.

*13¼% Debenture Indenture* means Indenture dated as of June 14, 1980, between the Company and Texas Commerce Bank National Association, as successor trustee.

*13¼% Debenture Sinking Fund* means the sinking fund with respect to the 13¼% Debentures as described in "THE OLD DEBT SECURITIES—The 13¼% Debentures".

*13¼% Debenture Trustee* means Texas Commerce Bank National Association, as successor trustee under the 13¼% Debenture Indenture.

*13¼% Debentures* means the 13¼% Subordinated Debentures due July 15, 2000 of the Company.

*14⅞% Debenture Event of Default* means an event of default as defined in the 14⅞% Debenture Indenture.

*14⅞% Debenture Indenture* means the Indenture dated as of December 15, 1983, between the Company and Texas American Bank/Dallas, as successor trustee.

*14⅞% Debenture Sinking Fund* means the sinking fund with respect to the 14⅞% Debentures as described in "THE OLD DEBT SECURITIES—The 14⅞% Debentures".

*14⅞% Debenture Trustee* means Texas American Bank/Dallas, as successor trustee under the 14⅞% Debenture Indenture.

*14⅞% Debentures* means the 14⅞% Senior Subordinated Debentures due December 15, 1998, of the Company.



RAM00344

*15% Senior Note Event of Default* means an event of default as defined in the 15% Senior Note Indenture.

*15% Senior Note Indenture* means the Indenture of Mortgage, Deed of Trust, Assignment and Security Agreement dated as of June 15, 1985, between the Company and J. Henry Schroeder Bank & Trust Company, as trustee.

*15% Senior Note Sinking Fund* means the sinking fund with respect to the 15% Senior Notes as described in "THE OLD DEBT SECURITIES—The 15% Senior Notes".

*15% Senior Note Trustee* means J. Henry Schroder, Bank & Trust Company, trustee under the 15% Senior Note Indenture.

*15% Senior Notes* means the 15% Senior Subordinated Secured Notes due June 15, 1995, of the Company.

*1984 Act* means the Tax Reform Act of 1984.

*1990 12⅛% Debenture Event of Default* means an event of default as defined in the 1990 12⅛% Debenture Indenture.

*1990 12⅛% Debenture Indenture* means the Indenture dated as of June 15, 1978, between the Company and Texas Commerce Bank National Association, as successor trustee.

*1990 12⅛% Debenture Sinking Fund* means the sinking fund with respect to the 12⅛% Debentures due 1990 as described in "THE OLD DEBT SECURITIES—The 12⅛% Debentures due 1990".

*1990 12⅛% Debenture Trustee* means Texas Commerce Bank National Association, as successor trustee under the 1990 12⅛% Debenture Indenture.

*2001 12⅛% Debenture Event of Default* means an event of default as defined in the 2001 12⅛% Debenture Indenture.

*2001 12⅛% Debenture Indenture* means Indenture dated as of December 15, 1981, between the Company and Texas Commerce Bank, National Association, as successor trustee.

*2001 12⅛% Debenture Sinking Fund* means the sinking fund with respect to the 12⅛% Debentures due 2001 as described in "THE OLD DEBT SECURITIES—The 12⅛% Debentures due 2001".

*2001 12⅛% Debenture Trustee* means Texas Commerce Bank National Association, as successor trustee under the 2001 12⅛% Debenture Indenture.

*$.075 Warrants* means the $.075 Warrants of the Company to purchase shares of the New Common Stock, the form of which will be substantially the same as is attached hereto as Exhibit E.

*$.10 Warrants* means the $.10 Warrants of the Company to purchase shares of the New Common Stock, the form of which will be substantially the same as is attached hereto as Exhibit E.

*$.125 Warrants* means the $.125 Warrants of the Company to purchase shares of the New Common Stock, the form of which will be substantially the same as is attached hereto as Exhibit E.

*$.15 Warrants* means the $.15 Warrants of the Company to purchase shares of the New Common Stock, the form of which will be substantially the same as is attached hereto as Exhibit E.

*$.25 Warrants* means the $.25 Warrants of the Company to purchase shares of the New Common Stock, the form of which will be substantially the same as is attached hereto as Exhibit E.

## OTHER TERMS

Any term that is used in this Disclosure Statement and not defined in this Disclosure Statement but that is defined in the Bankruptcy Code shall have the meaning set forth in the Bankruptcy Code. The words "herein", "hereof", "hereto", "hereunder", and others of similar import refer to this Disclosure Statement as a whole and not to any particular section, subsection, or clause contained in this Disclosure Statement.



RAM00345

# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

# FORM 10-K

## ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**For the fiscal year ended December 31, 1985** **Commission file number 1-8715**

# CRYSTAL OIL COMPANY

(Exact name of registrant as specified in its charter)

| **Louisiana** | **72-0163810** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. employer identification no.) |
| **400 Crystal Building, Shreveport, Louisiana** | **71101** |
| (Address of principal executive offices) | (Zip code) |

**Registrant's telephone number, including area code: (318) 222-7791**

**Securities registered pursuant to Section 12(b) of the Act:**

| Title of Each Class | Name of Each Exchange on Which Registered |
|---|---|
| Common Stock, $.01 par value per share | American Stock Exchange |
| 15% Senior Subordinated Secured Notes due June 15, 1995 | American Stock Exchange |
| 14⅞% Senior Subordinated Debentures due December 15, 1998 | American Stock Exchange |
| 12⅝% Subordinated Debentures due June 15, 1990 | American Stock Exchange |
| 11⅜% Convertible Subordinated Debentures due 2000 | American Stock Exchange |
| 13¾% Subordinated Debentures due July 15, 2000 | American Stock Exchange |
| 9% Convertible Subordinated Debentures due 1991 | American Stock Exchange |
| 12⅝% Subordinated Debentures due December 15, 2001 | American Stock Exchange |

**Securities Registered Pursuant to Section 12(g) of the Act:** None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to filing requirements for the past 90 days.

Yes ✓ No ____

As of March 21, 1986, 51,505,723 common shares were outstanding, and the aggregate market value of the common shares (based upon the closing price of these shares on the American Stock Exchange) of Crystal Oil Company held by non-affiliates was approximately $14.9 million.

## TABLE OF CONTENTS

### PART I


| | | Page |
|---|---|---|
| Item 1. | Business | 1 |
| | The Company | 1 |
| | Crude Oil and Natural Gas Exploration and Production | 1 |
| | Drilling Activities | 2 |
| | Other Business Information | 3 |
| | Sale of Crude Oil and Natural Gas Production | 3 |
| | Discontinuation of Refining Operations | 4 |
| | Competition | 4 |
| | Employees | 4 |
| | Regulations | 5 |
| Item 2. | Properties | 6 |
| | Acreage | 6 |
| | Reserve Information | 7 |
| | Refining Facilities | 9 |
| | Other Properties | 9 |
| Item 3. | Legal Proceedings | 10 |
| Item 4. | Submission of Matters to a Vote of Security Holders | 10 |


### PART II


| | | |
|---|---|---|
| Item 5. | Market for Registrant's Common Stock and Related Stockholder Matters | 11 |
| | Price Range of Common Stock | 11 |
| | Dividends | 11 |
| Item 6. | Selected Financial Data | 11 |
| Item 7. | Management's Discussion and Analysis of Financial Condition and Results of Operations | 12 |
| | Liquidity and Capital Resources | 12 |
| | Results of Operations | 15 |
| | Continuing Operations | 15 |
| | Discontinued Operations | 16 |
| | Crude Oil and Natural Gas Exploration and Production | 16 |
| | General and Administrative Expense | 16 |
| Item 8. | Consolidated Financial Statements and Supplementary Data | 16 |
| Item 9. | Disagreements on Accounting and Financial Disclosure | 41 |


### PART III


| | | |
|---|---|---|
| Item 10. | Directors and Executive Officers of the Registrant | 41 |
| | Directors | 41 |
| | Executive Officers | 42 |
| Item 11. | Executive Compensation | 43 |
| | Compensation of Directors and Certain Officers | 43 |
| | Cash Compensation Table | 43 |
| | Insurance Policies | 43 |
| | Directors Fees | 44 |
| | Bonus Plan | 44 |
| | Thrift Plan | 44 |
| | Phantom Stock Plan | 45 |
| Item 12. | Security Ownership of Certain Beneficial Owners and Management | 46 |
| Item 13. | Certain Relationships and Related Transactions | 46 |
| | Interest of Certain Persons in Certain Transactions | 46 |
| | Indemnity Agreement | 48 |
| | Certain Other Transactions | 49 |


### PART IV


| | | |
|---|---|---|
| Item 14. | Exhibits, Financial Statement Schedules, and Reports on Form 8-K | 49 |
| Signatures | | 56 |




RAM00347

## PART I

**Item 1. *Business***

### THE COMPANY

The Company was incorporated in 1926 under the laws of the State of Maryland and became principally engaged in crude oil and natural gas exploration and production when it merged with Roberts Petroleum Company during 1963. In 1984, the Company moved its state of incorporation to the State of Louisiana. In recent years, the Company emphasized the development of its crude oil and natural gas exploration and production activities. This emphasis, together with present economic conditions, has resulted in a decision by the Company to sell its refinery at Stephens, Arkansas during December 1985 and to hold for sale its other two refineries. Since 1980, the Company has devoted a significant portion of its drilling activity to its properties in the Vernon, Arkana and North Missionary Lake Fields located primarily in North Louisiana. Numerous properties located outside of these principal operational areas were sold during 1984 and 1985. In recent years, high interest costs on borrowings made to finance the Company's active drilling program have combined with falling crude oil and natural gas prices to seriously impair the Company's financial condition and threaten the Company's ability to continue as a going concern. In response to such conditions, the Company's drilling activities have been substantially curtailed since the third quarter of 1984, and the Company has been forced to postpone indefinitely certain development drilling which might improve its cash flow by bringing certain proved developed nonproducing and proved undeveloped reserves into production, although under current crude oil and natural gas prices, it is doubtful that additional drilling and completions on the Company's development properties would contribute significantly to improved cash flow even if the Company had funds for such drilling.

The Company's executive offices are located at 400 Crystal Building, Shreveport, Louisiana 71101, and its telephone number is (318) 222-7791. Except as otherwise indicated by the context, the terms "Company" or "Crystal", as used herein, mean Crystal Oil Company and its consolidated subsidiaries.

### CRUDE OIL AND NATURAL GAS EXPLORATION AND PRODUCTION

Historically, the Company's operations have followed the following course: The Company acquires crude oil and natural gas exploration rights, conducts geophysical and geological exploration and drills exploratory wells either alone or in participation with others. If a discovery is made, the Company attempts to complete the exploratory test well as a producing well and thereafter drills any additional wells necessary to develop the discovered reserves. From time to time, the Company also acquires producing crude oil and natural gas properties. In recent periods, the Company's operations have consisted primarily of attempting to maximize production from existing wells, although the Company has engaged in some limited development drilling where the wells were considered safe risks and the costs associated therewith were expected to be recovered in short periods of time. The Company anticipates that under the present conditions its operations will continue to be limited to such operations.

The Company's net volumes of crude oil (including condensate and liquefied petroleum gases) and natural gas produced and sold from working interests and royalty interests and the average prices received by the Company for the periods are shown below. Intersegment sales have not been eliminated from the following table since sales are expected to be made to outside third parties in the future. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Discontinued Operations".

| | Volume | | Average Price Per Unit | |
|---|---|---|---|---|
| | Barrels of Oil and Condensate | Mcf of Gas | Barrels of Oil and Condensate | Mcf of Gas |
| | (In Thousands) | | | |
| Year Ended December 31: | | | | |
| 1985 | 2,285 | 13,682 | $24.92 | $2.80 |
| 1984 | 3,425 | 18,882 | 28.07 | 3.08 |
| 1983 | 3,152 | 17,946 | 28.74 | 3.28 |



RAM00348

The average production cost (including severance tax and windfall profit tax) per equivalent barrel (natural gas converted to barrels on the basis of approximate estimated energy content) from crude oil and natural gas producing activities during 1985, 1984, and 1983 was approximately $5.98, $6.12, and $6.40, respectively.

**Drilling Activities**

During 1985, the Company spent $8,886,000 on exploration and development activities compared to $92,765,000 and $104,021,000 during 1984 and 1983, respectively. Reduction in capital expenditures and lower planned capital expenditures for the future reflect the Company's difficult financial position and uncertain industry conditions. The following table sets forth the Company's interest in both development and exploratory wells and the working interest completions for each of the following years:

**EXPLORATORY WELLS**

| Year Ended | Number of Wells Participated in by the Company | | Working Interest Completions | | | | | | Net Well Success Rate |
|---|---|---|---|---|---|---|---|---|---|
| | | | Oil | | Gas | | Dry | | |
| | Gross | Net | Gross | Net | Gross | Net | Gross | Net | |
| 1985 | — | — | — | — | — | — | — | — | — |
| 1984 | 7 | 4.1 | 4 | 3.0 | 1 | .1 | 2 | 1.0 | 75.6% |
| 1983 | 8 | 6.6 | 4 | 3.4 | 2 | 1.2 | 2 | 2.0 | 69.7% |

**DEVELOPMENT WELLS**

| Year Ended | Number of Wells Participated in by the Company | | Working Interest Completions | | | | | | Net Well Success Rate |
|---|---|---|---|---|---|---|---|---|---|
| | | | Oil | | Gas | | Dry | | |
| | Gross | Net | Gross | Net | Gross | Net | Gross | Net | |
| 1985 | 3 | 1.9 | 3 | 1.9 | — | — | — | — | 100% |
| 1984 | 93 | 75.7 | 65 | 56.4 | 24 | 16.8 | 4 | 2.5 | 96.7% |
| 1983 | 150 | 119.4 | 118 | 95.4 | 25 | 18.8 | 7 | 5.2 | 95.7% |

**TOTAL EXPLORATORY AND DEVELOPMENT WELLS**

| Year Ended | Number of Wells Participated in by the Company | | Working Interest Completions | | | | | | Net Well Success Rate |
|---|---|---|---|---|---|---|---|---|---|
| | | | Oil | | Gas | | Dry | | |
| | Gross | Net | Gross | Net | Gross | Net | Gross | Net | |
| 1985 | 3 | 1.9 | 3 | 1.9 | — | — | — | — | 100% |
| 1984 | 100 | 79.8 | 69 | 59.4 | 25 | 16.9 | 6 | 3.5 | 95.6% |
| 1983 | 158 | 126.0 | 122 | 98.8 | 27 | 20.0 | 9 | 7.2 | 94.3% |

At December 31, 1985, the Company owned an aggregate of 592.7 net (759 gross) crude oil wells and 118.2 net (221 gross) natural gas wells and had 1.0 net (1 gross) development wells in process of drilling. Five of the Company's producing wells have multiple completions. As of December 31, 1985, the Company was participating in 13 secondary recovery projects, producing approximately 536 net barrels of crude oil daily. The Company is the operator of a substantial majority of the wells in which it has ownership interests.



RAM00349

## OTHER BUSINESS INFORMATION

### Sale of Crude Oil and Natural Gas Production

During 1985, Exxon Company USA and Kerr-McGee Corporation, the Company's two largest purchasers of crude oil and condensate production, accounted for approximately 46% and 12%, respectively, of the Company's revenues from sales of such production.

Approximately 39% of Crystal's total natural gas production in 1985 was sold in the interstate commerce market for resale. During 1985, Arkla Gas Company, Louisiana Intrastate Gas Corporation, and PGC Pipeline accounted for 40%, 13.5% and 13.5%, respectively, of the Company's natural gas sales. These sales were made and are continuing to be made under long-term contracts expiring at various dates after 1986. The remainder of the natural gas produced by the Company is purchased by several gas companies at varying prices under long-term contracts.

During 1985, the Company and other companies in the crude oil and natural gas industry experienced the lingering effect of the worldwide recession of the earlier years with a resulting reduction in the demand for crude oil and natural gas, both worldwide and domestically. Increased efforts throughout the world to decrease dependence on crude oil and natural gas through the implementation of conservation measures and conversion to alternative forms of energy has contributed to excess supplies of hydrocarbon energy in the United States and throughout the world. In 1985 and 1986 to date, the lowering of official prices and disregard for pricing agreements and production quotas for crude oil by the Organization of Petroleum Exporting Countries ("OPEC"), coupled with continued high production despite falling prices by non-OPEC oil producing countries, increased worldwide competition in the sale of crude oil which, in turn, caused downward pressure on petroleum product prices. In December 1985, certain members of OPEC, after failing to reach agreement as to production quotas and pricing, announced that they intended to achieve a larger share of the world crude oil market by increasing their production of crude oil and reducing their prices for such crude oil. Since such time and through the implementation of such actions, the worldwide price of crude oil has decreased significantly and may continue to decrease in the near future. Decreased crude oil prices have led and are likely to continue to lead to decreased natural gas prices in some instances because of the ability of a large portion of United States industries to burn either residual fuel oil, a crude oil component, or natural gas. Declining crude oil and natural gas prices, high interest rates, international financial instability, conservation measures, tax policy, and other factors have tended, in recent periods, to depress large segments of the crude oil and natural gas industry. There continues to be uncertainty in the crude oil and natural gas industry over the duration and severity of these conditions. Whether world-wide accords will be reached in the future by producing countries and whether any such accords would stabilize or improve crude oil and natural gas prices cannot be predicted. These conditions (in combination with the Company's heavy debt burden) have already seriously affected the business of the Company and have rendered it unable to service its existing debt and to maintain compliance with covenants in its bank debt agreements. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations".

Within the natural gas industry some pipelines and other purchasers of natural gas have, in recent years and in certain instances, challenged the validity of provisions commonly found in contracts for the purchase of natural gas which are advantageous to producers such as the Company. In addition, from time to time various federal and state regulatory authorities having jurisdiction over the production and sale of natural gas have indicated that they may, to the extent permitted by law, attempt to limit the application of, or even declare unenforceable, such contract clauses. These include so called "take-or-pay" contracts which assure the seller of specified levels of sales of natural gas and income from a well, regardless of the ability of the purchaser to use, resell or even receive the natural gas, and "indefinite pricing" or "price escalation" provisions of natural gas contracts which provide for increases in the prices received by the producer for natural gas over the term of the contract. On the other hand, certain natural gas contracts may permit the purchaser to substantially curtail the quantities it purchases or to reduce the prices it pays for the natural gas, thereby decreasing the revenues received by the producer under such contracts. The latter clauses, commonly referred to as "market out" or "renegotiation" provisions, are presently being given effect by some segments of the industry, thereby adversely affecting the sales by



RAM00350

producers of natural gas under such contracts in certain instances. The Company is not currently involved in any "take-or-pay" or similar type litigation, but has attempted to renegotiate its natural gas sales arrangements with its natural gas customers. The Company's contracts are subject to risks of renegotiation, curtailment, and other measures that could further adversely affect its revenues.

For the past three years, the natural gas industry has experienced a supply and demand imbalance resulting in excess deliverability of natural gas supply. Economic conditions and the availability of alternative fuels at competitive prices are just two of the factors that have affected demand and caused increased competition for natural gas markets. Many producers (including the Company), pipeline companies, and distribution companies have lowered their prices from time to time in an attempt to maintain or increase sales. Gas purchasers, including several of the Company's natural gas purchasers, have implemented a variety of marketing approaches, including natural gas "clearinghouses" designed as a vehicle for month-to-month spot sales and various types of special marketing programs, in an effort to increase sales or avoid additional take-or-pay liabilities. The Federal Energy Regulatory Commission ("FERC") has approved a variety of marketing programs and eased restrictions on transportation of natural gas to end-users in an effort to respond to conditions in the marketplace. It is impossible to predict with accuracy what the market for future natural gas production will be or how the FERC or other agencies will react to future events in the marketplace.

**Discontinuation of Refining Operations**

In December 1985, the Company decided to discontinue its refining operations, constituting its refining and petroleum products segment, and to sell its refineries. On December 3, 1985, the Company sold its Berry refinery located in Stephens, Arkansas, including all pipelines, equipment, and crude oil and refined products inventories relating thereto for approximately $4,569,000. The assets related to the Company's Longview and Adobe refineries, which are currently being held for sale, have been recorded at an estimated fair market value resulting in write-downs of approximately $15,698,000 in 1985 and $565,000 in 1984. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Discontinued Operations".

**Competition**

The crude oil and natural gas industry is highly competitive both in the search for and acquisition of crude oil and natural gas reserves and in the refining, processing, and marketing of petroleum products. Competitors include the major crude oil companies, independent crude oil and natural gas companies, individual producers and operators, and major pipeline companies. Other sources of energy such as coal and nuclear power also provide competition, and crude oil and natural gas produced in the United States is subject to significant competition from foreign sources. The Company competes with many other companies having far greater financial resources than the Company. The Company's ability to obtain new crude oil and natural gas reserves and to develop existing proved developed nonproducing and proved undeveloped reserves may be limited to the extent that its capital is not sufficient to permit competition with larger companies in the acquisition or development of such reserves.

**Employees**

At December 31, 1985, the Company employed 283 persons, including officers. Subsequently, because of the Company's current financial condition, the number of employees of the Company, including officers, was reduced to 223 as of March 21, 1986. No employees are represented by any labor union.



RAM00351

## REGULATIONS

All jurisdictions (including the federal government in certain instances) in which the Company owns hydrocarbon properties impose certain restrictions on the production and sale of crude oil and natural gas, which often include requirements with respect to spacing of wells, prevention of waste of crude oil and natural gas resources, limiting days and rates of production, prevention and cleanup of pollution and other environmental requirements and prohibitions, obtaining drilling permits, and similar matters. In addition, various of such jurisdictions impose safety regulations of other kinds on crude oil and natural gas and refinery operators.

Prior to January 1981, regulations of the Department of Energy ("DOE") imposed price and allocation controls on sales of certain crude oil and refined petroleum products. The general effect of such regulations insofar as they relate to refining operations was favorable upon the Company as a small refiner. In January 1981, the President of the United States issued Executive Order 12287 which immediately exempted all crude oil and refined petroleum products from the price and allocation controls imposed pursuant to the Emergency Petroleum Allocation Act of 1973, as amended. A crude oil windfall profit tax, retroactively effective to March 1980, imposed excise taxes on the difference between the actual sales price of a barrel of crude oil at the wellhead and a specified base price for various classifications of crude oil (the taxable windfall profit). However, the windfall profit cannot exceed 90% of the net income of the property. Although the tax is imposed upon producers, generally, it is withheld from the purchase price paid by the first purchaser of crude oil and is deposited by such purchaser into the United States Treasury. In certain circumstances, the producer may elect to deposit the tax on its own crude oil production. Effective January 1983, crude oil production from independent producer stripper wells was exempted from the windfall profit tax. See "Item 3. Legal Proceedings".

The Company, as a producer of natural gas, is subject to regulation with respect to various aspects of its natural gas operations under the Natural Gas Act ("NGA") and the Natural Gas Policy Act of 1978 ("NGPA"). Briefly, the principal impact of such acts on the Company is regulation by the FERC of the maximum prices the Company may receive for sales of natural gas based on numerous and complex categories or classifications of natural gas and on certain price escalations which are permitted from time to time in accordance with specified factors and categories of natural gas. The NGPA imposes, for the first time, federal price ceilings on natural gas sold in intrastate commerce and also imposes price ceilings on natural gas sold under contracts existing on the date of enactment of the NGPA and succeeding contracts covering the same natural gas. Contractual authority and various filing requirements are imposed as a prerequisite to collection of permitted prices. In addition, approval by the FERC is required under the NGA for both the commencement and abandonment of certain sales of natural gas in interstate commerce. The NGPA, however, exempts natural gas not dedicated to interstate commerce prior to enactment of the NGPA and certain categories of new natural gas from those provisions of the NGA which require that commencement and abandonment of sales be approved by the FERC. Under the NGA and the NGPA, the FERC also has general investigatory and other powers, including but not limited to the power to implement such acts by issuing regulations.

The NGPA provides that the price ceilings for certain specific categories of natural gas under the NGPA will expire at various times, the first having expired on November 1, 1979, the next having expired on January 1, 1985, and the final scheduled to expire on July 1, 1987. Under the NGPA, the price ceilings for the specified categories are subject to reimposition by Congress or the President for a period not later than June 30, 1987. The categories of natural gas for which price ceilings are not specifically eliminated will remain subject to the price ceilings established by the NGPA. In most instances, NGPA price ceilings are not relevant to the Company, because market prices at which natural gas can currently be sold are generally lower than ceiling prices.

On October 9, 1985, FERC adopted major changes in certain of its regulations that significantly affect the transportation and marketing of natural gas. Among other things, the regulations establish blanket authorization procedures which are intended to eliminate discrimination in connection with the transportation of natural gas by pipeline companies and which permit pipeline companies to offer to transport natural gas for all purchasers and producers desiring such service. In addition, customers of pipeline companies providing such transportation may be permitted to reduce and ultimately eliminate their obligations to purchase natural gas from the pipeline company under certain conditions. The new



RAM00352

regulations became effective on November 1, 1985. It is uncertain, however, whether pipeline companies will be willing to adopt programs permitted by such regulations or if the FERC will approve particular programs offered by the pipeline companies. If satisfactory new programs are not adopted, the Company's ability to maintain the present prices may be adversely affected. FERC has also proposed, but not yet adopted, regulations that would eliminate the advantage in competing for new natural gas sales accruing to pipeline companies having large volumes of low-cost natural gas committed to them under old contracts. The stated purpose of the proposed regulations is to promote competition and to create conditions under which natural gas customers can effectively shop for the lowest cost natural gas available. Adoption of the proposed regulations may impose further downward pressure on natural gas prices. It cannot be predicted what the long-term consequences of FERC's recently promulgated and proposed regulations will be for the Company.

In addition to the foregoing regulations and laws which affect the Company's crude oil and natural gas exploration and production activities, the energy industry generally has in recent years been subject to a wide variety of regulations and proposals for additional regulations. There are many other rules, regulations, and orders of FERC, as well as statutory provisions, relating to pricing of natural gas that have not been discussed, that are currently being debated or that are or will be subject to court review. Consequently, the foregoing summary of certain natural gas pricing matters should not be relied upon as providing an extensive review of natural gas pricing for the Company's production. As previously discussed, in most instances the Company's sales of natural gas will not command the highest prices otherwise permitted by law.

**Item 2. *Properties***

The following table presents a summary of reserve information which is explained and presented in greater detail herein:

| | Proved Developed and Undeveloped | | | Proved Developed | | |
|---|---|---|---|---|---|---|
| | Crude Oil (Barrels) | Natural Gas (Mcf) | Present Value of Future Net Revenues | Crude Oil (Barrels) | Natural Gas (Mcf) | Present Value of Future Net Revenues |
| | | | (In Thousands) | | | |
| 1985 | 12,799 | 109,385 | $221,570 | 10,480 | 64,055 | $182,954 |
| 1984 | 16,136 | 131,064 | 340,899 | 13,217 | 84,343 | 280,165 |
| 1983 | 14,761 | 129,831 | 362,264 | 13,348 | 84,697 | 298,032 |

**Acreage**

The following table sets forth the developed and undeveloped leasehold acreage held by the Company at December 31, 1985:

| | Developed(1) | | Undeveloped(1)(2) | |
|---|---|---|---|---|
| | Gross | Net | Gross | Net |
| Arkansas | 7,318 | 2,375 | 1,223 | 1,116 |
| Colorado | 4,288 | 2,577 | 4,237 | 2,510 |
| Louisiana | 90,239 | 57,334 | 15,401 | 12,353 |
| Michigan | 739 | 719 | 1,519 | 1,465 |
| Mississippi | 2,194 | 1,563 | — | — |
| Montana | 4,979 | 4,499 | — | — |
| New Mexico | 320 | 96 | — | — |
| North Dakota | — | — | 280 | 37 |
| Oklahoma | 1,930 | 365 | — | — |
| Texas | 15,314 | 11,450 | 7,428 | 2,317 |
| Utah | — | — | 1,400 | 1,312 |
| Wyoming | 17,357 | 1,197 | 10,564 | 3,496 |
| Offshore Louisiana | 10,937 | 1,520 | — | — |
| | 155,615 | 83,695 | 42,052 | 24,606 |
| Mineral Interests (primarily in Louisiana)(3) | | | 26,337 | 13,255 |



RAM00353

(1) A gross acre is one in which a part of the working interest is owned, and a net acre is deemed to exist when the sum of fractional ownership working interests in gross acres equals one.

(2) The leases provide for specific terms and as long thereafter as crude oil or natural gas is produced therefrom. In the absence of production, these leases will expire at various dates through 1991.

(3) In Louisiana, mineral interests revert to the surface owner ten years after the date of severance from the ownership of the surface, which period is subject to extension by drilling or production. Certain of the Company's mineral interests in Louisiana have been extended by production and at present have no determinable expiration date.

No major discovery or other favorable or adverse event that is believed to have caused a significant change in the foregoing estimates of proved reserves has occurred since December 31, 1985, except for the recent significant deterioration of crude oil and natural gas prices, which reduces significantly expected revenues from proved reserves and the present value thereof and also makes uneconomic some proved reserves. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations". No proven crude oil or natural gas reserve estimates have been filed with or included in reports to any federal or foreign governmental authority or agency within the last three years except (1) in filings with the Securities and Exchange Commission and (2) in proven crude oil and natural gas reserve reports furnished by the Company to the DOE, which reflected estimates of the proven crude oil and natural gas reserves of the Company as of December 31, 1984, 1983, and 1982. The proved reserve reports to the DOE reflected proved crude oil reserve estimates of 20,611,000, 17,220,000, and 15,038,000 barrels of crude oil and condensate, respectively, and proved natural gas reserve estimates of 188,452,000, 189,115,000, and 141,316,000 Mcf of natural gas, respectively. The difference between such estimates and the estimates of 13,216,991, 13,348,494, and 11,903,324 barrels of crude oil and condensate, respectively, and 84,343,445, 84,696,699, and 73,460,986 Mcf of natural gas, respectively, set forth as of December 31, 1984, 1983, and 1982, respectively, are attributable to (1) the preparation of the proved reserve estimates in the reports to the DOE on the basis of gross working interest ownership in accordance with the DOE's requirements rather than on net revenue interest as reported herein and (2) the exclusion in the DOE's reports of proved reserves for properties in which the Company owns a revenue interest but are operated by others.

**Reserve Information**

The Company engaged the independent petroleum engineering firm of H. J. Gruy and Associates to report on the proved crude oil and natural gas reserves as of December 31, 1985. The following tables present their estimates of proved crude oil and natural gas reserves and the estimated future net revenues relating to proved crude oil and natural gas reserve quantities. Petroleum engineering is not an exact science. Estimates of economically recoverable crude oil and natural gas reserves and of the future net revenues therefrom are based upon a number of variable factors and assumptions, such as historical production of the subject properties as compared with similar producing properties, the assumed effects of regulation by governmental agencies and assumptions concerning future crude oil and natural gas prices and future operating costs, severance and excise taxes, development costs and workover and remedial costs, all of which may in fact vary considerably from actual results. All such estimates are to some degree speculative, and classifications of reserves are only attempts to define the degree of speculation involved. For these reasons, estimates of the economically recoverable reserves of crude oil and natural gas attributable to any particular group of properties, the classification and risk of recovering such reserves and estimates of the future net revenues expected therefrom, prepared by different engineers or by the same engineers at different times, may vary substantially. Estimates with respect to proved undeveloped and proved developed non-producing reserves that may be developed and produced in the future are based upon volumetric calculations and upon analogy to similar types of reserves rather than upon actual production history. These methods are not as reliable as actual production history in estimating reserves. Later studies of the same reserves based upon production history will result in variations, which may be substantial, in the estimated reserves. The Company therefore emphasizes that the actual production, revenues, severance and excise taxes, development expenditures and operating expenditures with respect to its reserves will likely vary from estimates, and such variances may be material.



RAM00354

Reserve estimates and future net cash flows are calculated utilizing prices and operating costs in effect at year-end. Subsequent to December 31, 1985, prices for crude oil and natural gas have significantly declined from the prices used to estimate future net revenues as of such date and prices may be subject to further declines. Actual future net revenues also will be affected by actual production, supply and demand for crude oil and natural gas, curtailments or increases in consumption by natural gas purchasers and changes in governmental regulations or taxation. The timing of future net revenues from proved reserves, and thus their present value, is affected by the timing of the incurrence of expenses in connection with their development. In projecting future net cash flows and their present values, projections were made about the Company's development drilling activities, which may be difficult for it to accomplish because of the Company's cash position.

Estimated Future Net Revenues from Proved Crude Oil and Natural Gas Reserves—The estimated future net revenues from proved crude oil and natural gas reserves and the present value thereof are summarized below:

| | December 31 | | | | | |
|---|---|---|---|---|---|---|
| | 1985 | | 1984 | | 1983 | |
| | Proved Developed and Undeveloped | Proved Developed | Proved Developed and Undeveloped | Proved Developed | Proved Developed and Undeveloped | Proved Developed |
| | (1) | (1) | (1) | (1) | (1) | (1) |
| 1984 | $ — | $ — | $ — | $ — | $ 84,234,177 | $ 98,349,111 |
| 1985 | — | — | 68,675,806 | 85,480,663 | 97,792,535 | 67,706,857 |
| 1986 | 44,186,495 | 50,570,542 | 70,513,312 | 59,438,368 | 73,881,485 | 48,314,223 |
| 1987 | 40,883,469 | 36,868,885 | 67,087,793 | 45,196,987 | — | — |
| 1988 | 28,585,027 | 29,326,478 | — | — | — | — |
| Remainder | 261,536,934 | 176,156,507 | 333,299,898 | 239,199,524 | 272,530,798 | 219,528,618 |
| Total(2) | $375,191,925 | $292,922,412 | $539,576,809 | $429,315,542 | $528,438,995 | $433,898,809 |
| Present Value(2)(3)(4) | $221,570,342 | $182,954,443 | $340,898,698 | $280,164,872 | $362,263,513 | $298,031,595 |

(1) In computing future net revenues for 1985 and 1984, crude oil and natural gas prices were based on year-end prices and considered increases or decreases to the extent they are fixed and determinable from existing contracts. In computing future net revenues in 1983, crude oil and natural gas prices were based on year-end prices with the exception that natural gas prices in the economic projections for NGPA Sections 102 through 108 were escalated 4% per year through 1984 as allowed by the NGPA and to the extent that such prices were being received under contractual arrangements. The economic projections include a provision for windfall profit tax using a net income limitation calculation and consider operating, drilling, and equipment costs to remain constant at year-end levels. No deductions have been made for general corporate overhead, income taxes, or any other indirect costs.

(2) Includes future net revenues attributable to proved developed non-producing properties of $115,691,000, $154,856,000, and $155,369,000, respectively, which is net of future capital expenditures of $12,912,000, $14,721,000, and $15,769,000, respectively.

(3) Present value is defined for use herein as future net revenue discounted at 10% per year over the expected period of realization. Present value as used herein should not be construed as fair market value since no consideration has been given to many factors which influence the prices at which petroleum properties are traded, such as taxes on operating profits, allowance for return on the investment, and normal risks incident to the crude oil and natural gas business.

(4) Includes the present value of future net revenues before income taxes attributable to proved developed non-producing properties of $50,255,000, $69,840,000, and $81,239,000, respectively.



RAM00355

Although the Company has not obtained from its independent petroleum engineers a report reflecting the effect of the recent decreases in prices for crude oil and natural gas on the estimated future net revenues from the Company's proved crude oil and natural gas reserves, the Company estimates that based upon such decreases the estimated future net revenues from its proved crude oil and natural gas reserves and the present value thereof reflected in the above tables as of December 31, 1985, would have been approximately $237,000,000 and $139,000,000, respectively, rather than $375,191,925 and $221,570,342, respectively. The Company, however, emphasizes that such amounts are merely its internal estimates of the effect of the recent decline in pricing on such future net revenues, and that such estimates could vary substantially and materially from any future report that might be made by its independent engineers or any other independent petroleum engineering firm with respect to such reserves as of a date subsequent to December 31, 1985.

Net Proved Crude Oil and Natural Gas Reserves—The Company's proved developed and undeveloped crude oil and natural gas reserves, all of which are located in the United States, are summarized below:

| | December 31 | | | | | |
|---|---|---|---|---|---|---|
| | 1985 | | 1984 | | 1983 | |
| | Oil (Barrels) | Gas (Mcf) | Oil (Barrels) | Gas (Mcf) | Oil (Barrels) | Gas (Mcf) |
| Proved developed and undeveloped reserves: | | | | | | |
| Beginning of period | 16,136,298 | 131,063,705 | 14,761,029 | 129,831,178 | 13,131,590 | 102,770,729 |
| Revisions of previous estimates | (793,291) | (8,102,817) | 1,164,330 | (16,310,347) | (1,336,541) | (6,357,145) |
| Improved recovery (secondary) | — | — | 62,873 | — | 566,933 | 161,310 |
| Purchases of minerals in place | — | — | 265,423 | 3,754,852 | 64,992 | 51,626 |
| Extensions, discoveries, and other additions | 334,114 | 705,343 | 4,208,198 | 35,161,158 | 5,486,093 | 51,150,745 |
| Production | (2,285,251) | (13,682,405) | (3,425,212) | (18,882,316) | (3,152,038) | (17,946,087) |
| Sales of minerals in place | (592,371) | (598,995) | (900,343) | (2,490,820) | — | — |
| End of period | 12,799,499 | 109,384,831 | 16,136,298 | 131,063,705 | 14,761,029 | 129,831,178 |
| Proved developed reserves: | | | | | | |
| Beginning of period | 13,216,991 | 84,343,445 | 13,348,494 | 84,696,699 | 11,903,324 | 73,460,986 |
| End of period | 10,480,339 | 64,054,764 | 13,216,991 | 84,343,445 | 13,348,494 | 84,696,699 |

**Refining Facilities**

The Longview Refinery, which is not being operated and is being held for sale, is located on 33 acres owned in fee within the city limits of Longview, Texas, and has a daily capacity of 14,000 barrels (see Note B of Notes to Consolidated Financial Statements).

The Adobe Refinery, located at La Blanca, Texas, which is not being operated and is being held for sale, has a capacity of 5,000 barrels per day. This refinery is located on approximately 20 acres and is owned in fee by the Company (see Note B of Notes to Consolidated Financial Statements).

**Other Properties**

The general offices of the Company in Shreveport, Louisiana occupy approximately 55,000 square feet in the Crystal Building which is owned by the Company through a wholly-owned Subsidiary.

The Company owns significant personal property, including computer equipment, transportation equipment, furniture and fixtures, and inventory.



RAM00356

**Item 3.** ***Legal Proceedings***

In July 1979, a suit entitled "AGB Oil Company et al vs. The Charter Company, Charter Oil Company, and Crystal Exploration and Production Company", was filed in the Circuit Court of the Eleventh Judicial Circuit in and for Dade County, Florida, Cause No. 79-12012-CA-07. Plaintiff, the Limited Partner of Caloosa 1974, a Colorado Limited Partnership, of which Crystal Exploration and Production Company, formerly Charter Exploration and Production Company, is the General Partner, claims compensatory damages of ten million dollars, punitive damages in an undetermined amount, interest, and costs of litigation. The suit alleges breach of contract, breach of fiduciary duty, mismanagement, and fraud in connection with the operation of the Caloosa 1974 Limited Partnership. Based upon the discovery which has been completed to date and its analysis of the case, the Company believes that the likelihood of a recovery, if any, by Plaintiff in a material amount is remote.

The Internal Revenue Service (IRS) has asserted claims with respect to its audit of windfall profit tax paid in 1980. The Company has filed a protest asserting that the issues claimed by the IRS are without merit and were mathematically incorrect. The Company believes that the likelihood of a recovery, if any, in an amount material to the Company's financial position is remote.

There are various other suits and claims involving the Company and its subsidiaries which individually are not material. It is the opinion of management, based on current available information, that the ultimate liability or benefit, if any, resulting from such suits and claims will not materially affect the consolidated financial position or results of operations of the Company and its subsidiaries (see Note K of Notes to Consolidated Financial Statements).

**Item 4.** ***Submission of Matters to a Vote of Security Holders***

On December 5, 1985, the Company held a Special Meeting of Shareholders (the "Special Meeting") to vote upon the following matters:

1. A proposal to amend the Company's Articles of Incorporation to increase the number of authorized shares of the Company's Common Stock from 35,000,000 to 90,000,000 ("Proposal No. 1");

2. A proposal to amend the Company's Articles of Incorporation to decrease the par value of the Company's Common Stock from $1.00 per share to $.01 per share ("Proposal No. 2"); and

3. A proposal to approve future issuances of the Company's Common Stock that may be made to pay interest on or to redeem the Company's 15% Senior Subordinated Notes due 1995 in fulfillment of American Stock Exchange listing requirements ("Proposal No. 3").

Each of the above proposals is described in detail in the Company's Proxy Statement dated November 4, 1985, and Proxy Statement Supplement dated November 18, 1985, and was approved by the shareholders of the Company at the Special Meeting. The vote by the shareholders represented in person or by proxy at the Special Meeting with respect to each of the proposals was as follows:

| Proposal | For | Against | Abstain | Not Voting |
|---|---|---|---|---|
| Proposal No. 1 | 20,722,937 | 1,544,863 | 67,996 | 24,980 |
| Proposal No. 2 | 19,741,596 | 1,699,992 | 83,031 | 836,157 |
| Proposal No. 3 | 19,489,172 | 1,521,268 | 214,627 | 1,135,709 |



RAM00357

## PART II

**Item 5.** ***Market for Registrant's Common Stock and Related Stockholder Matters***

### PRICE RANGE OF COMMON STOCK

The Company's Common Stock is listed on the American Stock Exchange. The following table sets forth, for the periods indicated, the reported approximate high and low sale prices of such Common Stock as reported by the American Stock Exchange.

| | Quarter Ended 1985 | | | |
|---|---|---|---|---|
| | March 31 | June 30 | September 30 | December 31 |
| Common Shares: | | | | |
| High | 4⅜ | 3 | 2½ | 1½ |
| Low | 2¼ | 1⅜ | 1⅛ | ¼ |

| | Quarter Ended 1984 | | | |
|---|---|---|---|---|
| | March 31 | June 30 | September 30 | December 31 |
| Common shares: | | | | |
| High | 17 | 15⅜ | 10 | 5⅜ |
| Low | 13⅜ | 9 | 4½ | 2⅜ |

On March 21, 1986, the reported last sale price of the Common Stock on the American Stock Exchange was $\frac{5}{16}$ per share. The number of holders of record of the Company's Common Stock as of March 14, 1986 was 7,137.

### DIVIDENDS

The quarterly dividends on the Common Stock paid during 1984 and 1983 aggregated $.27 and $.36 per share, respectively. Dividends were suspended in, and none have been paid subsequent to, the third quarter of 1984 and covenants under the Company's bank loan agreement, currently in effect, restrict dividends for the foreseeable future. The Company does not contemplate the payment of dividends in 1986.

**Item 6.** ***Selected Financial Data***

| | Year Ended December 31 | | | | |
|---|---|---|---|---|---|
| | 1985 | 1984 | 1983 | 1982 | 1981 |
| | (In Thousands, Except Per Share Amounts) | | | | |
| Selected Financial Data(1)(2): | | | | | |
| Net sales | $ 94,366 | $148,771 | $146,529 | $143,157 | $128,956 |
| Loss from continuing operations before extraordinary items | (53,673) | (23,447) | (8,814) | (3,518) | (550) |
| Loss per share from continuing operations before extraordinary items: | | | | | |
| Primary | (2.24) | (1.12) | (.42) | (.17) | (.03) |
| Fully-diluted | Anti-dilutive | Anti-dilutive | Anti-dilutive | Anti-dilutive | Anti-dilutive |
| Cash dividends per common share | — | .27 | .36 | .36 | .33 |



RAM00358

| | Year Ended December 31 | | | | |
|---|---|---|---|---|---|
| | 1985 | 1984 | 1983 | 1982 | 1981 |
| | (In Thousands, Except Per Share Amounts) | | | | |
| At year-end: | | | | | |
| Total assets | 341,694 | 459,079 | 443,306 | 422,589 | 406,756 |
| Long-term obligations | — | 307,757 | 324,002 | 282,341 | 245,441 |
| Working capital (deficit) | (344,874) | (81,508) | (32,933) | (13,254) | 32,496 |
| Shareholders' equity (deficiency) | (31,163) | 13,952 | 40,962 | 59,396 | 69,791 |

(1) The Independent Certified Public Accountants' opinion of the Company's financial statements is qualified as to the realization of the Company's assets and its ability to continue as a going concern.

(2) Restated for discontinued operations and intercompany transactions.

**Item 7.** ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

**Liquidity and Capital Resources**

The following discussion should assist in an understanding of the Company's financial condition as compared to the last fiscal year, as well as the Company's operating results for the three years ended December 31, 1985, 1984, and 1983. Certain adverse events affecting the business of the Company are discussed in Item 1 of this report. The Notes to the Consolidated Financial Statements contain detailed information that should be read in conjunction with this discussion.

The Company experienced significant cash flow and liquidity problems during 1985, resulting principally from continuing adverse crude oil and natural gas market conditions and high interest costs resulting from funds borrowed to finance a portion of the Company's exploration and development activities. While the Company took a number of steps in 1985 to restructure its indebtedness, the Company's financial difficulties are continuing to increase and the Company faces significant financial uncertainties in 1986.

As of December 31, 1985, the Company's working capital deficit position increased from $81.5 million to $344.9 million primarily due to the reclassification of all of its long-term debt to current liabilities (see Note F of Notes to Consolidated Financial Statements).

Material increases (decreases) in working capital resulted primarily from the following:

| | 1985 | 1984 | 1983 |
|---|---|---|---|
| | | (In Millions) | |
| Funds provided from continuing operations | $ 10.5 | $ 47.8 | $ 58.6 |
| Funds provided from discontinued operations | 5.7 | 7.4 | 5.6 |
| Funds provided (used) by extraordinary items | — | 1.7 | (3.8) |
| Property, plant, and equipment—net | .4 | (84.0) | (103.7) |
| Senior long-term debt—net | (.7) | (14.6) | (61.6) |
| Subordinated debentures—net | (307.7) | (2.5) | 99.2 |
| Common stock issued | 17.0 | — | — |
| Payment of cash dividends on common stock | — | (5.7) | (7.5) |
| Other—net | 11.4 | 1.3 | (6.5) |
| Net change | $(263.4) | $(48.6) | $ (19.7) |



RAM00359

Capital expenditures during 1985 were $9.0 million as compared to $95 million during 1984. Capital expenditures are expected to remain at a low level throughout 1986 and will be primarily limited to remedial production maintenance and low-risk development drilling. Because the Company curtailed drilling expenditures in 1985, the Company has not made productive certain proved developed non-producing and proved undeveloped reserves and consequently did not have cash flow from such reserves in 1985. Deferral of such development and drilling can also result in a decrease in the present value of future net revenues from proved reserves as income streams from such reserves are not currently realized.

Among the Company's efforts to restructure its indebtedness, were its exchange offers (the "Exchange Offers") that were closed on October 3, 1985, pursuant to which the Company exchanged approximately $125.2 million principal amount of its 15% Senior Subordinated Secured Notes due 1995 ("Notes") and approximately 7.4 million shares of its Common Stock for approximately $234.2 million principal amount of its publicly held Debentures (the "Debentures"), having a net book value of approximately $217.8 million. As a result of the Exchange Offers, the Company reduced the principal amount of its indebtedness by approximately $109 million and its annual cash interest costs by approximately $12.7 million (see Note F of Notes to Consolidated Financial Statements).

Under the terms of the Notes, the Company has the option to pay all or any part of any interest payment on the Notes with shares of Common Stock. For purposes of this option, the shares of Common Stock to be issued in payment of interest on the Notes are to be valued at 85% of their then current market value and that portion of interest on the Notes that is to be paid in shares of Common Stock is deemed to have accrued at 17% per annum (see Note F of Notes to Consolidated Financial Statements). The Company satisfied the initial interest payment on the Notes due on December 15, 1985, pursuant to this option by issuing approximately 23.2 million shares of its Common Stock valued at approximately $.54 per share. The exercise of this option to pay such interest payment saved the Company approximately $9.4 million in cash.

In April 1985, the Company entered into an agreement with a major oilfield supply company extending the terms of payment on a trade payable and issued a note thereto, bearing interest at 12% per annum. The agreement requires monthly payments of principal plus interest through April 1987. Subsequently, in connection with the Exchange Offers, the Company granted to the supply company a lien on substantially all of the Company's producing crude oil and natural gas properties. Such lien is senior to the lien securing the Notes, but subordinate to the lien securing the Company's bank debt (See Note F of Notes to Consolidated Financial Statements).

Continued downward pressure on sales prices for crude oil and natural gas has, and is expected to, continue to adversely affected the Company's cash flow and liquidity. Customers of the Company are continuing to reduce prices that they are willing to pay for natural gas and the excess of natural gas in the United States has further led to some curtailments for reduced takes (even at lower prices) from the Company. In December 1985, after failing to reach agreement as to production quotas and pricing, certain members of OPEC announced that they intended to achieve a larger share of the world crude oil market by increasing their production of and reducing their prices for crude oil. Since such time and through the implementation of such actions, the worldwide price of crude oil has decreased significantly and may further decrease in the near future. See "Item 1. Crude Oil and Natural Gas Exploration and Production". Decreased crude oil prices have led to further decreases in natural gas prices because of the ability of a large portion of United States industries to burn either residual fuel oil, a crude oil component, or natural gas. Not only do lower crude oil and natural gas prices affect the Company's cash flow, but they also adversely impact the Company's reserve position because some properties may no longer be considered to have the economic character necessary to be considered proved reserves when prices fall below certain levels. Subsequent to year-end, crude oil and natural gas prices have significantly declined from the values used to evaluate reserves at December 31, 1985, and may continue to decline. See "Item 2. Properties—Reserve Information".

In December 1985, the Company sold its Berry Refinery located at Stephens, Arkansas, including all pipelines, related equipment, crude oil and refined products inventories thereto for a cash consideration of approximately $4.6 million which was in excess of the carrying value of such assets. These funds were primarily used to reduce bank debt and increase working capital.



RAM00360

At December 31, 1985, the Company had approximately $50.5 million of outstanding bank debt under the term loan agreement with its banks (the "Loan Agreement"), which is being repaid in equal monthly installments of $1.1 million. Under the Loan Agreement, the Company is required to maintain an annual cash flow of at least $45 million and working capital of $3 million (excluding the current portion of long-term liabilities which is not in default), which the Company was unable to achieve in 1985. As a result of such failure, the Company is currently in default under the Loan Agreement and the entire amount of debt thereunder has been classified as a short-term obligation on the Company's Consolidated Balance Sheet (see Note F to Notes to Consolidated Financial Statements). Further, unless such covenants are waived by the Company's banks, such banks could accelerate the amounts due under the Loan Agreement and foreclose on the Company's properties securing the Company's obligations under the Loan Agreement. While the Company has requested a waiver of such covenants from its banks and is currently seeking to restructure its bank debt with its present banks, there can be no assurance that such a waiver will be received. In addition, under the terms of a Cash Collateral Agreement between the Company and its banks securing the Company's obligation under the Loan Agreement, proceeds from the production of the Company's mortgaged crude oil and natural gas properties are deposited into a cash collateral account. As a result of the Company's default under certain covenants of the Loan Agreement, the cash in this account is made available to the Company solely at the discretion of the banks.

Under the terms of the Notes and the Debentures, which are expressly subordinate to the bank debt under the Loan Agreement, upon the maturity of the bank debt, whether by lapse of time, acceleration or otherwise, all material amounts due under the Loan Agreement and all interest thereon is required to be paid in full before any payment of principal or interest may be made on the Notes or the Debentures. Accordingly, if the Company's default under the Loan Agreement is used as a basis for acceleration of the bank debt, the Company would be prohibited from paying any interest or principal on the Notes or Debentures, which would constitute an event of default thereunder. An event of default under the Notes or under any issue of the Debentures could result in the holders thereof accelerating the amounts due thereunder, and, in the case of the Notes, a foreclosure on the Company's property securing the Notes. In any event, the Company does not at present expect to be able to pay any further interest in cash on the Notes or the Debentures and anticipates the first default in such interest to occur on April 15, 1986, on one issue of the Debentures. Failure to pay interest on the Notes and the Debentures will be a further default under the Loan Agreement.

At December 31, 1985, the present value of the Company's proved crude oil and natural gas properties securing the Notes was approximately $207.4 million. Under the terms of the Indenture pursuant to which the Notes were issued, the Company was required on December 31, 1985, to have had property mortgaged or pledged securing the Notes ("Mortgaged Property") having a value equal to $222.3 million, the sum of the Company's outstanding indebtedness senior to the Notes and the outstanding principal amount of Notes (collectively, "First Mortgage Obligations"). Because the value of the Mortgaged Property at December 31, 1985, was less than the outstanding First Mortgage Obligations, the Company will be required by July 15, 1986, to either or both (i) reduce the outstanding principal amount of First Mortgage Obligations to an amount not greater than the value of the Mortgaged Property or (ii) pledge additional property to secure the Notes so that the value of the Mortgaged Property is equal to or greater than the then outstanding First Mortgage Obligations. While the Company believes that it will be able to either reduce such principal amount of First Mortgage Obligations or pledge such additional properties by July 15, 1986, there can be no assurance that it will be able to do so. If the Company is unable to reduce such amounts or pledge such property, the Company will be in default under the Notes as of such date. Such a default would allow the holders of the Notes to accelerate the amounts due under the Notes and foreclose on the Company's properties securing the Notes and will further result in a default under the Company's indebtedness to its banks and possible action thereby to enforce their claims.

At the present time, the Company has no outside source of capital or debt and its only source of funds to meet its near-term cash demands are from crude oil and natural gas production and from the sale of crude oil and natural gas properties and related assets. Due to the combination of the Company's inability to finance and engage in the necessary drilling activities to bring undeveloped and non-producing reserves into production and the continuing decline in prices for crude oil and natural gas, the Company expects to experience further severe decreases in its cash flow and liquidity in 1986. If the prices of crude oil and



RAM00361

natural gas remain at their present levels or decline further and the Company is otherwise unable to increase its cash flow, the Company will not have sufficient cash flow in 1986 to service all its indebtedness. In addition, although the Company has the option to pay interest on the Notes with shares of its Common Stock, based upon the current market price of the Company's Common Stock, the Company will not have a sufficient number of authorized but unissued and unreserved shares of Common Stock (without further shareholder action increasing the number of shares available) to satisfy its interest obligations on the Notes with shares of Common Stock in lieu of cash in 1986. Accordingly, the entire amount of indebtedness under the Notes and the Debentures has been classified as a short-term obligation on the Company's Consolidated Balance Sheet (see Note F to Notes to Consolidated Financial Statements).

Due to the Company's cash flow and liquidity problems, the Company has determined that until such time that it is able to restructure its indebtedness, it will not make any further cash payments of interest on the Notes or the Debentures. A default on the interest payments due on the Notes or the Debentures could lead to action against the Company to enforce the rights of the holders thereof and will further result in a default under the Company's indebtedness to its banks and possible action thereby to enforce their claims. Action by any creditor with respect to a default or the Company's inability to restructure its debt or a default as to interest payments could necessitate the Company's taking action to protect itself under the Federal Bankruptcy laws.

In summary, because of the Company's difficult financial position, the Company does not believe that it will be able to continue as a going concern beyond 1986 unless it is able to restructure and reduce its outstanding indebtedness to a level at which the Company will be able to service while at the same time carry on the development drilling activities necessary to improve its future cash flow by bringing proved developed non-producing and other reserves into production. While the Company is currently considering several alternatives for restructuring its indebtedness outside of a reorganization proceeding under the Federal Bankruptcy laws, any such restructuring will necessarily require the support of its present banks and the holders of the Notes and the Debentures. The Company has no commitment from its present banks as to the future arrangements, and cannot predict whether the holders of the Notes or the Debentures will support any future restructuring plan. If the Company is unable to obtain the support of its banks and the holders of the necessary principal amount of the indebtedness, or if it determines that any such restructuring would be unsuccessful, the Company will likely seek a restructuring of its indebtedness under the protection of Chapter 11 of the Federal Bankruptcy Code. The Company is at present formulating a total restructuring plan to be presented to its creditors and stockholders prior to any Chapter 11 filing with the hope that if such a plan were approved it would facilitate a later confirmation thereof in such a proceeding. Of course, there can be no assurance that such a plan will receive the requisite creditor and shareholder approval for confirmation.

**Results of Operations**

*Continuing Operations*

Downward pressure on crude oil and natural gas sales prices, declining production volumes and continued high levels of interest expense adversely affected the Company's results of operations and its liquidity. The Company's loss from continuing operations before extraordinary items was $53.7 million in 1985. Revenues from continuing operations decreased by $54.4 million (36.6%) in 1985 as compared to 1984 and decreased by $52.2 million (35.6%) as compared to 1983. The sale of producing properties contributed to the decline in revenues, however, the majority of the reduction was due to declining production and lower sales prices. Additional losses were recorded in 1985 due to a $2.5 million write-down in the carrying value of inventory, a provision of $1.7 million for accrued revenues relating to as yet uncollected anticipated retroactive price increases for natural gas, and a $1.7 million allowance provided from an accelerated impairment of an undeveloped field (see Notes C and D of Notes to Consolidated Financial Statements).

The Company's production of crude oil decreased by 1.1 million barrels in 1985 as compared to 1984 and decreased by .9 million barrels as compared to 1983. The production of natural gas decreased 5.2 million Mcf in 1985 over 1984 and decreased by 4.3 million Mcf as compared to 1983.



RAM00362

*Discontinued Operations*

Management has been continually monitoring the economic environment in the refinery industry and has concluded that the small refinery segment of the crude oil and natural gas industry which has been distressed, will likely continue to be distressed. Moreover, even if refining margins improve for small refineries, the Company does not have the working capital to reenter the refining business. Based on such conclusions, the Company decided in December 1985 to discontinue its refining operations and to sell its refineries. On December 3, 1985, the Company sold its refinery located in Stephens, Arkansas (the Berry Refinery), including all pipelines, related equipment, and crude oil and refined products inventories for cash consideration of $4.6 million which resulted in a gain of approximately $2 million. The assets related to the Company's Longview and Adobe refineries have been recorded at their estimated fair market value resulting in write-downs of approximately $15.7 million in 1985 and $.6 million in 1984 (the Adobe Refinery was originally held for sale in January 1982). It is not presently determinable when economic conditions will enable the Company to sell the remaining refineries.

The Berry Refinery, which was sold, and the refineries being held for resale constitute all the assets and productive capacity of the Company's refining and petroleum products segment and, accordingly, the operating results of the refineries and the sale and write-down thereof have been accounted for as a discontinued operation. Revenues applicable to the discontinued operations were $27.2 million, $35.5 million, and $37.4 million in 1985, 1984 and 1983, respectively.

**Crude Oil and Natural Gas Exploration and Production**

Income from operations attributable to crude oil and natural gas producing activities decreased $32.4 million (73.4%) in 1985 as compared to 1984 and decreased $25.9 million (68.8%) compared to 1983. Crude oil and natural gas revenues decreased $51.5 million (36.7%) in 1985 as compared to 1984 and $50.2 million (36.1%) compared to 1983. The sales price of crude oil and other liquefied petroleum products averaged $24.92 per barrel in 1985 as compared to $28.07 a barrel in 1984 and $28.74 a barrel in 1983. Natural gas prices averaged $2.80 per Mcf in 1985 as compared to $3.08 per Mcf in 1984 and $3.28 per Mcf in 1983.

The Company continues to be adversely impacted by the general downturn in the crude oil and natural gas industry which began in 1982. Continued downward pressure exists on both crude oil and natural gas prices, along with some curtailment by the Company's natural gas purchasers. The general uncertainty surrounding the crude oil and natural gas industry makes it impossible to predict when, and if, an upturn in the industry will be forthcoming. Since December 31, 1985, as a result of actions taken by certain members of OPEC to increase production and reduce prices of crude oil in order to achieve their target share of the world market, the price of crude oil has fallen significantly. The Company is currently receiving an average of approximately $15 per barrel of crude oil and $2.50 per Mcf of natural gas—a particularly significant reduction in oil prices from 1985 averages.

**General and Administrative Expense**

The Company has continued to attempt to reduce its general and administrative expenses by elimination of certain employees and other measures in recent periods. Gains achieved from such measures have to some extent been offset by nonoperating related costs, including fees and expenses of investment bankers, legal counsel, financial printers, accountants, and the like, associated with the Company's debt restructuring efforts. While the Company intends to continue to try to reduce its general and administrative expenses, at present, the Company believes that further reduction in the number of its employees should not be made and expects that it will continue to incur substantial fees and expenses associated with its restructuring efforts.

**Item 8.** ***Consolidated Financial Statements and Supplementary Data***

See Note N to Notes to Consolidated Financial Statements.



RAM00363

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Stockholders and Board of Directors
Crystal Oil Company
Shreveport, Louisiana

We have examined the consolidated balance sheets of Crystal Oil Company and subsidiaries as of December 31, 1985 and 1984, and the related consolidated statements of operations, stockholders' equity (deficiency), and changes in financial position for each of the three years in the period ended December 31, 1985, and the schedules listed in the Index at Item 14. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As discussed in Note B, the realization of the Company's refinery assets is dependent on future events, the outcome of which cannot presently be determined. In addition, the consolidated financial statements are presented in accordance with generally accepted accounting principles applicable to a going concern, which contemplates, among other things, realization of assets in amounts required for payment of liabilities in the normal course of business. As shown in the consolidated financial statements, the Company has incurred net losses for each of the three years in the period ended December 31, 1985, and as of December 31, 1985, the Company's liabilities exceeded its total assets. As discussed in Note F, the Company is presently in default or anticipates being in default during 1986 under all of its debt agreements. In addition, the significant price decreases for crude oil and natural gas subsequent to December 31, 1985, will further diminish the Company's cash flow needed to fund debt service and perform drilling activities. These factors indicate that the Company may not be able to continue in existence. The consolidated financial statements do not include any adjustments relating to the aforementioned uncertainties of recoverability and classification of recorded assets or the repayment of payables that might be necessary should the Company be unable to continue in existence.

In our opinion, subject to the effects on the consolidated financial statements of such adjustments, if any, as might have been required had the outcome of the uncertainties referred to in the preceding paragraph been known, the consolidated financial statements referred to above present fairly the financial position of Crystal Oil Company and subsidiaries at December 31, 1985 and 1984, and the results of their operations and the changes in their financial position for each of the three years in the period ended December 31, 1985, in conformity with generally accepted accounting principles applied on a consistent basis, and the schedules listed in the Index at Item 14 present fairly, when read in conjunction with the related financial statements, the information therein set forth.

TOUCHE ROSS & CO.

Dallas, Texas
March 17, 1986



RAM00364

## CRYSTAL OIL COMPANY AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

### ASSETS

| | December 31 | |
|---|---|---|
| | 1985 | 1984 |
| | (In Thousands) | |
| CURRENT ASSETS | | |
| Cash, including restricted cash of $5,787,000 in 1985 | $ 9,231 | $ 8,123 |
| Accounts receivable, less allowance for doubtful accounts | 14,062 | 40,632 |
| Inventories | 3,388 | 6,388 |
| Prepaid expenses and other | 1,302 | 719 |
| TOTAL CURRENT ASSETS | 27,983 | 55,862 |
| PROPERTY, PLANT, AND EQUIPMENT— at cost using the successful efforts method of accounting | | |
| Producing crude oil and natural gas properties | 585,684 | 597,575 |
| Undeveloped leases and mineral rights | 1,595 | 5,410 |
| Land and buildings | 4,332 | 4,673 |
| Furniture, office equipment, and other | 5,365 | 5,771 |
| Transportation equipment | 6,522 | 7,260 |
| Work in progress | 701 | 758 |
| | 604,199 | 621,447 |
| Less allowances for depreciation and depletion | 302,845 | 260,589 |
| TOTAL PROPERTY, PLANT, AND EQUIPMENT | 301,354 | 360,858 |
| OTHER ASSETS | | |
| Net assets of discontinued refinery operations held for sale | 12,016 | 30,983 |
| Miscellaneous other assets | 341 | 11,376 |
| TOTAL OTHER ASSETS | 12,357 | 42,359 |
| | $341,694 | $459,079 |

See notes to consolidated financial statements.



RAM00365

## CRYSTAL OIL COMPANY AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

### LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)

| | December 31 | |
|---|---|---|
| | 1985 | 1984 |
| | (In Thousands) | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | $ 17,744 | $ 59,306 |
| Current portion of long-term liabilities | 355,113 | 78,064 |
| TOTAL CURRENT LIABILITIES | 372,857 | 137,370 |
| LONG-TERM LIABILITIES | | |
| Senior obligations | — | 662 |
| Subordinated debentures | — | 307,095 |
| TOTAL LONG-TERM LIABILITIES | — | 307,757 |
| TOTAL LIABILITIES | 372,857 | 445,127 |
| COMMITMENTS AND CONTINGENCIES | | |
| STOCKHOLDERS' EQUITY (DEFICIENCY) | | |
| Convertible cumulative preferred stock, $5 par value; authorized 1,000,000 shares; none issued | — | — |
| Common stock, $.01 and $1 par value; authorized 90,000,000 and 35,000,000 shares; issued 51,505,723 and 20,937,454 shares, respectively | 515 | 20,937 |
| Additional paid-in capital | 68,406 | 25,268 |
| Accumulated deficit | (100,084) | (32,253) |
| TOTAL STOCKHOLDERS' EQUITY (DEFICIENCY IN ASSETS) | (31,163) | 13,952 |
| | $ 341,694 | $459,079 |

See notes to consolidated financial statements.



RAM00366

## CRYSTAL OIL COMPANY AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF OPERATIONS

| | Year Ended December 31 | | |
|---|---|---|---|
| | 1985 | 1984 | 1983 |
| | (In Thousands Except Per Share Amounts) | | |
| REVENUES | | | |
| Producing properties | | | |
| Crude oil | $ 52,592 | $ 84,921 | $ 82,769 |
| Natural gas | 36,335 | 55,495 | 56,324 |
| Other income | 5,439 | 8,355 | 7,436 |
| | 94,366 | 148,771 | 146,529 |
| COSTS AND EXPENSES | | | |
| Crude oil and natural gas lease operating expense | 15,917 | 22,622 | 21,616 |
| Taxes other than income and windfall profit tax | 7,197 | 10,000 | 9,503 |
| Windfall profit tax | 492 | 1,447 | 2,978 |
| General and administrative expense | 13,574 | 16,637 | 17,346 |
| Interest and debt expense | 51,368 | 52,242 | 40,892 |
| Exploration costs | 4,306 | 4,647 | 5,578 |
| Write-down of inventory | 2,500 | — | — |
| Depreciation and depletion | 52,625 | 66,842 | 68,656 |
| | 147,979 | 174,437 | 166,569 |
| LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS | (53,613) | (25,666) | (20,040) |
| INCOME TAXES (CREDITS) | 60 | (2,219) | (11,226) |
| LOSS FROM CONTINUING OPERATIONS BEFORE EXTRAORDINARY ITEMS | (53,673) | (23,447) | (8,814) |
| DISCONTINUED OPERATIONS | | | |
| Write-down of refinery assets | (15,698) | (565) | — |
| Gain from sale of refinery | 1,960 | — | — |
| Income (loss) from operations, net of tax | (420) | 980 | 94 |
| INCOME (LOSS) FROM DISCOUNTINUED OPERATIONS | (14,158) | 415 | 94 |
| LOSS FROM OPERATIONS BEFORE EXTRAORDINARY ITEMS | (67,831) | (23,032) | (8,720) |
| EXTRAORDINARY ITEMS | | | |
| Gain on termination of pension plan | — | 1,675 | — |
| Loss from retirement of subordinated debentures, net of tax | — | — | (2,176) |
| NET LOSS | $(67,831) | $(21,357) | $(10,896) |
| NET INCOME (LOSS) PER SHARE OF COMMON STOCK | | | |
| Loss from continuing operations before extraordinary items | $ (2.24) | $ (1.12) | $ (.42) |
| Income (loss) from discontinued operations | (.59) | .02 | — |
| Extraordinary items | — | .08 | (.10) |
| Net loss | $ (2.83) | $ (1.02) | $ (.52) |
| CASH DIVIDENDS PER SHARE OF COMMON STOCK | $ — | $ .27 | $ .36 |
| AVERAGE SHARES OF COMMON STOCK OUTSTANDING | 23,987 | 20,937 | 20,937 |

See notes to consolidated financial statements.



RAM00367

## CRYSTAL OIL COMPANY AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIENCY)

| | Common Stock | Additional Paid-In Capital | Retained Earnings (Accumulated Deficit) |
|---|---|---|---|
| | | (In Thousands) | |
| Balance at January 1, 1983 | $ 20,937 | $38,017 | $ 442 |
| Net loss | — | — | (10,896) |
| Cash dividends on common stock | — | (7,096) | (442) |
| Balance at December 31, 1983 | 20,937 | 30,921 | (10,896) |
| Net loss | — | — | (21,357) |
| Cash dividends on common stock | — | (5,653) | — |
| Balance at December 31, 1984 | 20,937 | 25,268 | (32,253) |
| Net loss | — | — | (67,831) |
| Issuance of $1 par value common stock in exchange offers | 7,418 | 2,782 | — |
| Conversion of $1 par value to $.01 | (28,072) | 28,072 | — |
| Issuance of $.01 par value common stock for payment of obligations | 232 | 12,284 | — |
| Balance at December 31, 1985 | $ 515 | $68,406 | $(100,084) |

See notes to consolidated financial statements.



RAM00368

## CRYSTAL OIL COMPANY AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

| | Year Ended December 31 | | |
|---|---|---|---|
| | 1985 | 1984 | 1983 |
| | | (In Thousands) | |
| SOURCES OF FUNDS | | | |
| From continuing operations before extraordinary items: | | | |
| Loss from continuing operations | $(53,673) | $(23,447) | $ (8,814) |
| Add (deduct) items not requiring outlay of working capital in current period— | | | |
| Depreciation and depletion | 52,625 | 66,842 | 68,656 |
| Deferred income tax credits | — | (1,548) | (11,526) |
| Interest expense paid with common stock | 5,674 | — | — |
| Exploration costs | 4,306 | 4,647 | 5,578 |
| Other | 1,571 | 1,339 | 4,721 |
| Funds provided from continuing operations, excluding extraordinary items | 10,503 | 47,833 | 58,615 |
| From discontinued operations: | | | |
| Income (loss) from discontinued operations | (14,158) | 415 | 94 |
| Add (deduct) items not requiring outlay of working capital in current period— | | | |
| Depreciation | 4,135 | 6,372 | 5,458 |
| Write-down of refinery assets | 15,698 | 565 | — |
| Deferred income taxes | — | — | 80 |
| Funds provided from discontinued operations | 5,675 | 7,352 | 5,632 |
| Funds provided from operations, excluding extraordinary items | 16,178 | 55,185 | 64,247 |
| Gain (loss) from extraordinary items | — | 1,675 | (2,176) |
| Add (deduct) items not requiring outlay of working capital in current period— | | | |
| Retirement of deferred financing costs | — | — | 264 |
| Deferred income tax credits | — | — | (1,854) |
| Funds provided (used) by extraordinary items | — | 1,675 | (3,766) |
| TOTAL FUNDS PROVIDED FROM OPERATIONS AND EXTRAORDINARY ITEMS | 16,178 | 56,860 | 60,481 |
| Exchange: | | | |
| Carrying amount of senior subordinated notes issued | 207,423 | — | — |
| Issuance of common stock | 10,200 | — | — |
| Deferred financing costs eliminated | 9,305 | — | — |
| Increase in senior secured obligations | 19,090 | 61,000 | 61,052 |
| Book value of property, plant, and equipment sold and transfers to inventory | 9,438 | 11,207 | 1,909 |
| Net property, plant, and equipment of discontinued refinery operations sold | 1,301 | — | 778 |
| Common stock issued for reduction in carrying amount of senior subordinated notes | 6,842 | — | — |
| Issuance of debentures | — | — | 127,891 |
| Decrease in miscellaneous other assets | 761 | 1,322 | — |
| | $280,538 | $130,389 | $252,111 |

See notes to consolidated financial statements.



RAM00369

## CRYSTAL OIL COMPANY AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

| | Year Ended December 31 | | |
|---|---|---|---|
| | 1985 | 1984 | 1983 |
| | | (In Thousands) | |
| APPLICATIONS OF FUNDS | | | |
| Capital expenditures: | | | |
| Crude oil and natural gas properties (includes decreases in wells in progress of $57,000 in 1985, $5,243,000 in 1984, and $6,287,000 in 1983; and dry holes and other exploration costs of $1,226,000 in 1985, $2,007,000 in 1984, and $2,398,000 in 1983) | $ 8,825 | $ 89,520 | $103,394 |
| Undeveloped leases and mineral rights | 61 | 3,245 | 627 |
| Land and buildings | 54 | 327 | 515 |
| Furniture, office equipment, and other | 16 | 126 | 356 |
| Transportation equipment | 65 | 1,929 | 1,445 |
| Assets related to discontinued operations | 11 | 75 | 9 |
| | 9,032 | 95,222 | 106,346 |
| Payments of long-term liabilities and transfers to current portion | 227,082 | 75,589 | 122,667 |
| Reduction of subordinated debentures: | | | |
| Tendered in the exchange | 217,846 | — | — |
| Payments and transfers to current portion | 89,944 | 2,500 | 28,689 |
| Increase in miscellaneous other assets | — | — | 6,550 |
| Payment of cash dividends on common stock | — | 5,653 | 7,538 |
| Decrease in working capital | (263,366) | (48,575) | (19,679) |
| | $ 280,538 | $130,389 | $252,111 |
| INCREASE (DECREASE) IN WORKING CAPITAL BY COMPONENT | | | |
| Cash | $ 1,108 | $ (1,650) | $ 359 |
| Accounts receivable | (26,570) | 15,146 | (7,736) |
| Inventories | (3,000) | (520) | (1,843) |
| Prepaid expenses and other | 583 | 43 | 111 |
| Accounts payable and accrued expenses | 41,562 | 13,939 | (8,630) |
| Current portion of long-term liabilities | (277,049) | (75,533) | (1,940) |
| DECREASE IN WORKING CAPITAL | $(263,366) | $(48,575) | $(19,679) |

See notes to consolidated financial statements.



RAM00370

## CRYSTAL OIL COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**December 31, 1985**

### NOTE A—SIGNIFICANT ACCOUNTING POLICIES

*Consolidation*—The consolidated financial statements include the accounts of Crystal Oil Company and subsidiaries, all of which are wholly owned. All material intercompany accounts and transactions have been eliminated. Certain reclassifications have been made to the consolidated financial statements prior to 1985 to eliminate intersegment transactions, net of the related costs and expenses, and the related receivables and payables which had originally been recorded simultaneously and retained in the operating accounts to maintain the relationship between segmental financial and statistical disclosures. The intersegment transactions being reclassified for 1984 and 1983 primarily relate to sales made from the crude oil and natural gas exploration and production industry segment operations to the discontinued crude oil refining industry segment (see Note B). The sales from the crude oil and natural gas exploration and production industry segment are expected to be made to outside third parties in the future.

*Inventories*—Inventories are valued at the lower of cost or market. Cost for lease and well equipment inventory is determined using the average cost method, and refinery inventories was determined using the last-in, first-out method (LIFO).

*Crude Oil and Natural Gas Properties*—The successful efforts accounting method is followed under which intangible development costs are capitalized with respect to producing wells and nonproducing development wells and charged to operations with respect to nonproducing exploratory wells. Costs to acquire interests in undeveloped leases are capitalized and either transferred to producing properties when the properties become productive or charged against the impairment allowance when surrendered. An impairment allowance for undeveloped leases is determined on a property-by-property basis for significant properties and in the aggregate for other properties. Geological and geophysical costs and lease rentals are expensed as incurred.

The carrying amounts of assets sold or otherwise disposed of, except for certain development wells, and the related allowances for depreciation and depletion are eliminated from the accounts, and any resulting gain or loss is included in operations. Individual development wells in a producing field, which are retired or otherwise disposed of, are deemed to be fully amortized, and the related cost is charged to accumulated depreciation and depletion for that field. The carrying amounts of producing crude oil and natural gas properties sold from a depletable field is apportioned to the interest sold and the interest retained on the basis of the fair values of those interests.

A valuation adjustment for the impairment of crude oil and natural gas properties is provided to the extent that the carrying amount of producing crude oil and natural gas properties and undeveloped lease and mineral rights for financial reporting purposes (the "carrying value of crude oil and natural gas properties") exceeds undiscounted future net cash flow from proved crude oil and natural gas reserves and the lower of cost or estimated fair market value of properties not being depleted. As of December 31, 1985, undiscounted future net cash flow from crude oil and natural gas reserves and the lower of cost or estimated fair market value of properties not being depleted exceeded the carrying value of crude oil and natural gas properties; therefore, no valuation adjustment was required. Subsequent to December 31, 1985, prices for crude oil and natural gas have significantly declined from the prices used to estimate future net cash flows as of such date and may be subject to further declines.

*Depreciation and Depletion*—Depletion of intangible drilling and leasehold costs relating to producing crude oil and natural gas properties is computed by the unit of production method on a field basis using only proved developed reserves as determined by an independent petroleum engineering firm. The provision for depreciation has been computed on a straight-line basis.

*Interest Capitalization*—Interest cost is capitalized based upon the rate of outstanding borrowings during the period required to complete a construction project or drill a crude oil or natural gas well. Interest capitalized during each of the three years in the period ended December 31, 1985, is immaterial.



RAM00371

## NOTE A—SIGNIFICANT ACCOUNTING POLICIES—(Continued)

*Income Taxes*—Deferred income taxes are provided for timing differences in the recognition of revenues and expenses for tax and financial reporting purposes. Investment tax credits are recognized in the financial statements when they become available and can be offset against previously provided deferred income taxes.

*Deferred Financing Costs and Debt Discounts*—The interest method was used to amortize deferred financing costs and debt discounts relating to long-term debt (see Note F).

## NOTE B—DISPOSITIONS

Management has been continually monitoring the economic environment in the refinery industry and has focused on the fact that the small refinery segment of the crude oil and natural gas industry has continued to be distressed. It was concluded in December 1985, based on present economic conditions, to hold for resale the Company's refineries. On December 3, 1985, the Company sold its refinery located in Stephens, Arkansas (the Berry Refinery), including all pipelines, related equipment, and crude oil and refined products inventories for cash consideration of $4,596,000, which resulted in a gain of $1,960,000. The assets related to the Longview and Adobe refineries have been recorded at an estimated market value resulting in write-downs of approximately $15,698,000 in 1985 and $565,000 in 1984 (the Adobe Refinery was originally held for sale in January 1982). It is not presently determinable when economic conditions will enable the Company to sell the remaining refineries.

The refinery which was sold and the refineries being held for resale constitute all the assets and productive capacity of a separate business segment and, accordingly, the operating results of the refineries and the sale and write-down thereof have been accounted for as a discontinued operation. Revenues applicable to the discontinued operations were $27,245,000, $35,541,000, and $37,390,000 in 1985, 1984, and 1983, respectively. The per share effect of the discontinued operations is as follows:

| | Year Ended December 31 | | |
|---|---|---|---|
| | 1985 | 1984 | 1983 |
| Write-down of refinery assets | $(.65) | $(.03) | $ — |
| Gain on sale of refinery | .08 | — | — |
| Income (loss) from operations | (.02) | .05 | — |
| | $(.59) | $ .02 | $ — |

In 1985, the Company entered into two transactions aggregating $5,850,000 for the sale of its rights, titles, and interests in certain crude oil and natural gas properties. In 1984, the Company entered into six similar transactions aggregating $13,240,000. The aggregate sales in 1985 and 1984 were made at amounts in excess of the carrying value of the related assets and the net gains are included in "Other Income" in the Consolidated Statements of Operations.

## NOTE C—ACCOUNTS RECEIVABLE

| | December 31 | |
|---|---|---|
| | 1985 | 1984 |
| | (In Thousands) | |
| Trade accounts receivable | $13,322 | $25,195 |
| Receivables from sale of assets (Note B) | — | 11,936 |
| Other receivables | 740 | 3,501 |
| | $14,062 | $40,632 |

The accounts receivable are net of an allowance for doubtful accounts of $1,777,000 in 1985 and $56,000 in 1984.

Sales of certain natural gas were accrued prior to 1985 based on anticipated retroactive price increases for natural gas when the appropriate state regulatory agency approved the basis for such increases, when it was expected that such natural gas would subsequently be determined to be so-called "tight gas" by action of the Federal Energy Regulatory Commission (FERC) under Section 107 of the Natural Gas Policy Act of 1978, and when the related contract provided for the payment of such prices. Accordingly, as of December 31, 1984, the Company had trade accounts receivable in anticipation of such retroactive price increases of $1,721,000. While the Company intends to continue its efforts to obtain FERC approval of the "tight gas" designation and to collect the retroactive price increases, the delay in achieving that objective has led the Company to reconsider the collectibility of the receivable and to provide an allowance during 1985 for the entire amount.

## NOTE D—INVENTORIES

| | December 31 | |
|---|---|---|
| | 1985 | 1984 |
| | (In Thousands) | |
| Lease and well equipment | $3,388 | $5,393 |
| Crude oil | — | 380 |
| Refined products and other merchandise | — | 615 |
| | $3,388 | $6,388 |

In 1985, a write-down of $2,500,000 was recorded for the estimated difference between the cost of lease and well equipment inventory and current market value.

## NOTE E—TRADE ACCOUNTS PAYABLE AND ACCRUED EXPENSES

| | December 31 | |
|---|---|---|
| | 1985 | 1984 |
| | (In Thousands) | |
| Trade accounts payable | $12,749 | $50,695 |
| Accrued interest expense | 3,607 | 5,801 |
| Other accrued expenses | 1,388 | 2,810 |
| | $17,744 | $59,306 |



RAM00373

## NOTE F—DEBT

The Company is not in compliance with certain of the covenants of a loan agreement with a major commercial banking institution (the "Loan Agreement") and is, therefore, subject to the bank taking action with respect to the default thereunder, including calling the Company's loan and taking action to enforce the liens granted to the bank to secure the loan and the letters of credit secured thereby (see Note K). In addition, the Company does not anticipate it will have available sufficient cash or common stock to pay its interest obligations due under the terms of its other debt instruments for the duration of 1986. In accordance with Financial Accounting Standards Board No. 78, "Classification of Obligations that are Callable by Creditors", all of the Company's borrowings outstanding at December 31, 1985, are classified as a current liability in the Consolidated Balance Sheet.

| | December 31 | |
|---|---|---|
| | 1985 | 1984 |
| | (In Thousands) | |
| Senior secured obligations: | | |
| Mortgage note to a bank at prime plus ¼ of 1% | $ 50,532 | $75,000 |
| Trade note payable at 12% | 13,278 | — |
| 15% Senior Subordinated Secured Notes due June 15, 1995; face amount $125,155,390; effective interest rate 5.52% | 200,581 | — |
| Other | 778 | 1,226 |
| | 265,169 | 76,226 |
| Less current portion | 265,169 | 75,564 |
| Amount classified as long-term liabilities | $ — | $ 662 |

Beginning April 1, 1985, the Loan Agreement required the Company to commence equal monthly principal payments of $1,147,000 plus interest over a five-year period ending March 1990, and, in addition, proceeds from the sale of mortgaged properties have also been applied to reduce the amounts borrowed under the agreement. Under the Loan Agreement, the Company is required to maintain specific levels of working capital and cash flow and specified ratios of debt to equity and debt to security. The Loan Agreement also limits borrowings, sale of assets, loans to others, and investment and merger activity. The Company was not in compliance with certain of the covenants. In addition, under the terms of an agreement with the lending bank, proceeds received from the production of mortgaged crude oil and natural gas properties is deposited into a cash collateral account. As a result of the existing default under the Loan Agreement, the cash from this account is made available to the Company solely at the discretion of the Company's lending bank. In connection with the agreement, the Company is also required to maintain a compensating balance of $400,000. The payment of cash dividends on common stock is restricted from year to year based on prior year cash flow or net income; however, the Company did not pay dividends during 1985 and does not contemplate the payment of dividends in 1986. Substantially all assets are pledged as collateral on the mortgage note.



RAM00374

**NOTE F—DEBT—(Continued)**

In April 1985, the Company entered into an agreement with a major oilfield supply company extending the terms of payment on a trade payable and issued a note thereto bearing interest at 12% per annum. The agreement requires monthly payments of $750,000 plus interest through March 1987, with a final payment of $2,028,000 plus interest due April 1987. Subsequently, the Company granted a lien to the supply company on its producing crude oil and natural gas properties which is senior to the lien securing the Company's 15% Senior Subordinated Secured Notes (the "Notes"), but subordinate to the lien securing the Company's bank debt. The Company is required to prepay the note in connection with any refinancing of the Company's bank debt.

| | December 31 | |
|---|---|---|
| | 1985 | 1984 |
| | (In Thousands) | |
| Subordinated debentures and convertible subordinated debentures: | | |
| 14⅞% senior subordinated due December 15, 1998; face amount $16,691,000 and $130,000,000, respectively; effective interest rate 15.15% | $16,442 | $127,968 |
| 12⅝% due June 15, 1990; annual sinking fund payments of $2,500,000 beginning June 1988 | 7,715 | 17,500 |
| 13¼% due July 15, 2000; face amount $12,919,000 and $35,000,000, respectively; effective interest rate 14%; annual sinking fund payments of $2,625,000 begin July 1998 | 12,726 | 34,453 |
| 12⅝% due December 15, 2001; face amount $26,319,000 and $80,000,000, respectively; effective interest rate 17.06%; annual sinking fund payments of $6,000,000 begin December 1999 | 20,324 | 61,222 |
| 11⅜% due April 15, 2000; face amount $20,412,000 and $41,331,000, respectively; effective interest rate 13.10%; annual sinking fund payments of $3,750,000 begin April 1997; convertible at face amount into common stock at any time prior to maturity at approximately $20.20 per share (1,010,394 shares of common stock reserved) | 18,478 | 37,252 |
| 9% due May 1, 1991; convertible at face amount into common stock at any time prior to maturity at $37.50 per share (380,240 shares of common stock reserved) | 14,259 | 31,200 |
| | 89,944 | 309,595 |
| Less current portion | 89,944 | 2,500 |
| Amount classified as long-term liabilities | $ — | $307,095 |



RAM00375

NOTE F—DEBT—(Continued)

On September 25, 1985, the Company completed an exchange (the "Exchange") of the Notes and shares of its Common Stock for all its then outstanding subordinated debentures and convertible subordinated debentures (the "Debentures"). The closing of the Exchange occurred on October 3, 1985. Pursuant to the terms of the Exchange, the Company acquired $234,216,000 face amount of the Debentures (approximately 70.4% of the principal amount of the Debentures then outstanding), having a net book value of approximately $217,846,000 in exchange for approximately $125,155,000 principal amount of the Notes and approximately 7,418,000 shares of Common Stock. General and administrative expense includes approximately $2,500,000 which was associated with the Exchange. As a result of the Exchange, the Company reduced the principal amount of its outstanding indebtedness by approximately $109,000,000 and its annual cash interest costs by approximately $12,719,000. The Exchange was subscribed in the following proportions:

| | Face Amount | | Principal Amount of Notes Issued | Number of Shares Issued |
|---|---|---|---|---|
| | Debentures Outstanding | Debentures Exchanged | | |
| | (In Thousands) | | | |
| 14 ⅞% Debentures | $130,000 | $113,309 | $ 70,478 | 4,532 |
| 12 ⅝% Debentures due 1990 | 15,000 | 7,285 | 3,715 | 182 |
| 13 ¼% Debentures | 35,000 | 22,081 | 11,041 | 376 |
| 12 ⅝% Debentures due 2001 | 80,000 | 53,681 | 24,210 | 1,342 |
| 11 ⅜% Debentures | 41,331 | 20,919 | 8,765 | 732 |
| 9 % Debentures | 31,200 | 16,941 | 6,946 | 254 |
| | $332,531 | $234,216 | $125,155 | 7,418 |

The Notes were issued pursuant to the terms of an Indenture of Mortgage, Deed of Trust, Assignment and Security Agreement dated as of June 15, 1985, between the Company and J. Henry Schroder Bank & Trust Company, as Trustee (the "Indenture"). Interest on the Notes accrues at the rate of 15% per annum and is payable semiannually on June 15 and December 15 of each year. The Company may, at its option, pay interest on the Notes with cash, shares of Common Stock (valued at 85% of their then current market value, as defined in the Indenture and based on a 17% interest rate), or a combination thereof. The 15% discount on the issuance of Common Stock and the additional 2% interest on the Notes is included as interest expense to the extent the Company has exercised or intends to exercise this option. The Company exercised this option to pay interest by issuing shares of Common Stock for its December 15, 1985, interest payment resulting in the issuance of approximately 23,150,000 shares of Common Stock having a market value of approximately $0.54 per share.

The Notes are currently secured by a "third" lien on substantially all of the Company's proved crude oil and natural gas properties, which lien is subordinate to the lien securing the Company's obligations under its Loan Agreement and the lien securing the Company's obligation to one of its major oilfield suppliers. In the future, additional properties, including properties without proved reserves, may be pledged to secure the Notes. The Notes are subordinate in right of payment to the Company's First Mortgage Obligations (as defined in the Indenture and which include, at present, the Company's bank debt, bank letters of credit reimbursement obligations, and trade note payable to the major supplier), are senior in right of payment to the Debentures, and rank equally in right of payment with the Company's other Senior Indebtedness (as defined in the indentures under which the Debentures were issued). Under the terms of the Indenture, the Company is required to have mortgaged or pledged property securing the Notes having a value (based, in the case of crude oil and natural gas reserves, on the standard case for

NOTE F—DEBT—(Continued)

reporting to the Securities and Exchange Commission, which requires presentation of the present value of future net revenues of proved reserves using a 10% discount factor) equal to or greater than the principal amount of the outstanding Notes plus all the then outstanding indebtedness senior in right of payment or security position to the Notes (the "Minimum Coverage Requirement"). If, in any year, the Minimum Coverage Requirement is not met by April 5 of such year (based on previous year-end information), the Company will be required by July 15 of such year to reduce the amount of first Mortgage Debt (as defined in the Indenture and which currently consists of the Company's bank debt and the trade note payable) or Notes outstanding or pledge additional properties so that the Minimum Coverage Requirement is met. At December 31, 1985, the present value of the Company's proved crude oil and natural gas properties securing the Notes was approximately $207,400,000 while the amount of the Company's First Mortgage Debt was approximately $222,300,000. Accordingly, as of such date, the Company was not in compliance with the Minimum Coverage Requirement. The Company is currently reducing the amount of its First Mortgage Debt monthly, and, as of March 17, 1986, the amount of the Company's First Mortgage Debt was approximately $216,375,000. While the Company believes that it may be able to pledge additional properties or reduce the amount of its First Mortgage Debt so that it will be in compliance with the Minimum Coverage Requirement by July 15, 1986, there can be no assurance that it will be able to do so.

The Notes are subject to redemption at the option of the Company at any time at prices beginning at 115% of principal amount if redeemed prior to June 15, 1986, and declining annually and ratably to 100% of principal amount if redeemed on or after June 15, 1991. The Company may also redeem the Notes at 100% of principal amount (i) with the proceeds from the sale of Mortgaged Property (as defined in the Indenture) and (ii) under certain circumstances, with shares of Common Stock valued at 85% of their then current market value. The 15% discount will be expensed to the extent the Company has exercised or intends to exercise this option. The Company will be required, on or before June 15 of each year from June 15, 1991, to and including June 15, 1994, to redeem at 100% of principal amount, through the operation of a sinking fund, an amount equal to 15% of the original aggregate principal amount of Notes.

The Exchange was accounted for pursuant to Financial Accounting Standards Board Statement No. 15 entitled "Accounting by Debtors and Creditors for Troubled Debt Restructurings". Accordingly, the carrying value of the Notes for financial reporting purposes represents the book value of the Debentures tendered (including accrued interest thereon), less related deferred financing costs and the fair market value of Common Stock issued in connection with the Exchange. Interest expense for financial reporting purposes is computed utilizing the interest method to the extent future interest and principal payments on the Notes exceed the carrying amount of the Notes for financial reporting purposes. The effective interest rate, based upon such carrying value of the Notes, is approximately 5.52%, excluding the interest expense associated with the options related to the issuance of Common Stock.

On November 1, 1983, the Company purchased all of its Zero Coupon Subordinated Notes due December 15, 1988. The notes were purchased for a cash consideration of $30,500,000 and resulted in an extraordinary loss of $2,176,000, net of tax benefits of $1,854,000.

The indenture covenants of each of the subordinated debenture issues are less restrictive than those specified by the Indenture. The 14⅜% debentures, the 12⅜% debentures due 1990, and the 12⅛% debentures due 2001 currently cannot be redeemed from proceeds acquired through issuance of indebtedness having an effective interest rate of less than 15.15%, 12⅝%, and 17%, respectively.

Maturities of debt obligations, including the carrying amount of the Notes, for each of the next five years, before considering the effect that substantially all of the obligations are presently callable or are anticipated to be callable during 1986, would be $30,777,000 in 1986; $26,488,000 in 1987; $22,838,000 in 1988; $21,052,000 in 1989; and $14,785,000 in 1990.

## NOTE G—INCOME TAXES

The components of income taxes (credits) relating to continuing operations before extraordinary items are:

| | Year Ended December 31 | | |
|---|---|---|---|
| | 1985 | 1984 | 1983 |
| | | (In Thousands) | |
| Federal: | | | |
| Current | $ — | $ — | $ — |
| Deferred | — | (445) | (10,951) |
| State: | | | |
| Current | 60 | (671) | 300 |
| Deferred | — | (1,103) | (575) |
| | $ 60 | $(2,219) | $(11,226) |

The deferred tax credits in 1984 and 1983 primarily resulted from the utilization of losses recognized for financial reporting purposes and investment tax credits to offset previously provided deferred income taxes. The deferred income tax liability resulted primarily from deducting certain intangible drilling costs as incurred for tax purposes but capitalizing them for financial reporting purposes, from the sale of tax benefits, which was recognized as income for financial reporting purposes in the period sold but recognized over the life of the lease for tax purposes, and the utilization of accelerated tax depreciation and cost recovery methods for tax purposes.

Income taxes (credits) relating to continuing operations before extraordinary items vary from the amounts computed by applying the statutory rate as follows:

| | Year Ended December 31 | | |
|---|---|---|---|
| | 1985 | 1984 | 1983 |
| | | (In Thousands) | |
| Amounts computed by applying statutory rate | $(24,662) | $(11,806) | $ (9,218) |
| Excess over deferred tax liability | 24,662 | 11,361 | — |
| Investment tax credits | — | — | (1,537) |
| Other items, net | — | — | (196) |
| | — | (445) | (10,951) |
| State income taxes (credits) | 60 | (1,774) | (275) |
| | $ 60 | $ (2,219) | $(11,226) |

A provision (credit) has not been provided for income taxes from the operations of the discontinued refining segment for the years ended December 31, 1985 and 1984, the disposition of the assets relating to the discontinued refinery operations, and the extraordinary gain on termination of the pension plan because of the excess net loss for financial reporting purposes over previously provided deferred tax liabilities. Income from discontinued operations for the year ended December 31, 1983, is net of income taxes of $80,000.

## NOTE G—INCOME TAXES—(Continued)

Investment tax credits and net operating loss carryforwards of $15,000,000 and $245,000,000, respectively, are available for federal income tax purposes with expiration dates primarily from 1995 to 2000. In addition, statutory depletion carryforwards of $3,300,000 are available for federal income tax purposes and have no expiration date. Investment tax credits and net operating loss carryforwards of $2,000,000 and $90,000,000, respectively, are available to offset future federal income taxes for financial reporting purposes.

The Economic Recovery Tax Act of 1981, as supplemented by the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), provided for transactions that are structured in the form of a lease for tax purposes but, in substance, are solely the sale and purchase of tax benefits such as investment tax credits and deductions under the Accelerated Cost Recovery System. During 1983, the Company realized approximately $1,570,000, net of expenses and before taxes, from the sale of tax benefits which resulted in a gain after tax of approximately $848,000. The tangible assets relating to this transaction are included in "Property, Plant, and Equipment" in the Consolidated Balance Sheets and are being depreciated over their estimated useful life. The sales agreements place restrictions on the disposal of assets and, in certain situations, require the Company to indemnify the purchaser against loss of these tax benefits (see Note K). The regulations permitting the sale and purchase of tax benefits expired December 31, 1983.

## NOTE H—EMPLOYEE BENEFIT PLANS

During the fourth quarter of 1984, the Board of Directors authorized the termination of the defined benefit pension plan. Assets of the defined benefit pension plan were utilized to purchase annuity contracts from a major insurance company or were distributed to the participants. Assets of the plan exceeded costs of the annuity contracts and distributions by approximately $1,675,000, net of expenses, which reverted to the Company. The refund was recorded as an extraordinary item in the Consolidated Statement of Operations during 1984.

Effective Janaury 1, 1985, the Crystal Oil Company Thrift Plan was formed, which covers substantially all employees. Participation in the plan is voluntary, and the Company will fund matching contributions up to four percent of participant compensation. The Company contributed $179,000 to the plan in 1985.

During July 1985, the Board of Directors of the Company adopted a Phantom Stock Plan (the "Plan") for its key employees. The purposes of the Plan are to stimulate the efforts of selected key employees of the Company who are important to the rehabilitation and future growth and financial success of the Company and to attract, employ, and retain persons of outstanding ability who will have responsibility for the long-term future of the Company. The Plan provides such persons with a direct interest in the future performance of the Company and the appreciation in the market value of the Company's Common Stock by providing them with cash awards maturing equally over a three-year period based upon the appreciation in the Company's Common Stock. Effective July 30, 1985, the Company awarded 1,495,000 units of the Plan to 52 of the Company's key employees. The units had an initial stated value of $2.00 per unit, which equaled the market price of the Common Stock on July 30, 1985. As a result of the issuance of additional shares of Common Stock, the units awarded and stated value have been adjusted for dilution in accordance with the provisions of the Plan. Accordingly, at December 31, 1985, approximately 3,481,000 units with an adjusted stated value of approximately $.81 were outstanding. The closing price for the Company's Common Stock on the American Stock Exchange at December 31, 1985, was below the adjusted stated value; therefore, no accrual has been recorded for financial reporting purposes.

## NOTE H—EMPLOYEE BENEFIT PLANS—(Continued)

There is an incentive bonus plan for the benefit of certain management personnel. Under the plan, the amount available for bonuses is determined by the Board of Directors on a discretionary basis. During 1985, no bonuses were paid, and in 1984 and 1983, $1,046,000 and $922,000, respectively, were paid and charged to operations under this plan.

## NOTE I—STOCKHOLDERS' EQUITY (DEFICIENCY)

On December 5, 1985, the Company held a special meeting of its stockholders. The specific purpose of the meeting was to seek stockholder approval to (1) amend the Articles of Incorporation of the Company to increase the number of authorized shares of the Common Stock from 35,000,000 to 90,000,000 shares, (2) amend the Articles of Incorporation of the Company to reduce the par value of the Common Stock from $1.00 per share to $.01 per share, and (3) approve future issuances of shares of Common Stock that may be made by the Company to pay interest on or to redeem the Notes. All of the proposals were approved by the stockholders.

In March 1982, the Company announced the receipt of requisite Securities and Exchange Commission clearance for purchase of shares of its Common Stock and 11⅜% convertible subordinated debentures in the open market. The aggregate amount to be spent in such activities would be limited to $25,000,000 over the foreseeable future. As of December 31, 1985, no shares of Common Stock or convertible debentures have been purchased, and no such purchases will be made under the Company's current circumstances.

## NOTE J—NET LOSS PER SHARE

Primary loss per common share is computed by dividing the net loss by the weighted average number of shares of Common Stock outstanding during the year. The 9% convertible subordinated debentures are considered to be primary Common Stock equivalents; however, such common shares are not considered in calculating primary loss per share because the effect would be anti-dilutive. Fully-diluted loss per common share assumes the conversion of all the convertible debt and the elimination of related interest expense. Fully-diluted loss per common share is not presented since the calculation is anti-dilutive.

## NOTE K—COMMITMENTS AND CONTINGENCIES

In July 1979, a suit entitled "AGB Oil Company et al vs. The Charter Company, Charter Oil Company, and Crystal Exploration and Production Company" was filed in the Circuit Court of the Eleventh Judicial Circuit in and for Dade County, Florida, Cause No. 79-12012-CA-07. Plaintiff, the Limited Partner of Caloosa 1974, a Colorado Limited Partnership, of which CEPCO, formerly Charter Exploration and Production Company, is the General Partner, claims compensatory damages of ten million dollars, punitive damages in an undetermined amount, interest, and costs of litigation. The suit alleges breach of contract, breach of fiduciary duty, mismanagement, and fraud in connection with the operation of the Caloosa 1974 Limited Partnership. Based upon the discovery which has been completed to date and its analysis of the case, the Company believes that the likelihood of a recovery, if any, by Plaintiff in a material amount is remote.

NOTE K—COMMITMENTS AND CONTINGENCIES—(Continued)

On November 20, 1980, a suit was filed entitled "Gulfstream Petroleum Corporation et al vs. Crystal Oil Company" wherein the plaintiffs sought to establish their ownership in the Crystal Oil Company—El Paso Natural Gas No. 1-B well and the crude oil and natural gas leasehold estate. In February 1984, the Company and the plaintiffs agreed to a settlement whereby the plaintiffs' overriding royalty interest in the El Paso Natural Gas No. 1-B well would be retroactively increased from 25% to 35% as of the date the well first commenced production. Accordingly, as of December 31, 1983, the Company recorded an obligation attributable to the settlement aggregating $2,100,000, which was recorded in the amount of $656,000 as a reduction to crude oil and natural gas revenues to the extent it was applicable to 1983 production, and $1,444,000 as an increase to general and administrative expense to the extent it was attributable to production prior to 1983.

The Internal Revenue Service (IRS) has asserted claims with respect to its audit of the windfall profit tax paid in 1980. The Company has filed a protest asserting that the issues claimed by the IRS are without merit and were mathematically incorrect. The Company believes that the likelihood or a recovery, if any, in a material amount is remote.

There are various other suits and claims involving the Company and its subsidiaries which individually are not material. It is the opinion of management, based on current available information, that the ultimate liability or benefit, if any, resulting from such suits and claims will not materially affect the consolidated financial position or results of operations of the Company and its subsidiaries.

As of December 31, 1985, approximately $33,620,000 of standby letters of credit have been issued which bear interest from .5% to .75%. Such standby letters of credit primarily relate to guarantees of tax benefits sold (see Note G).

Subsidiaries of the Company serve as the general partner in four public partnerships in which employees, officers, directors, and, in one such partnership, shareholders of the Company have invested as limited partners and one non-public partnership for the exploration and development of crude oil and natural gas reserves. A subsidiary of the Company is contingently liable, solely as a matter of partnership law, for an obligation of one of these partnerships to a major commercial bank aggregating $2,821,000. No collateral of the Company or any such subsidiary secures such contingent liability. The Company is obligated to purchase 10% of the units sold pursuant to its 1981 public partnership each year from 1984 through 1990. The repurchase price is primarily based on the fair market value of crude oil and natural gas reserves, which will be determined from reserve calculations of an independent petroleum engineer. The Company and its subsidiaries have no other obligation to purchase partnership units.

The future minimum rental payments for all noncancelable operating leases as of December 31, 1985, are immaterial. Rental expense on operating leases was $727,000, $1,362,000, and $1,389,000, in 1985, 1984, and 1983, respectively.

## NOTE L—CRUDE OIL AND NATURAL GAS COST DATA AND RESULTS OF OPERATIONS

The following tables set forth certain data with respect to crude oil and natural gas acquisition, exploration, development, and production activities.

| | Year Ended December 31 | | |
|---|---|---|---|
| | 1985 | 1984 | 1983 |
| | (In Thousands) | | |
| Acquisition of properties: | | | |
| Unproved | $ 61 | $ 3,245 | $ 627 |
| Proved | — | 3,512 | 544 |
| Exploration costs | 1,239 | 4,769 | 5,399 |
| Development costs | 7,586 | 81,239 | 97,451 |

| | December 31 | |
|---|---|---|
| | 1985 | 1984 |
| | (In Thousands) | |
| Aggregate capitalized costs (including work in progress): | | |
| Crude oil and natural gas properties | $586,385 | $598,333 |
| Undeveloped leases and mineral interests (net of impairment allowance of $2,773,000 and $2,277,000) | 1,595 | 5,410 |
| Less accumulated depreciation and depletion | (295,089) | (253,718) |
| Costs relating to crude oil and natural gas activities, net | $292,891 | $350,025 |

Results of operations from exploration and production activities before intersegment eliminations:

| | Years Ended December 31 | | |
|---|---|---|---|
| | 1985 | 1984 | 1983 |
| | (In Thousands) | | |
| Revenues: | | | |
| Sales to unaffiliated customers | $88,927 | $140,416 | $139,093 |
| Sales to affiliates | 4,351 | 11,219 | 7,829 |
| Other income | 3,425 | 5,979 | 4,781 |
| Total revenues | 96,703 | 157,614 | 151,703 |
| Production costs and windfall profit tax(1) | 27,637 | 40,056 | 38,829 |
| Exploration costs | 4,306 | 4,647 | 5,578 |
| Depreciation and depletion | 53,010 | 68,804 | 69,663 |
| | 11,750 | 44,107 | 37,633 |
| Income tax expense | 6,250 | 18,459 | 15,644 |
| Results of operations | $ 5,500 | $ 25,648 | $ 21,989 |

(1) Includes a $2,500,000 write-down of inventory in 1985 and estimated liabilities of $2,450,000 in 1984 for refunds, including interest, under the Federal Energy Regulatory Commission interim rules as to refunding BTU measurement adjustments, which were charged to "General and Administrative Expense" in the Consolidated Statement of Operations. Includes legal settlements in 1983 of $1,983,000 which was charged to "General and Administrative Expense" in the Consolidated Statement of Operations.

## NOTE M—MAJOR CUSTOMERS

The Company has one purchaser of natural gas production which accounted for $15,109,000 (16%), $23,386,000 (16%), and $25,614,000 (17%) of total revenues in 1985, 1984, and 1983, respectively. The Company has one purchaser of crude oil production which accounted for approximately $24,515,000 (26%) of total revenues in 1985 and another purchaser which accounted for $36,584,000 (25%) of total revenues in 1984. There are no other customers to which sales represent more than 10% of total revenues.

## NOTE N—QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

Following is a summary of the unaudited quarterly results of operations for the years ended December 31, 1985 and 1984. Previously reported quarterly financial information has been restated to reflect the determination that the Company's refinery segment should be accounted for as a discontinued operation and to eliminate intersegment transactions.

| | Quarter Ended | | | | |
|---|---|---|---|---|---|
| | March 31 | June 30 | September 30 | December 31 | Total |
| | (In Thousands, Except Per Share Amounts) | | | | |
| **1985** | | | | | |
| Revenues | $ 27,069 | $ 25,193 | $ 20,916 | $ 21,188 | $ 94,366 |
| Operating profit from continuing operations | $ 4,075 | $ 4,851 | $ 2,439 | $ (266) | $ 11,099 |
| Funds provided from continuing operations | $ 3,306 | $ 3,211 | $ (2,131) | $ 6,117 | $ 10,503 |
| Income (loss) from: | | | | | |
| Continuing operations | $(12,665) | $(10,780) | $(15,825) | $(14,403) | $(53,673) |
| Discontinued operations | (292) | 189 | (9,802) | (4,253) | (14,158) |
| Net loss | $(12,957) | $(10,591) | $(25,627) | $(18,656) | $(67,831) |
| Income (loss) per share: | | | | | |
| Continuing operations | $ (.61) | $ (.51) | $ (.74) | $ (.44) | $ (2.24) |
| Discontinued operations | (.01) | .01 | (.46) | (.13) | (.59) |
| Net loss | $ (.62) | $ (.50) | $ (1.20) | $ (.57) | $ (2.83) |



RAM00383

## NOTE N—QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)—(Continued)

| | Quarter Ended | | | | |
|---|---|---|---|---|---|
| | March 31 | June 30 | September 30 | December 31 | Total |
| | (In Thousands, Except Per Share Amounts) | | | | |
| **1984** | | | | | |
| Revenues | $35,108 | $37,992 | $40,068 | $35,603 | $148,771 |
| Operating profit from continuing operations | $ 6,372 | $11,354 | $13,789 | $ 9,029 | $ 40,544 |
| Funds provided from continuing operations, excluding extraordinary item | $ 7,784 | $12,802 | $14,913 | $12,334 | $ 47,833 |
| Income (loss) from: | | | | | |
| Continuing operations | $(8,024) | $(5,014) | $(2,867) | $(7,542) | $(23,447) |
| Discontinued operations | 242 | 473 | 422 | (722) | 415 |
| Extraordinary item | — | — | — | 1,675 | 1,675 |
| Net loss | $(7,782) | $(4,541) | $(2,445) | $(6,589) | $(21,357) |
| Income (loss) per share: | | | | | |
| Continuing operations | $ (.38) | $ (.24) | $ (.14) | $ (.36) | $ (1.12) |
| Discontinued operations | .01 | .02 | .02 | (.03) | .02 |
| Extraordinary item | — | — | — | .08 | .08 |
| Net loss | $ (.37) | $ (.22) | $ (.12) | $ (.31) | $ (1.02) |

In the fourth quarter of 1985, a lease impairment adjustment of $1,742,000 was provided due to the Company's decision to abandon certain undeveloped acreage, and a $2,500,000 write-down of surplus lease and well equipment to its estimated current market value was recorded. During the third and fourth quarters of 1985, the Company recorded adjustments to write down its refineries by an estimated amount of $9,697,000 and $6,001,000, respectively.

## SUPPLEMENTAL INFORMATION

Supplemental information includes crude oil and natural gas reserve information pertaining to the Company's crude oil and natural gas exploration and production operations required by Statement No. 69 of the Financial Accounting Standards Board entitled "Disclosures About Oil and Gas Producing Activities".

### RESERVE INFORMATION

An independent petroleum engineering firm estimated the Company's proved crude oil and natural gas reserves generally using prices and costs in effect at year-end. Subsequent to December 31, 1985, prices for crude oil and natural gas have significantly declined from the prices used to estimate future net cash flows as of such date and, generally, prices therefore may be subject to further declines. Actual future net cash flows also will be affected by actual production, supply and demand for crude oil and natural gas, curtailments or increases in consumption by natural gas purchasers, and changes in governmental regulations or taxation. The timing of future cash flows from proved reserves, and thus their present value, is affected by the timing of the incurrence of expenses in connection with their development. In projecting future net cash flows and their present values, projections were made about the Company's development drilling activities, which may be difficult for it to accomplish because of the Company's cash position.

*Net Proved Crude Oil and Natural Gas Reserves (Unaudited)* The proved developed and undeveloped crude oil and natural gas reserves, all of which are located in the United States, are summarized below:

| | December 31 | | | | | |
|---|---|---|---|---|---|---|
| | 1985 | | 1984 | | 1983 | |
| | Oil | Gas | Oil | Gas | Oil | Gas |
| | (Barrels) | (Mcf) | (Barrels) | (Mcf) | (Barrels) | (Mcf) |
| Proved developed and undeveloped reserves: | | | | | | |
| Beginning of period | 16,136,298 | 131,063,705 | 14,761,029 | 129,831,178 | 13,131,590 | 102,770,729 |
| Revisions of previous estimates | (793,291) | (8,102,817) | 1,164,330 | (16,310,347) | (1,336,541) | (6,357,145) |
| Improved recovery (secondary) | — | — | 62,873 | — | 566,933 | 161,310 |
| Purchases of minerals in place | — | — | 265,423 | 3,754,852 | 64,992 | 51,626 |
| Extensions, discoveries, and other additions | 334,114 | 705,343 | 4,208,198 | 35,161,158 | 5,486,093 | 51,150,745 |
| Production | (2,285,251) | (13,682,405) | (3,425,212) | (18,882,316) | (3,152,038) | (17,946,087) |
| Sales of minerals in place | (592,371) | (598,995) | (900,343) | (2,490,820) | — | — |
| End of period | 12,799,499 | 109,384,831 | 16,136,298 | 131,063,705 | 14,761,029 | 129,831,178 |
| Proved developed reserves: | | | | | | |
| Beginning of period | 13,216,991 | 84,343,445 | 13,348,494 | 84,696,699 | 11,903,324 | 73,460,986 |
| End of period | 10,480,339 | 64,054,764 | 13,216,991 | 84,343,445 | 13,348,494 | 84,696,699 |



RAM00385

*Estimated Standardized Measure of Discounted Future Net Cash Flows (Unaudited)* The estimated standardized measure of discounted future net cash flow and changes therein relating to proved crude oil and natural gas reserves are summarized below:

| | December 31 | | |
|---|---|---|---|
| | 1985 | 1984 | 1983 |
| | | (In Thousands) | |
| Future cash inflows | $ 721,673 | $ 927,154 | $ 905,834 |
| Future production costs | (260,429) | (295,337) | (301,005) |
| Future development costs | (86,052) | (92,240) | (76,390) |
| Future net cash flow, before income tax expense(1)(2) | 375,192 | 539,577 | 528,439 |
| Annual discount of estimated future net cash flow(3) | (153,622) | (198,678) | (166,175) |
| Present value of future net cash flow before income taxes(4) | 221,570 | 340,899 | 362,264 |
| Future income tax expense discounted at 10%(5) | (1,197) | (20,322) | (33,825) |
| Standardized measure of discounted future net cash flow(3) | $ 220,373 | $ 320,577 | $ 328,439 |
| Costs relating to crude oil and natural gas activities, net | $ 292,891 | $ 350,025 | $ 341,308 |

(1) In computing future net cash flow for 1985 and 1984, crude oil and natural gas prices were based on year-end prices and consider increases or decreases to the extent they are fixed and determinable from existing contracts. In computing future net cash flow in 1983, crude oil and natural gas prices were based on year-end prices with the exception that natural gas prices in economic projections for NGPA Sections 102 and 108 are escalated 4% per year through 1984, as allowed by the NGPA and to the extent that such prices were being received under contractual arrangements. The economic projections include a provision for windfall profit tax using a net income limitation calculation and consider operating, drilling, and equipment costs to remain constant at year-end levels. No deductions have been made for general corporate overhead or any other indirect costs.

(2) Includes future net cash flow attributable to proved developed non-producing properties of $115,691,000, $154,856,000, and $155,369,000, respectively, which is net of future development costs of $12,912,000, $14,721,000, and $15,769,000, respectively.

(3) The annual discount of estimated future net cash flow is defined for use herein as future net cash flow, before income tax expense, discounted at 10% per year over the expected period of realization. Standardized measure of discounted future net cash flow, as used herein, should not be construed as fair market value, since no consideration has been given to many factors which influence the prices at which petroleum properties are traded, such as allowance for return on the investment and normal risks incident to the crude oil and natural gas business.

(4) Includes the present value of future net cash flow before income taxes attributable to proved developed non-producing properties of $50,255,000, $69,840,000, and $81,239,000, respectively.

(5) The future income tax expense primarily varies from the amount computed by applying statutory rates because of the benefits derived from the utilization of net operating loss and investment tax credit carryforwards available for tax purposes. Undiscounted future income taxes were $11,000,000, $59,000,000, and $73,000,000 for 1985, 1984, and 1983, respectively.



RAM00386

The following are the principal sources of change in the standardized measure of discounted future net cash flows:

| | December 31 | | |
|---|---|---|---|
| | 1985 | 1984 | 1983 |
| | | (In Thousands) | |
| Balance at beginning of year | $320,577 | $ 328,439 | $ 328,706 |
| Sales and transfers of crude oil and natural gas produced, net of production costs | (68,141) | (114,196) | (110,248) |
| Revisions for net change in price and production costs | (56,265) | (26,149) | (56,474) |
| Revisions of previous quantity estimates, estimated future development costs, and other | (22,230) | (21,409) | (27,763) |
| Sales of minerals in place | (8,527) | (13,933) | — |
| Extensions, discoveries, and improved recovery, less related costs(1) | 3,776 | 121,478 | 136,347 |
| Net change in income taxes, net of discount | 19,125 | 13,503 | 25,000 |
| Accretion of discount | 32,058 | 32,844 | 32,871 |
| Balance at end of year | $220,373 | $ 320,577 | $ 328,439 |

(1) Includes purchases of $8,244,000 and $1,019,000 in 1984 and 1983, respectively.



RAM00387

**Item 9.** ***Disagreements on Accounting and Financial Disclosure***

None.

## PART III

**Item 10.** ***Directors and Executive Officers of the Registrant***

**Directors**

The Company's Board of Directors is currently composed of seven directors. The following table sets forth (i) the name and age of each director, (ii) the positions of each director with the Company, (iii) the year during which each director first became a director of the Company, and (iv) the number of shares of Common Stock beneficially owned by each director, both directly and indirectly, as of January 31, 1986. Such table has been prepared from information obtained from the respective directors.

| Name | Age | Positions and Offices With the Company | Served as Director Since | Shares of Common Stock Beneficially Owned as of Such Date | Percent Ownership of Common Stock(1) |
|---|---|---|---|---|---|
| Robert F. Roberts (2) | 61 | Chairman of the Board | 1963 | 1,800,000 | 3.49 |
| J. N. Averett, Jr. (3) | 43 | President, Chief Executive Officer and Director | 1985 | — | * |
| Mark A. Roberts (4) | 28 | Executive Vice President and Director | 1980 | 700,000 | 1.36 |
| L. G. Caskey (5) | 59 | Secretary and Director | 1965 | 7,127 | * |
| Richard H. Sucher (6) | 58 | Director | 1971 | 839,484 | 1.63 |
| R. Gordon Bader (7) | 67 | Director | 1974 | 398,924 | * |
| James E. Hogle, Jr. (8) | 48 | Director | 1974 | 48,600 | * |

* Represents less than one percent (1%) of outstanding class of Common Stock.

(1) The percentages shown are based upon 51,505,723 shares of Common Stock outstanding on January 31, 1986, and do not include 1,010,394 shares of Common Stock reserved for issuance upon the conversion of the Company's 11¾% Convertible Subordinated Debentures due 2000 or 380,240 shares of Common Stock reserved for issuance upon conversion of the Company's 9% Convertible Subordinated Debentures due 1991.

(2) Mr. Roberts has been Chairman of the Board of the Company since 1963. Mr. Roberts served as Chief Executive Officer of the Company from 1963 to August 1985, and as a member of the Office of the Chief Executive of the Company from August 1985 to December 1985. Mr. Roberts is also Chairman of the Executive Committee of the Board of Directors. In addition, Mr. Roberts is a director of the Louisiana Bank & Trust Company of Shreveport, Louisiana and a director of LBT Corporation of Shreveport, Louisiana. Mr. Roberts owns directly and beneficially the shares attributed to him in the above table.

(3) Mr. Averett is President and Chief Executive Officer of the Company and has served in these capacities since November 1985 and December 1985, respectively. From March 1985, when Mr. Averett joined the Company, to August 1985, he served as a Senior Vice President to the Company. Mr. Averett served as Executive Vice President of the Company from August 1985 to November 1985 and as a member of the Office of the Chief Executive of the Company from August 1985 to December 1985. From 1982 until joining the Company, Mr. Averett served as Vice President of Finance and Chief Financial Officer of UPG Falco, Inc. (formerly P & O Falco, Inc.), a company engaged in crude oil and natural gas exploration and production and the gathering and marketing of crude oil. During the years 1980 through 1982, Mr. Averett served as Vice President and Chief Financial Officer of Langham Petroleum and Development, Inc., a company engaged in crude oil and natural gas exploration and production and crude oil trading. Mr. Averett was associated with Pennzoil Company, a natural resource company engaged in crude oil and natural gas exploration and production, refining, and the mining of sulphur and copper, from 1971 until 1980 and served as Treasurer of such company from 1978 until 1980. Mr. Averett is also a member of the Executive Committee of the Board of Directors of the Company.



RAM00388

(4) Mr. Mark A. Roberts, the son of Robert F. Roberts, is Executive Vice President and has served in that capacity since February 1, 1984. From 1980 to February 1984, Mr. Roberts served as Assistant to the President of the Company. Mr. Roberts owns directly and beneficially the shares attributed to him in the table above.

(5) Mr. Caskey has been associated with the Company since 1963 and is currently Secretary of the Company. Mr. Caskey owns directly and beneficially the shares attributed to him in the table above.

(6) Mr. Sucher has served as President of Ski Hi, Inc., a radio broadcasting company, since 1972, as an officer of H & H Communications, a radio broadcasting company, since 1982 and as an officer of R & L Communications, a radio broadcasting company, since 1983. Mr. Sucher was the Chairman of the Board of Directors of Pioneer Astro Industries, Inc. of Colorado Springs, Colorado, a manufacturer of medical equipment, from 1972 to 1980. Mr. Sucher also serves on the Audit Committee of the Board of Directors of the Company. Mr. Sucher owns directly and beneficially the shares attributed to him in the table above.

(7) Mr. Bader has served as President of Hogle Investment Company since 1970 and as a General Partner in Hogle Associates since 1976 and Hogle Company since 1984, both closely held firms which make investments in various industries, including the petroleum industry. Mr. Bader also serves on the Executive Committee, is Chairman of the Audit Committee, and is Chairman of the Personnel Review Committee of the Board of Directors. Mr. Bader served as a member of the Office of the Chief Executive of the Company from August 1985 to December 1985. Mr. Bader owns 24,118 shares of Common Stock directly and beneficially; Mr. Bader's wife owns an additional 17,572 shares of Common Stock as to which ownership is attributed to Mr. Bader in the table above but which beneficial ownership is disclaimed. Mr. Bader is also attributed with ownership of 347,234 shares in the table above owned by Hogle Associates and 10,000 shares owned by Hogle Company.

(8) Mr. Hogle has been a Vice President of Hogle Investment Company since 1971 and is a Limited Partner in Hogle Associates and Hogle Company, both closely held firms which make investments in various industries, including the petroleum industry. Mr. Hogle is also a member of the Audit Committee of the Board of Directors. Mr. Hogle owns directly and beneficially the shares attributed to him in the table above.

**Executive Officers**

The following table lists the names, ages, positions, and periods of service with the Company of its executive officers. Such persons were elected by the Board of Directors of the Company and will serve until removed or replaced by the Board of Directors.

| Name | Age | Served as Executive Officer Since | Position |
|---|---|---|---|
| Robert F. Roberts(1) | 61 | 1963 | Chairman of the Board |
| J. N. Averett, Jr.(1) | 43 | 1985 | President and Chief Executive Officer |
| Mark A. Roberts(1) | 28 | 1980 | Executive Vice President |
| Richard D. Miller(2) | 58 | 1975 | Senior Vice President—Land and Exploration |
| Sam J. Clinton(3) | 51 | 1982 | Senior Vice President—Drilling and Production |
| Daniel R. Grubb(4) | 59 | 1980 | Vice President—Exploration |
| James W. Renz(5) | 42 | 1983 | Vice President—Accounting |
| H. E. Bull(6) | 43 | 1985 | Vice President—Audit and Legal |
| Jeff Ballew(7) | 30 | 1986 | Treasurer |
| L. G. Caskey(1) | 59 | 1963 | Secretary |

(1) See "Directors" for biographical information.

(2) Mr. Miller has been associated with the Company since 1975 and currently serves as Senior Vice President—Land and Exploration.

(3) Mr. Clinton has been associated with the Company since 1976 either as a full-time production consultant or officer and currently serves as Senior Vice President—Drilling and Production.



RAM00389

(4) Mr. Grubb has been associated with the Company since 1969 and currently serves as Vice President—Exploration.

(5) Mr. Renz has been associated with the Company since 1972 and currently serves as Vice President—Accounting.

(6) Mr. Bull has been associated with the Company since 1983 and currently serves as Vice President—Audit and Legal. From 1982 until joining the Company, Mr. Bull was Business Administrator for Uro-Research, Inc., a privately-held research organization affiliated with Baylor College of Medicine. Mr. Bull was associated with Shell Oil Company from 1965 to 1981, serving in various management positions in Internal Audit, Accounting, and Corporate Planning.

(7) Mr. Ballew has been associated with the Company since 1985 and currently serves as Treasurer. Mr. Ballew served as Tax Manager and Director of Accounting and Administration for UPG Falco, Inc. (formerly P & O Falco, Inc.) from 1981 to 1985. From 1978 through 1981, Mr. Ballew served in various positions in the Tax Department of United Energy Resources, Inc.

**Item 11.** ***Executive Compensation***

**Compensation of Directors and Certain Officers**

The following table sets forth the aggregate compensation paid by the Company for services in all capacities during 1985 to each of the five highest paid executive officers whose aggregate compensation exceeded $60,000 and to all executive officers as a group.

*Cash Compensation Table*

| Name of Individual or Number in Group | Capacities in Which Served | Compensation(1) |
|---|---|---|
| Robert F. Roberts(2) | Chairman of the Board | $197,967 |
| J. N. Averett, Jr. | President and Chief Executive Officer | 118,100 |
| Mark A. Roberts | Executive Vice President | 102,513 |
| Sam J. Clinton | Senior Vice President—Drilling and Production | 92,218 |
| Richard D. Miller | Senior Vice President—Land and Exploration | 92,080 |
| All executive officers as a group (twelve persons)(3) | | $999,559 |

(1) Includes payments for director fees of $200, $200, $200 and $800 to Robert F. Roberts, J. N. Averett, Jr., Mark A. Roberts, and all executive officers as a group, respectively. The aggregate amount of additional benefits to all executive officers as a group is less than 10% of their aggregate compensation.

(2) This amount does not include $30,266 Mr. Roberts received in personal benefits, which consist primarily of insurance premiums of $26,629 paid by the Company. See "Insurance Policies".

(3) Includes $128,665 paid by the Company in 1985 to three former executive officers.

**Insurance Policies**

During a portion of 1985, the Company maintained life insurance policies in face amount of $2,000,000 on the life of Robert F. Roberts. The Company paid the premiums on such policies, but the beneficiary thereof was designated by Mr. Roberts. The total annual premiums on such policies for 1985 was $26,629. During 1985, all of the life insurance policies on Mr. Roberts maintained by the Company were terminated. As a result of the termination of such policies, the Company received $420,386, representing all previous premiums paid by the Company on such policies, and an insurance trust fund designated by Mr. Roberts received $180,367, representing the previous premiums reported for tax purposes as income to him and the income earned on such policies. The Company does not currently maintain any life insurance policy on the life of Robert F. Roberts.



RAM00390

The Company maintains a life insurance policy in the face amount of $2,000,000 on the life of Mark A. Roberts. The Company pays the premiums on the policy, but the beneficiaries thereof are designated by Mark A. Roberts. The total annual premium for 1985 on such policy was $22,900. The Company will be reimbursed for the premium paid from the proceeds of such policy to the extent such premium exceeds the amount which has been reported as income to Mr. Roberts.

**Directors Fees**

The Company pays its directors who are not employees of the Company at the rate of $6,000 per year. In addition, the members of the Audit and Personnel Review Committees are paid a per meeting fee of $500 for each such Committee meeting attended.

In addition to the standard compensation agreements with the Company's directors as described above, the Company from time to time requests its directors who are not employees to attend meetings and perform services for the Company. Directors so employed by the Company are compensated at the rate of $500 per day. During 1985, Messrs. Hogle, Sucher, and Bader received $500, $500, and $63,000, respectively, pursuant to such arrangements which includes compensation for attendance at Committee meetings.

**Bonus Plan**

The Company maintains an Incentive Bonus Plan which provides for annual bonus awards to certain employees. Beginning in 1982, the amount available for bonus awards in a given year will be an amount not greater than ten percent of any remaining amount available after subtracting from consolidated net income of the Company for the preceding year, as defined in the plan, an amount equal to shareholders' average equity for such year multiplied by the Company's average interest rate during such year on long-term bank debt. However, as provided by such plan, the Board of Directors may increase, and in the past has increased, the amount available for incentive bonus awards for any given year. During 1985, the Company did not grant or pay any incentive bonus awards.

**Thrift Plan**

As of January 1, 1985, the Company adopted the Crystal Oil Company Thrift Plan (the "Thrift Plan"), which is a savings plan for employees of the Company through which the Company matches employee contributions of from 1% to 4% of such employee's annual salary. Employees may also make supplemental contributions of up to 10% of their annual salary, which contributions are not matched by Company contributions. Each employee who was a participant in the Company's Pension Plan in December 1984, when such plan was terminated is eligible to participate in the Thrift Plan. Employees who are twenty-one years old and have at least one year of continuous service with the Company may also elect to participate in the Thrift Plan. The Thrift Plan is administered by an administrative committee consisting of five persons appointed by the Board of Directors. The administrative committee of the Thrift Plan can appoint an investment manager to direct and instruct the Trustee, Louisiana Bank and Trust Company, in matters relating to the investments of contributions. Subject to instruction from the Company or the investment manager, the Trustee may invest the contributions in any property of any kind or nature. Employee contributions and any earnings on them are 100% vested. The Company's contributions become vested at the rate of 20% after one year of participation under the Thrift Plan and an additional 20% each year thereafter. Employees can make withdrawals of certain employee contributions once per year. Employees can make withdrawals from their employee contributions upon attaining the age of 59½; however, a six month suspension of contributions generally results. Employees can also make withdrawals from their employee contributions in certain other specified situations. Contributions to the Thrift Plan on behalf of the Company's participating officers and directors may be considered remuneration to them. During 1985, the Company contributed $7,379, $3,833, $3,450, and $3,600, respectively, for Messrs. Robert F. Roberts, Mark A. Roberts, Sam J. Clinton, and Richard D. Miller, and $32,790 for all executive officers of the Company as a group.



RAM00391

**Phantom Stock Plan**

On July 16, 1985, the Board of Directors of the Company adopted a Phantom Stock Plan (the "Plan") for its key employees. The purposes of the Plan are to stimulate the efforts of selected key employees of the Company who are important to the rehabilitation and the future growth and financial success of the Company and to attract, employ and retain persons of outstanding ability who will have responsibility for the long-term future of the Company. The Plan provides such persons with a direct interest in the future performance of the Company through cash bonuses based on the appreciation in the market value of the Common Stock. The Board of Directors believes that because of the Company's present financial situation and its uncertain future, the incentives provided under the Plan are essential in order to attract, retain and motivate such persons and thereby successfully rehabilitate the Company.

The Plan is administered by, and awards made thereunder by, a committee (the "Administrative Committee") which may consist of the Board of Directors or any committee established by the Board of Directors to administer the Plan. The Administrative Committee is currently composed of Robert F. Roberts, Mark A. Roberts, and R. Gordon Bader, all of whom are members of the Board of Directors of the Company and none of whom are participants in the Plan. Each of the current members of the Administrative Committee has agreed that for as long as he is a member of the Administrative Committee he will not accept any awards under the Plan.

Awards under the Plan are granted in the form of Units ("Units") representing phantom shares of Common Stock, with each Unit representing one phantom share of Common Stock. Each Unit is initially assigned a value equal to the most recent sale price of a share of the Common Stock on an established market (the "Initial Stated Value"). Upon the retirement, permanent disability, voluntary termination or death of an employee who has been awarded Units under the Plan, such employee or his beneficiary will be entitled to receive in cash for each Unit held by such employee at the time of such event the amount by which the most recent market price of the Common Stock exceeds the Initial Stated Value. Each employee who has been awarded Units under the Plan will also be entitled on the anniversary date of each award of Units to him to convert one-third of such Units into cash and receive for each Unit so converted the amount by which the most recent market price of the Common Stock exceeds the Initial Stated Value.

Effective July 30, 1985, the Administrative Committee awarded 1,495,000 Units having an Initial Stated Value of $2.00 per Unit to 52 of the Company's key employees. As a result of the issuance of additional shares of Common Stock, and an Amendment to the Plan relating thereto, the Units awarded and stated value have been adjusted for dilution in accordance with the provisions of the Plan. Accordingly, at March 21, 1986, approximately 3,259,000 Units with an adjusted stated value of approximately $.81 were currently outstanding. The following table sets forth the number of Units awarded to (i) each of the three highest paid executive officers whose annual compensation exceeds $60,000 and who have received awards under the Plan and (ii) all executive officers as a group.

| Name of Individual or Number in Group | Capacities in Which Served | Number of Units Awarded | Adjusted Units |
|---|---|---|---|
| J. N. Averett, Jr. | President and Chief Executive Officer | 200,000 | 491,996 |
| Richard D. Miller | Senior Vice President—Land and Exploration | 60,000 | 147,599 |
| Sam J. Clinton | Senior Vice President—Drilling and Production | 60,000 | 147,599 |
| All executive officers as a group (eight persons) | | 500,000 | 1,229,989 |



RAM00392

Crystal Oil 1983 Employee Drilling Program, Ltd., a Texas limited partnership (the "1983 Partnership"), sold $1,184,000 in units of limited partnership interest at $250 per unit (the "1983 Units") to employees and directors of the Company on March 1, 1983. The 1983 Partnership, similar to the 1982 Partnership, was designed to allow employees and directors of the Company to participate with the Company in its drilling activities. In 1983, the 1983 Partnership participated with the Company in drilling 30 gross (2.93 net) wells on leases acquired from time to time by the Company of which 29 gross (2.9 net) were successful. In 1984, the 1983 Partnership participated with the Company in drilling eight gross (.71 net) wells, all of which were successful. In 1985, the 1983 Partnership did not participate in any additional drilling with the Company. While the percentage participation of the 1983 Partnership in wells varies from well to well, the expenses of each well are borne pro rata based on the 1983 Partnership's percentage of ownership in the well. During 1983 and 1984, the 1983 Partnership contributed an aggregate of $1,626,598 and $637,978, respectively, to wells it drilled with the Company based on such pro rata participation. During 1985, the 1983 Partnership contributed an aggregate of $20,596 for the workover and recompletion of wells in which it had originally participated in drilling with the Company.

Crystal Oil 1984 Employee Drilling Program, Ltd., a Texas limited partnership (the "1984 Partnership"), sold $1,380,000 in units of limited partnership interest at $250 per unit (the "1984 Units") to employees and directors of the Company on February 20, 1984. The 1984 Partnership, similar to the 1983 Partnership and the 1982 Partnership was designed to allow personnel of the Company to participate with the Company in its drilling activities. The 1984 Partnership participated with the Company during 1984 in drilling 40 gross (1.83 net) wells on leases acquired from time to time by the Company of which 38 gross (1.74 net) were successful. In 1985, the 1984 Partnership did not participate in any additional drilling with the Company. While the percentage participation of the 1984 Partnership in wells varies from well to well, the expenses of each well are borne pro rata based on the 1984 Partnership's percentage of ownership in the well. During 1984, the 1984 Partnership contributed an aggregate of $1,513,327 to wells it drilled with the Company based on such pro rata participation. During 1985, the 1984 Partnership contributed an aggregate of $27,509 for the workover and recompletion of wells in which it had originally participated in drilling with the Company.

The following executive officers and directors of the Company currently own the number of units set forth opposite each person's name:

| Name | Office | Number of Units 1981 | Number of Units 1982 | Number of Units 1983 | Number of Units 1984 |
|---|---|---|---|---|---|
| Robert F. Roberts | Chairman of the Board | 371 | 1,352 | 800 | 1,512 |
| Mark A. Roberts | Executive Vice President and Director | — | 716 | 400 | 848 |
| Richard D. Miller | Senior Vice President | 100 | 240 | 180 | 80 |
| R. Gordon Bader | Director | 47 | 664 | 800 | 800 |
| James E. Hogle, Jr. | Director | 58 | 664 | 800 | 800 |
| Richard H. Sucher | Director | 314 | 668 | 800 | 800 |
| Total | | 890 | 4,304 | 3,780 | 4,840 |

**Indemnity Agreement**

On March 19, 1986, in order to induce the Company's current officers and directors to continue to serve the Company in light of its current difficulties and lack of directors' and officers' liability insurance, the Company entered into an Indemnity Agreement with each of its executive officers and directors. Pursuant to such Indemnity Agreement the Company agreed to indemnify each such officer or director against any expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such officer or director in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of



RAM00393

the fact that such officer or director is or was serving as a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. In addition, the Company agreed to pay any expenses incurred by any officer or director with respect to any threatened or pending action, suit or proceeding on the condition that such officer or director undertake to repay such amount, or appropriate portion thereof, unless it is ultimately determined that such officer or director is entitled to indemnification. The Company also agreed to enter into an arrangement with one or more law firms to provide legal services on behalf of the Company's officers and directors for the defense of any threatened or pending action, suit or proceeding for which indemnification might be received and to continue to seek to obtain directors' and officers' liability insurance on a reasonable basis and, if such insurance cannot be reasonably obtained, to act as a self insurer of any claims that would have been covered under the Company's previous directors' and officers' liability insurance policy that expired in September 1985.

**Certain Other Transactions**

J. N. Averett, Jr. a Director and President and Chief Executive Officer of the Company, was formerly Vice President of Finance and Chief Financial Officer of UPG Falco, Inc. (formerly P & O Falco, Inc.) ("Falco"). During 1985, the Company entered into various crude oil contracts with Falco in the course of its normal business operations, pursuant to which the Company sold crude oil in the gross amount of approximately $1,798,000 to, and purchased crude oil in the gross amount of approximately $4,515,000 from Falco in arms-length transactions. The Company anticipates that it may continue similar transactions in 1986.

## PART IV

**Item 14.** ***Exhibits, Financial Statement Schedules, and Reports on Form 8-K***

(a) 1. Financial Statements


| | Page |
|---|---|
| Crystal Oil Company and Subsidiaries: | |
| Report of Independent Certified Public Accountants | 17 |
| Consolidated Balance Sheets as of December 31, 1985 and 1984 | 18 |
| Consolidated Statements of Operations for each of the three years in the period ended December 31, 1985 | 20 |
| Consolidated Statements of Stockholders' Equity for each of the three years in the period ended December 31, 1985 | 21 |
| Consolidated Statements of Changes in Financial Position for each of the three years in the period ended December 31, 1985 | 22 |
| Notes to Consolidated Financial Statements for each of the three years in the period ended December 31, 1985 | 24 |
| Supplemental Information (Unaudited) | 38 |
| 2. Financial Statement Schedules | |
| Schedule V—Property, plant, and equipment | 51 |
| Schedule VI—Allowances for depletion and depreciation of property, plant, and equipment | 53 |
| Schedule VIII—Valuation and qualifying accounts and reserves | 54 |
| Schedule X—Supplementary Income Statement Information | 55 |
| (All other schedules are omitted as the required information is inappropriate or presented in the Consolidated Financial Statements or related footnotes.) | |




RAM00394

3. Exhibits

| | | Page |
|---|---|---|
| *3.1 | Articles of Incorporation of the Registrant as amended through December 5, 1985. | |
| *3.2 | Bylaws of the Company, as amended through March 19, 1986. | |
| 4.1 | Indenture dated June 15, 1978, between the Company and Texas Commerce Bank National Association, as successor trustee (reference is made to the Registration Statement, registration no. 2-61463) | |
| 4.2 | Indenture dated April 15, 1980, between the Company and Texas Commerce Bank National Association, as successor trustee (reference is made to the Registration Statement, registration no. 2-66928) | |
| 4.3 | Indenture dated July 15, 1980, between the Company and Texas Commerce Bank National Association, as successor trustee (reference is made to the Registration Statement, registration no. 2-68418) | |
| 4.4 | Indenture dated May 15, 1981, between the Company and Texas Commerce Bank National Association, as successor trustee (reference is made to the Registration Statement, registration no. 2-72015) | |
| 4.5 | Indenture dated December 15, 1981, between the Company and Texas Commerce Bank National Association, as successor trustee (reference is made to the Qualification Statement, registration no. 22-11506) | |
| 4.6 | Indenture dated December 15, 1983, between the Company and Texas American Bank/Dallas, as successor trustee (reference is made to the Registration Statement, registration no. 2-88181) | |
| 4.7 | Loan Agreement dated July 28, 1982, between the Company and Bankers Trust Company (reference is made to the Report on Form 10-K filed by the Company for the year ended December 31, 1982) | |
| *4.8 | Letter Agreement dated July 13, 1985 between the Company and Bankers Trust Company. | |
| *4.9 | Indenture of Mortgage and Deed of Trust dated as of June 15, 1985, between the Company and J. Henry Schroder Bank & Trust Company. | |
| *4.10 | Cash Collateral Agreement dated July 16, 1985, between the Company, Bankers Trust Company and Louisiana Bank and Trust Company. | |
| *4.11 | Letter Agreement dated August 24, 1985, between the Company, Crystal Exploration and Production Company, Crystal Exploration Company and Halliburton Company and Otis Engineering Corporation. | |
| *4.12 | Letter Agreement dated September 9, 1985 between the Company and Bankers Trust Company. | |
| *4.13 | Supplement to letter agreement dated August 28, 1985, between the Company, Crystal Exploration and Production Company, Crystal Exploration Company and Halliburton Company and Otis Engineering Corporation. | |
| *4.14 | Second Supplement to letter agreement dated September 9, 1985, between the Company, Crystal Exploration and Production Company, Crystal Exploration Company and Halliburton Company and Otis Engineering Corporation. | |
| *4.15 | Letter Agreement dated September 9, 1985 between Bankers Trust Company, Halliburton Services, and Otis Engineering Corporation. | |
| *10.1 | The Company's Phantom Stock Plan, as amended. | |
| *10.2 | Indemnity Agreement dated March 19, 1986, between the Company and each of its directors and executive officers. | |
| *11 | Computation of Earnings (Loss) Per Share | |
| 22 | Subsidiaries of the Company (reference is made to the Report on Form 10-K filed by the Company for the year ended December 31, 1981) | |

*Filed herein.



RAM00395

SCHEDULE V

## CRYSTAL OIL COMPANY AND SUBSIDIARIES

### Property, Plant, and Equipment

### Year Ended December 31, 1985

| Classifications | Restated Balance at Beginning of Period | Additions at Cost | Retirements | Other Changes Add (Deduct)(A) | Balance at End of Period |
|---|---|---|---|---|---|
| Producing crude oil and natural gas properties | $597,575,000 | $ 7,656,000 | $19,129,000 | $ (418,000) | $585,684,000 |
| Undeveloped leases and mineral rights(B) | 5,410,000 | 61,000 | 3,477,000 | (399,000) | 1,595,000 |
| Land and buildings | 4,673,000 | 54,000 | 395,000 | — | 4,332,000 |
| Furniture, office equipment, and other | 5,771,000 | 16,000 | 422,000 | — | 5,365,000 |
| Transportation equipment | 7,260,000 | 65,000 | 803,000 | — | 6,522,000 |
| Work in progress | 758,000 | (57,000) | — | — | 701,000 |
| | $621,447,000 | $ 7,795,000 | $24,226,000 | $ (817,000) | $604,199,000 |

### Year Ended December 31, 1984

| Classifications | Restated Balance at Beginning of Period | Additions at Cost | Retirements | Other Changes Add (Deduct)(A) | Restated Balance at End of Period |
|---|---|---|---|---|---|
| Producing crude oil and natural gas properties | $536,366,000 | $92,755,000 | $30,026,000 | $(1,520,000) | $597,575,000 |
| Undeveloped leases and mineral rights(B) | 6,007,000 | 3,246,000 | 2,653,000 | (1,190,000) | 5,410,000 |
| Land and buildings | 4,425,000 | 327,000 | 79,000 | — | 4,673,000 |
| Furniture, office equipment, and other | 5,710,000 | 129,000 | 68,000 | — | 5,771,000 |
| Transportation equipment | 6,985,000 | 1,930,000 | 1,655,000 | — | 7,260,000 |
| Work in progress | 6,004,000 | (5,246,000) | — | — | 758,000 |
| | $565,497,000 | $93,141,000 | $34,481,000 | $(2,710,000) | $621,447,000 |



RAM00396

SCHEDULE V
(Continued)

## CRYSTAL OIL COMPANY AND SUBSIDIARIES

### Property, Plant, and Equipment

### Year Ended December 31, 1983

| Classifications | Balance at Beginning of Period | Transfer of Discontinued Operations | Restated Balance at Beginning of Period | Additions at Cost | Retirements | Other Changes Add (Deduct)(A) | Restated Balance at End of Period |
|---|---|---|---|---|---|---|---|
| Producing crude oil and natural gas properties | $435,306,000 | $ (245,000) | $435,061,000 | $107,283,000 | $1,204,000 | $(4,774,000) | $536,366,000 |
| Undeveloped leases and mineral rights(B) | 9,868,000 | — | 9,868,000 | 627,000 | 3,404,000 | (1,084,000) | 6,007,000 |
| Refining plants and equipment | 40,716,000 | (40,716,000) | — | — | — | — | — |
| Land and buildings | 6,365,000 | (404,000) | 5,961,000 | 521,000 | 2,049,000 | (8,000) | 4,425,000 |
| Furniture, office equipment, and other | 6,489,000 | (304,000) | 6,185,000 | 368,000 | 512,000 | (331,000) | 5,710,000 |
| Transportation equipment | 6,926,000 | (711,000) | 6,215,000 | 1,444,000 | 674,000 | — | 6,985,000 |
| Work in progress | 12,320,000 | — | 12,320,000 | (6,316,000) | — | — | 6,004,000 |
| | $517,990,000 | $(42,380,000) | $475,610,000 | $103,927,000 | $7,843,000 | $(6,197,000) | $565,497,000 |

(A) Includes $817,000, $2,710,000, and $6,196,000 in 1985, 1984, and 1983, respectively, for individual development wells in producing fields which are deemed to be fully amortized and charged to accumulated depreciation and depletion for that field.

(B) Retirements included additions to impairment allowance.

Note: Depletion of intangible and leasehold costs on producing crude oil and natural gas properties is computed by the unit of production method based upon proved developed reserves estimated by independent petroleum engineers. A composite grouping by field is used for this computation. The annual provision for depreciation has been computed on a straight-line basis in accordance with the following range of useful lives: lease and well equipment—10 years; transportation equipment—2 to 10 years; other equipment—6 to 15 years.



RAM00397

SCHEDULE VI

## CRYSTAL OIL COMPANY AND SUBSIDIARIES

### Allowances for Depletion and Depreciation of Property, Plant, and Equipment

### Year Ended December 31, 1985

| Classifications | Restated Balance at Beginning of Period | Additions Charged to Costs and Expenses(A) | Retirements | Other Changes Add (Deduct)(B) | Balance at End of Period |
|---|---|---|---|---|---|
| Producing crude oil and natural gas properties | $253,718,000 | $53,010,000 | $10,822,000 | $ (817,000) | $295,089,000 |
| Land and buildings | 841,000 | 213,000 | 129,000 | — | 925,000 |
| Furniture, office equipment, and other | 3,131,000 | 547,000 | 213,000 | — | 3,465,000 |
| Transportation equipment | 2,899,000 | 1,024,000 | 557,000 | — | 3,366,000 |
| | $260,589,000 | $54,794,000 | $11,721,000 | $ (817,000) | $302,845,000 |

### Year Ended December 31, 1984

| Classifications | Restated Balance at Beginning of Period | Additions Charged to Costs and Expenses(A) | Retirements | Other Changes Add (Deduct(B) | Restated Balance at End of Period |
|---|---|---|---|---|---|
| Producing crude oil and natural gas properties | $207,069,000 | $68,804,000 | $19,445,000 | $(2,710,000) | $253,718,000 |
| Land and buildings | 578,000 | 332,000 | 69,000 | — | 841,000 |
| Furniture, office equipment, and other | 2,572,000 | 629,000 | 70,000 | — | 3,131,000 |
| Transportation equipment | 2,755,000 | 1,195,000 | 1,051,000 | — | 2,899,000 |
| | $212,974,000 | $70,960,000 | $20,635,000 | $(2,710,000) | $260,589,000 |

### Year Ended December 31, 1983

| Classifications | Balance at Beginning of Period | Transfer of Discontinued Operations | Restated Balance at Beginning of Period | Additions Charged to Costs and Expenses(A) | Retirements | Other Changes Add (Deduct)(B) | Restated Balance at End of Period |
|---|---|---|---|---|---|---|---|
| Producing crude oil and natural gas properties | $145,391,000 | $ (179,000) | $145,212,000 | $69,663,000 | $1,701,000 | $(6,105,000) | $207,069,000 |
| Refining plants and equipment | 9,310,000 | (9,310,000) | — | — | — | — | — |
| Land and buildings | 596,000 | (80,000) | 516,000 | 278,000 | 212,000 | (4,000) | 578,000 |
| Furniture, office equipment, and other | 2,368,000 | (197,000) | 2,171,000 | 829,000 | 341,000 | (87,000) | 2,572,000 |
| Transportation equipment | 2,623,000 | (457,000) | 2,166,000 | 1,089,000 | 500,000 | — | 2,755,000 |
| | $160,288,000 | $(10,223,000) | $150,065,000 | $71,859,000 | $2,754,000 | $(6,196,000) | $212,974,000 |

(A) Includes $2,169,000, $4,118,000, and $3,203,000 in 1985, 1984, and 1983, respectively, of depreciation and depletion expense related to intercompany sales and charged to discontinued operations in the Consolidated Statements of Operations.

(B) Includes $817,000, $2,710,000, and $6,196,000 in 1985, 1984 and 1983, respectively, for individual development wells in producing fields which are deemed to be fully amortized and charged to accumulated depreciation and depletion for that field.



RAM00398

SCHEDULE VIII

## CRYSTAL OIL COMPANY AND SUBSIDIARIES

### Valuation and Qualifying Accounts and Reserves

| Allowance for Doubtful Trade Accounts Receivable | Balance at Beginning of Period | Charged to Costs and Expenses | Charged to Other Accounts | Deductions(A) | Balance at End of Period |
|---|---|---|---|---|---|
| Year ended December 31, | | | | | |
| 1985 | $ 56,000 | $1,721,000 | $ — | $ — | $1,777,000 |
| 1984 | $ 67,000 | $ — | $ — | $ 11,000 | $ 56,000 |
| 1983 | $ 80,000 | $ 9,000 | $ — | $ 22,000 | $ 67,000 |
| **Impairment Allowance on Undeveloped Leases** | | | | | |
| Year ended December 31, | | | | | |
| 1985 | $2,277,000 | $3,067,000 | $ — | $2,571,000 | $2,773,000 |
| 1984 | $2,769,000 | $2,640,000 | $ — | $3,132,000 | $2,277,000 |
| 1983 | $3,222,000 | $3,180,000 | $ — | $3,633,000 | $2,769,000 |

(A) Uncollectible trade accounts receivable and expired leases charged-off during the year.



RAM00399

SCHEDULE X

## CRYSTAL OIL COMPANY AND SUBSIDIARIES

### Supplementary Income Statement Information

### Years Ended December 31, 1985, 1984, 1983

| Item | Charged to Cost and Expenses | | |
|---|---|---|---|
| | 1985 | 1984 | 1983 |
| | | (In Thousands) | |
| Maintenance and repairs | $5,972 | $10,339 | $8,858 |
| Depreciation and amortization of intangible assets(A) | — | — | — |
| Taxes, other than payroll and federal income taxes: | | | |
| Windfall profit tax | 492 | 1,447 | 2,978 |
| Severance and production taxes | 4,624 | 9,620 | 7,134 |
| Other (primarily property taxes) | 2,573 | 380 | 2,369 |
| Royalties(A) | — | — | — |
| Advertising cost(A) | — | — | — |

(A) Amounts not presented—such amounts are less than 1% of total revenues.



RAM00400

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 27th day of March 1986.

CRYSTAL OIL COMPANY

By: /s/ J. N. AVERETT, JR.
J. N. Averett, Jr.
*President, Chief Executive Officer, and Director*
*(Principal Executive and Financial Officer)*

By: /s/ JAMES W. RENZ
James W. Renz
*Vice President—Accounting*
*(Principal Accounting Officer)*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

| Signature | Title | Date |
|---|---|---|
| /s/ ROBERT F. ROBERTS (Robert F. Roberts) | Chairman of the Board | March 27, 1986 |
| /s/ J. N. AVERETT, JR. (J. N. Averett, Jr.) | President, Chief Executive Officer, and Director | March 27, 1986 |
| /s/ MARK A. ROBERTS (Mark A. Roberts) | Executive Vice President and Director | March 27, 1986 |
| /s/ L. G. CASKEY (L. G. Caskey) | Secretary and Director | March 27, 1986 |
| /s/ JAMES E. HOGLE, JR. (James E. Hogle, Jr.) | Director | March 27, 1986 |
| /s/ R. GORDON BADER (R. Gordon Bader) | Director | March 27, 1986 |
| /s/ RICHARD H. SUCHER (Richard H. Sucher) | Director | March 27, 1986 |



RAM00401

# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## Form 10-Q

### QUARTERLY REPORT UNDER SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter ended March 31, 1986

Commission File Number 1-8715

# CRYSTAL OIL COMPANY

(Exact name of registrant as specified in its charter)

| Louisiana | 72-0163810 |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification Number) |
| 400 Crystal Building<br>Shreveport, Louisiana | 71101 |
| (Address of principal executive offices) | (Zip Code) |

**Registrant's telephone number, including area code: (318) 222-7791**

**Common Stock outstanding on March 31, 1986: 51,505,723**

NONE

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ✓ No ___

CRYSTAL OIL COMPANY

INDEX

PART I


| | Page No. |
|---|---|
| Item 1. Financial Statements | |
| Consolidated Condensed Balance Sheets—March 31, 1986 (Unaudited) and December 31, 1985 | 3 |
| Consolidated Condensed Statements of Operations—Three Months Ended March 31, 1986 and 1985 (Unaudited) | 4 |
| Consolidated Condensed Statements of Changes in Financial Position—Three Months Ended March 31, 1986 and 1985 (Unaudited) | 5 |
| Notes to Consolidated Condensed Financial Statements (Unaudited) | 6 |
| Review by Independent Accountants | 8 |
| Report of Independent Accountants | 9 |
| Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations. | 10 |


PART II


| | |
|---|---|
| Item 3. Defaults Upon Senior Securities | 13 |
| Item 5. Other Information | 13 |
| Item 6. Exhibits and Reports on Form 8-K | 15 |
| Signatures | 16 |




RAM00403

## CRYSTAL OIL COMPANY

## CONSOLIDATED CONDENSED BALANCE SHEETS

**($ in Thousands)**

### ASSETS

| | March 31 1986 (Unaudited) | December 31 1985 (1) |
|---|---|---|
| CURRENT ASSETS | | |
| Cash, including restricted cash of $4,940,000 and $5,787,000 | $ 8,406 | $ 9,231 |
| Accounts receivables—net | 11,150 | 14,062 |
| Lease and well equipment inventory | 3,035 | 3,388 |
| Prepaid expenses and other current assets | 1,924 | 1,302 |
| TOTAL CURRENT ASSETS | 24,515 | 27,983 |
| PROPERTY, PLANT, AND EQUIPMENT—net | 116,880 | 301,354 |
| OTHER ASSETS | 2,404 | 12,357 |
| | $ 143,799 | $ 341,694 |

### LIABILITIES AND DEFICIENCY IN STOCKHOLDERS' EQUITY

| | | |
|---|---|---|
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | $ 21,423 | $ 17,744 |
| Current portion of long-term liabilities | 349,445 | 355,113 |
| TOTAL CURRENT LIABILITIES | 370,868 | 372,857 |
| SENIOR LONG-TERM OBLIGATIONS | — | — |
| SUBORDINATED DEBENTURES | — | — |
| TOTAL LIABILITIES | 370,868 | 372,857 |
| COMMITMENTS AND CONTINGENCIES | | |
| DEFICIENCY IN STOCKHOLDERS' EQUITY | | |
| Common stock | 515 | 515 |
| Additional paid-in capital | 68,406 | 68,406 |
| Accumulated deficit | (295,990) | (100,084) |
| TOTAL DEFICIENCY IN STOCKHOLDERS' EQUITY | (227,069) | (31,163) |
| TOTAL LIABILITIES AND DEFICIENCY IN STOCKHOLDERS' EQUITY | $ 143,799 | $ 341,694 |

(1) The balance sheet at December 31, 1985 has been taken from the audited financial statements at that date, and condensed.

See accompanying notes to consolidated condensed financial statements.



RAM00404

## CRYSTAL OIL COMPANY

## CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

**($ in Thousands Except Per Share Amounts)**
**(Unaudited)**

| | Three Months Ended March 31 | |
|---|---|---|
| | 1986 | 1985 |
| NET SALES | $ 17,166 | $ 27,069 |
| COST AND EXPENSES | | |
| Cost of sales | 5,344 | 7,342 |
| Selling, general and administrative expense | 2,509 | 3,300 |
| Interest expense | 7,588 | 13,454 |
| Exploration costs | 603 | 921 |
| Depreciation, depletion, and impairment | 187,013 | 14,702 |
| | 203,057 | 39,719 |
| LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | (185,891) | (12,650) |
| INCOME TAXES | 15 | 15 |
| LOSS FROM CONTINUING OPERATIONS | (185,906) | (12,665) |
| LOSS FROM DISCONTINUED OPERATIONS | (10,000) | (292) |
| NET LOSS | $ (195,906) | $ (12,957) |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING | 51,505,723 | 20,937,454 |
| LOSS PER COMMON SHARE | | |
| Continuing operations | $ (3.61) | $ (.61) |
| Discontinued operations | (.19) | (.01) |
| Net loss | $ (3.80) | $ (.62) |

See accompanying notes to consolidated condensed financial statements.



RAM00405

## CRYSTAL OIL COMPANY

## CONSOLIDATED CONDENSED STATEMENTS OF CHANGES IN FINANCIAL POSITION

**($ in Thousands)**
**(Unaudited)**

| | Three Months Ended March 31 | |
|---|---|---|
| | 1986 | 1985 |
| SOURCE OF FUNDS | | |
| Working capital provided from continuing operations | $ 1,710 | $ 3,306 |
| Working capital provided from discontinued operations | — | 1,057 |
| Increase in senior long-term obligations | — | 10,966 |
| Other, primarily disposals of property, plant, and equipment and transfers to inventory | 644 | 7,472 |
| TOTAL FUNDS PROVIDED | 2,354 | 22,801 |
| USE OF FUNDS | | |
| Additions to property, plant, and equipment | 3,786 | 2,992 |
| Reduction of long-term debt | — | 24 |
| Increase in other assets | 47 | — |
| TOTAL FUNDS USED | 3,833 | 3,016 |
| Net increase (decrease) in working capital | (1,479) | 19,785 |
| Working capital (deficit)—beginning of period | (344,874) | (80,810) |
| WORKING CAPITAL (DEFICIT)—END OF PERIOD | $(346,353) | $(61,025) |

See accompanying notes to consolidated condensed financial statements.



RAM00406

## CRYSTAL OIL COMPANY

## NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

**(Unaudited)**

### Note 1. Consolidated Condensed Financial Statements

The consolidated condensed balance sheet as of March 31, 1986, and the consolidated condensed statements of operations and changes in financial position for the three months ended March 31, 1986 and 1985, have been prepared by the Company, without audit. The quarter ended March 31, 1985 has been restated to reflect the discontinuation of the Company's refinery segment in December 1985. In addition, certain reclassifications have been made to eliminate intersegment transactions in 1985. In the opinion of management, all adjustments (which include only normal recurring adjustments, except for the $174 million valuation adjustment described in Note 2) necessary to present fairly the financial position, results of operations, and changes in financial position at March 31, 1986, and for all periods presented have been made.

There have been no changes in the accounting policies as set forth in Note A of the Notes to Consolidated Financial Statements included in the 1985 Form 10-K.

### Note 2. Property, Plant, and Equipment

During the quarter ended March 31, 1986, prices for crude oil declined sharply resulting in significant decreases in the undiscounted future net cash flow from proved crude oil and natural gas reserves. These price declines, along with the Company's current financial position, make it doubtful as to whether the Company will have sufficient funds to develop its proved non-producing reserves. Because of the drastic decline in prices and the lack of sufficient funds to develop its proved non-producing reserves, the Company has recorded a valuation adjustment aggregating $174 million to reduce the carrying value of its crude oil and natural gas properties to the total of the estimated undiscounted future net cash flow from proved producing crude oil and natural gas reserves.

### Note 3. Debt

The Company failed to make scheduled interest payments due April 15, 1986, and May 1, 1986, on its 11⅜% Convertible Subordinated Debentures and its 9% Convertible Subordinated Debentures, respectively, aggregating $1.2 million and $642 thousand, respectively. In addition, the Company did not make a scheduled payment of principal of $750 thousand and interest of $103 thousand on a secured trade note payable to a major oilfield supply company which was due on May 5, 1986. Also, the Company is not in compliance with certain of the covenants of a loan agreement with a major commercial banking institution, under which the Company currently owes $44.8 million and is continuing its monthly payments of $1.1 million plus interest. Therefore, the holders of these debt instruments could accelerate the obligations due thereunder and the holders of the trade note and the bank note could foreclose on the Company's properties securing the Company's obligations thereunder.

Because of the Company's difficult financial condition, the Company does not believe that it will be able to continue as a going concern beyond 1986 unless it is able to restructure and reduce its outstanding indebtedness to a level at which the Company will be able to service and at the same time carry on the development drilling activities necessary to improve its future cash flow by bringing proved developed non-producing and other reserves into production. Any such restructuring will necessarily require the support of the Company's secured creditors, its debentureholders, and shareholders and will likely involve a filing by the Company under Chapter 11 of the Federal Bankruptcy Code. The Company is at present formulating a total restructuring plan to be presented to its creditors and shareholders prior to any Chapter 11 filing with the hope that if such plan is approved it will facilitate a later confirmation thereof in such a proceeding. While the Company is currently having discussions with its creditors with respect to such total restructuring plan and intends to present such a plan to its creditors and shareholders as soon as possible, there can be no assurance as to the timing when such a plan will be presented or that such a plan will be approved or confirmed.



RAM00407

**Note 4. Income Taxes**

Provisions for income taxes are determined for interim periods by applying the estimated effective tax rate expected to be applicable for the fiscal year to year-to-date operations. The estimated 1986 and 1985 effective tax rate differs from the statutory rate because the Company has no remaining deferred income tax liability recorded for financial purposes which can be offset by losses recognized for financial purposes and investment tax credits.

**Note 5. Commitments and Contingencies**

As of March 31, 1986, $33.4 million of standby letters of credit have been issued which bear interest ranging from .5% to .75%. Such standby letters of credit primarily relate to guarantees of tax benefits relating to safe harbor lease transactions.

Subsidiaries of the Company serve as the general partner in four public partnerships and one non-public partnership formed for the exploration and development of crude oil and natural gas reserves. A subsidiary of the Company is contingently liable solely as a matter of partnership law, for an obligation of one of these partnerships to a major commercial bank currently aggregating $2.3 million which represents partnership borrowings under a term loan. No collateral of the Company, or any such subsidiary, or any other partnership secures such contingent liability.

**Note 6. Discontinued Operations**

Management has been continually monitoring the economic environment in the refining industry and has focused on the fact that the small refinery segment of the crude oil and natural gas industry has continued to be distressed. It was concluded in December 1985, based on present economic conditions, to hold for sale the Company's remaining two refineries. Accordingly, the refineries have been accounted for as a discontinued operation. Based on management's continued analysis, it was concluded as of March 31, 1986, to record an additional adjustment of $10 million to write-down the refineries to their estimated salvage value, net of related costs and expenses.



RAM00408

## REVIEW BY INDEPENDENT ACCOUNTANTS

The consolidated condensed financial statements at March 31, 1986, and for the three month periods ended March 31, 1986 and 1985, have been reviewed, prior to filing, by the Registrant's independent certified public accountants, Touche Ross & Co., whose report covering their review of the financial statements is presented on the following page.



RAM00409

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Crystal Oil Company
Shreveport, Louisiana

We have made a review of the consolidated condensed balance sheet of Crystal Oil Company and subsidiaries as of March 31, 1986, and the related consolidated condensed statements of operations and changes in financial position for the three months ended March 31, 1986 and 1985, in accordance with standards established by the American Institute of Certified Public Accountants.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical review procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated condensed financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously examined, in accordance with generally accepted auditing standards, the consolidated balance sheet as of December 31, 1985, and the related consolidated statements of operations, deficiency in stockholders' equity, and changes in financial position for the year then ended (not presented herein); and in our report dated March 17, 1986, our opinion was qualified as to the ability of Crystal Oil Company and subsidiaries to continue as a going concern and as to the realization of its assets. In our opinion, the information set forth in the accompanying consolidated condensed balance sheet as of December 31, 1985, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

TOUCHE ROSS & CO.

Dallas, Texas
May 9, 1986



RAM00410

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*Liquidity and Capital Resources*

During the first quarter of 1986, the Company continued to experience severe cash flow and liquidity problems resulting principally from the Company's sizeable debt service requirements and more recently, a drastic decline in crude oil prices.

At March 31, 1986, the Company had approximately $47.1 million (currently $44.8 million) of outstanding indebtedness under a loan agreement with its banks (the "Loan Agreement"), which debt is being repaid in equal monthly installments of approximately $1.1 million plus interest on its indebtedness under the Loan Agreement. Under the Loan Agreement, the Company is required to maintain an annual cash flow of at least $45 million and working capital of at least $3 million (excluding the current portion of long-term liabilities which is not in default), which the Company was unable to achieve in 1985. As a result of such failure as well as the Company's failure to pay required payments of principal and interest on certain of its other indebtedness described below, the Company is currently in default under the Loan Agreement and the entire amount of the indebtedness thereunder has been classified as a short-term obligation on the Company's Consolidated Condensed Balance Sheets. Further, as a result of the Company's failure to comply with such covenants and pay such other indebtedness, the banks could accelerate the amounts due under the Loan Agreement and foreclose on the Company's properties securing the Company's obligations under the Loan Agreement. In addition, under the terms of a Cash Collateral Agreement between the Company and the banks securing the Company's obligation under the Loan Agreement, proceeds from the production of the Company's mortgaged crude oil and natural gas properties are currently being deposited into a cash collateral account. As a result of the Company's default under the Loan Agreement, the cash in this account is being made available to the Company solely at the discretion of the banks.

As of March 31, 1986, the aggregate principal amount of the Company's indebtedness was approximately $282 million and is currently $279 million. At the present date, the Company has no outside source of capital or debt and its only source of funds to meet the near-term cash demands are from crude oil and natural gas sales. Due to the combination of the Company's inability to finance and engage in the necessary drilling activities to bring undeveloped and non-producing reserves into production and the continuing decline in prices for crude oil and natural gas, the Company expects to experience further severe decreases in its cash flow and liquidity in the remainder of 1986. The average prices which the Company is receiving per barrel of crude oil and Mcf of natural gas has significantly decreased from an average of $24.92 and $2.80 in 1985, respectively, to a current average of $13.00 and $2.40, respectively. If the prices of crude oil and natural gas remain at their present levels or decline further and the Company is otherwise unable to increase its cash flow, the Company will not have sufficient cash flow in 1986 to service any of its indebtedness other than its bank debt. In that regard, in an effort to conserve its cash, the Company did not make a required payment of principal and interest of $750 thousand and $103 thousand, respectively, on a secured trade note payable (the "Trade Note") to a major oilfield supply company which was due on May 5, 1986. As a result of such failure, such oilfield service company could accelerate the amounts due under the Trade Note and foreclose on the Company's properties securing the Company's obligations thereunder. In addition, although the Company has the option to pay interest on its 15% Senior Subordinated Secured Notes due June 15, 1995 (the "Notes"), with shares of its Common Stock, based upon the current market price of the Common Stock, the Company will not have a sufficient number of authorized and unissued and unreserved shares of Common Stock to satisfy its interest obligations on the Notes with shares of Common Stock in lieu of cash in 1986. Accordingly, the entire amount of the Company's indebtedness, including all indebtedness under the Notes as well as under its six issues of publicly held debentures (the "Debentures"), has been classified as a short-term obligation on the Company's Consolidated Condensed Balance Sheets.

In addition, under the terms of the Notes and the Debentures, which are expressly subordinated to the bank debt under the Loan Agreement and the Company's indebtedness under the Trade Note, upon the maturity of such indebtedness whether by lapse of time, acceleration, or otherwise, all material amounts due thereunder and all interest thereon is required to be paid in full before any payment of principal or interest may be made on the Notes or the Debentures. Accordingly, if the Company's default under the



RAM00411

Loan Agreement or the Trade Note were to be used as a basis for acceleration of the amounts due thereunder, the Company would be prohibited from paying any interest or principal on the Notes or the Debentures. However, because of the Company's difficult financial position, the Company has determined that until such time that it is able to restructure its indebtedness, it will not make any further payments of interest on the Notes or the Debentures. In that regard, the Company did not pay the interest due on April 15, 1986, and May 1, 1986, on its 11⅜% Convertible Subordinated Debentures due 2000 (the "11⅜% Debentures") and its 9% Convertible Subordinated Debentures due 1991 (the "9% Debentures"), respectively, aggregating $1.2 million and $642 thousand, respectively. The next scheduled interest payment date on the Company's publicly held securities will be on June 15, 1986, at which time an aggregate of $12.8 million of interest will be due on the Notes, the 14⅛% Senior Subordinated Debentures due December 15, 1998, the 12⅝% Subordinated Debentures due June 15, 1990, and the 12¾% Subordinated Debentures due December 15, 2001, and will be followed by a scheduled interest payment of $888 thousand due on July 15, 1986, on the 13¾% Subordinated Debentures due July 15, 2000. The failure to pay such interest on the Notes or on any issue of the Debentures could result in the holders thereof accelerating the amounts due thereunder, and in the case of the Notes, a foreclosure on the Company's property securing the Notes. The Company's failure to pay interest on the Notes or the Debentures is also a default under the Loan Agreement.

The Company's working capital deficit position at March 31, 1986, was $346.4 million compared to $344.9 million at December 31, 1985, which considers the accounting treatment under Financial Accounting Standards Board No. 78, "Classification of Obligations that are Callable by Creditors", whereby all of the Company's borrowings outstanding at March 31, 1986, and December 31, 1985, are classified as a current liability in the Company's Consolidated Condensed Balance Sheets. Such decrease is primarily due to working capital being used to fund capital expenditures of $3.8 million during the quarter which was partially offset by working capital provided from operations of $1.7 million.

Because of the drastic decline in prices being received by the Company from its proved producing crude oil and natural gas properties and its lack of sufficient funds to develop its proved non-producing properties, the Company recorded a write-down of $174 million to reduce the carrying value of its proved crude oil and natural gas properties to reflect only the total estimated undiscounted future net revenues from its proved producing crude oil and natural gas reserves. In addition, because of the continued deterioration in the oil and gas industry, the Company has recorded an additional write-down of $10 million so as to reflect the estimated salvage value of its two refineries currently being held for sale.

The Company's write-down of the value of its crude oil and natural gas properties was primarily based on an updated reserve report on the proved crude oil and natural gas reserves of the Company as of March 31, 1986, prepared by the independent petroleum engineering firm of H. J. Gruy & Associates. See "Item 5. Other Information". A comparative summary of certain information from such report and a similar report prepared by such firm as of December 31, 1985, and which is discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 1985, is set forth in the following table:

| | March 31, 1986 | | December 31, 1985 | |
|---|---|---|---|---|
| | Total Proved | Proved Producing | Total Proved | Proved Producing |
| | ($ in Thousands) | | | |
| Future cash inflows | $381,363 | $173,967 | $ 721,673 | $ 317,932 |
| Future production costs | (90,512) | (58,363) | (260,429) | (139,169) |
| Future development costs | (64,008) | (254) | (86,052) | (1,678) |
| Future net cash flow, before income tax expense(1) | 226,843 | 115,350 | 375,192 | 177,085 |
| Annual discount of estimated future net cash flow(2) | (91,385) | (29,656) | (153,622) | (44,498) |

*(Table continued on following page)*



RAM00412

| | March 31, 1986 | | December 31, 1985 | |
|---|---|---|---|---|
| | Total Proved | Proved Producing | Total Proved | Proved Producing |
| | ($ in Thousands) | | | |
| Present value of future net cash flow before income taxes | 135,458 | 85,694 | 221,570 | 132,587 |
| Future income tax expense discounted at 10% | — | — | (1,197) | — |
| Standardized measure of discounted future net cash flow(2) | $135,458 | $ 85,694 | $ 220,373 | $ 132,587 |

(1) In computing future net cash flow for March 31, 1986 and December 31, 1985, crude oil and natural gas prices were based on prices in effect on such date and consider increases or decreases to the extent they are fixed and determinable from existing contracts. The economic projections include a provision for windfall profit tax using a net income limitation calculation and consider operating, drilling, and equipment costs to remain constant at year-end levels. No deductions have been made for general corporate overhead or any other indirect costs.

(2) The annual discount of estimated future net cash flow is defined for use herein as future net cash flow, before income tax expense, discounted at 10% per year over the expected period of realization. Standardized measure of discounted future net cash flow, as used herein, should not be construed as fair market value, since no consideration has been given to many factors which influence the prices at which petroleum properties are traded, such as allowance for return on the investment and normal risks incident to the crude oil and natural gas business.

In summary, because of the Company's difficult financial condition, the Company does not believe that it will be able to continue as a going concern beyond 1986 unless it is able to restructure and reduce its outstanding indebtedness to a level at which the Company will be able to service and at the same time carry on the development drilling activities necessary to improve its future cash flow by bringing proved developed non-producing and other reserves into production. Any such restructuring will necessarily require the support of the Company's secured creditors, its debentureholders, and shareholders and will likely involve a filing by the Company under Chapter 11 of the Federal Bankruptcy Code. The Company is at present formulating a total restructuring plan to be presented to its creditors and shareholders prior to any Chapter 11 filing with the hope that if such plan is approved it will facilitate a later confirmation thereof in such a proceeding. While the Company is currently having discussions with its creditors with respect to such total restructuring plan and intends to present such a plan to its creditors and shareholders as soon as possible, there can be no assurance as to the timing when such a plan will be presented or that such a plan will be approved or confirmed.

**Results of Operations**

Since year-end, economic conditions in the crude oil and natural gas industry have continued to deteriorate with a resulting decrease in crude oil prices of approximately 50%. The Company's net loss from continuing operations was $185.9 million for the three months ended March 31, 1986, which included a write-down of $174 million to reduce the carrying value of the Company's crude oil and natural gas properties. Additionally, the Company incurred a loss from discontinued operations as a result of an additional write-down of $10 million of its refineries held for sale. The decline in revenues from $27.1 million for the three months ended March 31, 1985, to $17.2 million for the three months ended March 31, 1986, is primarily attributable to declines in crude oil prices and declines in volumes of crude oil and natural gas resulting from lease depletion and the inability of the Company to fund expenditures for developing proved non-producing properties.



RAM00413

**Three Months Ended March 31, 1986, Compared With Three Months Ended March 31, 1985**

*Crude Oil and Natural Gas Exploration and Production*

Operating profit attributable to crude oil and natural gas production activities decreased $7.7 million or 41% in the first quarter of 1986. Crude oil and natural gas revenues decreased $10.2 million or 39%. The sales price of crude oil and other liquefied petroleum products averaged $18.44 per barrel in the first quarter of 1986, a decrease of $6.19 per barrel, compared with first quarter 1985 of $24.63. Natural gas prices averaged $2.42 per Mcf in the first quarter of 1986, a decrease of $.48 over the same period in 1985. Lease operating expense, including production and windfall profit taxes, decreased $2.0 million or 27%. Depreciation and depletion expense, excluding the $174 million write-down, decreased $2.4 million.

The Company continues to be adversely impacted by the general downturn in the crude oil and natural gas industry which began in 1982. Continued downward pressure exists on both crude oil and natural gas prices, along with some curtailment by the Company's natural gas purchasers. The general uncertainty surrounding the crude oil and natural gas industry makes it impossible to predict when, and if, an upturn in the industry will occur. Since December 31, 1985, as a result of actions taken by certain members of OPEC to increase production and reduce prices of crude oil in order to achieve their target share of the world market, there has been a substantial oversupply of crude oil in the world and domestic market and the price of crude oil has fallen significantly. The Company is currently receiving an average of approximately $13 per barrel for crude oil and $2.40 per Mcf for natural gas—a particularly significant reduction in crude oil prices from 1985 and the first quarter 1986 averages.

## PART II: OTHER INFORMATION

**Item 3. Defaults Upon Senior Securities**

As of the beginning of the year, the Company was not in compliance with certain of the covenants of the Loan Agreement constituting a default under such agreement. In addition, the Company's failure to pay its obligations with respect to certain of its other indebtedness discussed below constitutes a default under the Loan Agreement. The Company is continuing its monthly payments of $1.1 million plus interest on its indebtedness under the Loan Agreement and has reduced the balance thereunder to $44.8 million as of May 12, 1986. On May 5, 1986, the Company did not make a scheduled payment of principal and interest aggregating $853 thousand on the Trade Note payable to a major oilfield supply company, which constituted a default thereunder. As of May 12, 1986, the outstanding principal amount on the Trade Note was $10.3 million. As a result of the Company's default with respect to the indebtedness under the Loan Agreement and the Trade Note, such indebtedness could be accelerated and the Company's properties securing such obligations foreclosed on.

On April 15, 1986, the Company did not make a scheduled payment of interest aggregating $1.2 million on its 11¾% Debentures which as of May 12, 1986, had a principal balance of $20.4 million outstanding.

On May 1, 1986, the Company did not make a scheduled payment of interest aggregating $642 thousand on its 9% Debentures, which as of May 12, 1986, had a principal balance of $14.3 million outstanding.

For additional information with respect to the above defaults and their effect on the Company's liquidity, see "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations".

**Item 5. Other Information**

The Company engaged the independent petroleum engineering firm of H. J. Gruy and Associates to report on the Company's proved crude oil and natural gas reserves as of March 31, 1986. The following table presents their estimates of the estimated future net revenues relating to proved crude oil and natural gas reserve quantities. Petroleum engineering is not an exact science. Estimates of economically



RAM00414

recoverable crude oil and natural gas reserves and of the future net revenues therefrom are based upon a number of variable factors and assumptions, such as historical production of the subject properties as compared with similar producing properties, the assumed effects of regulation by governmental agencies and assumptions concerning future crude oil and natural gas prices and future operating costs, severance and excise taxes, development costs and workover and remedial costs, all of which may in fact vary considerably from actual results. All such estimates are to some degree speculative, and classifications of reserves are only attempts to define the degree of speculation involved. For these reasons, estimates of the economically recoverable reserves of crude oil and natural gas attributable to any particular group of properties, the classification and risk of recovering such reserves and estimates of the future net revenues expected therefrom, prepared by different engineers or by the same engineers at different times, may vary substantially. Estimates with respect to proved undeveloped and proved developed non-producing reserves that may be developed and produced in the future are based upon volumetric calculations and upon analogy to similar types of reserves rather than upon actual production history. These methods are not as reliable as actual production history in estimating reserves. Later studies of the same reserves based upon production history will result in variations, which may be substantial, in the estimated reserves. The Company therefore emphasizes that the actual production, revenues, severance and excise taxes, development expenditures and operating expenditures with respect to its reserves will likely vary from estimates, and such variances may be material.

Further, actual future net revenues also will be affected by actual production, supply and demand for crude oil and natural gas, curtailments or increases in consumption by natural gas purchasers and changes in governmental regulations or taxation. The timing of future net revenues from proved reserves, and thus their present value, is affected by the timing of the incurrence of expenses in connection with their development. In projecting future net cash flows and their present values, projections were made about the Company's development drilling activities, which may be difficult for it to accomplish because of the Company's cash position.

Estimated Future Net Revenues from Proved Crude Oil and Natural Gas Reserves—The estimated future net revenues from proved crude oil and natural gas reserves and the present value thereof are summarized below:

| | March 31, 1986 | | | December 31, 1985 | | |
|---|---|---|---|---|---|---|
| | Proved Developed and Undeveloped (1) | Proved Developed (1) | Proved Producing (1) | Proved Developed and Undeveloped (1) | Proved Developed (1) | Proved Producing (1) |
| | ($ in Thousands) | | | | | |
| 1986 | $ 25,115(2) | $ 25,985(2) | $ 26,062(2) | $ 44,187 | $ 50,571 | $ 49,828 |
| 1987 | 26,318 | 25,913 | 23,694 | 40,883 | 36,869 | 33,343 |
| 1988 | 12,619 | 18,851 | 16,117 | 28,585 | 29,326 | 23,211 |
| Remainder | 162,791 | 98,765 | 49,477 | 261,537 | 176,156 | 70,703 |
| Total | $226,843 | $169,514 | $115,350 | $375,192 | $292,922 | $177,085 |
| Present Value(3) | $135,458 | $110,852 | $ 85,694 | $221,570 | $182,954 | $132,587 |

(1) In computing future net cash flow for March 31, 1986 and December 31, 1985, crude oil and natural gas prices were based on prices in effect on such date and consider increases or decreases to the extent they are fixed and determinable from existing contracts. The economic projections include a provision for windfall profit tax using a net income limitation calculation and consider operating, drilling, and equipment costs to remain constant at year-end levels. No deductions have been made for general corporate overhead or any other indirect costs.

(2) Nine month period only.



RAM00415

(3) Present value is defined for use herein as future net revenue discounted at 10% per year over the expected period of realization. Present value as used herein should not be construed as fair market value since no consideration has been given to many factors which influence the prices at which petroleum properties are traded, such as taxes on operating profits, allowance for return on the investment, and normal risks incident to the crude oil and natural gas business.

**Item 6. Exhibits and Reports on Form 8-K**

(a) Exhibits

Exhibit 11—Computation of Loss per Common Share



RAM00416

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 12th day of May 1986.

CRYSTAL OIL COMPANY

By: /s/ J. N. AVERETT, JR.

J. N. Averett, Jr.
*President,*
*Chief Executive Officer,*
*and Director*
*(Principal Executive and Financial Officer)*

By: /s/ JAMES W. RENZ

James W. Renz
*Vice President—Accounting*
*(Principal Accounting Officer)*



RAM00417

EXHIBIT A

# UNITED STATES BANKRUPTCY COURT
# WESTERN DISTRICT OF LOUISIANA
# SHREVEPORT DIVISION

| | |
|---|---|
| IN THE MATTER OF | NO. ..... |
| CRYSTAL OIL COMPANY, | |
| a Louisiana corporation, | |
| DEBTOR. | IN PROCEEDING UNDER CHAPTER 11 |

## PLAN OF REORGANIZATION

Crystal Oil Company, a Louisiana corporation ("Crystal"), proposes the following Plan of Reorganization pursuant to the provisions of Chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 1101 *et. seq.*

### ARTICLE I

### DEFINITIONS

Unless the context otherwise requires, the following terms shall have the following meanings when used in initially capitalized form in this Plan. Such meanings shall be equally applicable to both the singular and plural forms of such terms. Any term used in initially capitalized form in this Plan that is not defined herein but that is used in Title 11, United States Code, Bankruptcy, as amended (the "Bankruptcy Code"), shall have the meaning assigned to such term in the Bankruptcy Code.

1.01 *Administrative Expense or Administrative Claim* means an administrative expense or Claim under Section 503 of the Bankruptcy Code that is entitled to priority under Section 507(a)(1) of the Bankruptcy Code.

1.02 *Allowed* or *Allowed Amount* means the amount of any Allowed Claim or Allowed Interest.

1.03 *Allowed Claim* or *Allowed Interest* means a Claim against or Interest in Crystal allowable under Section 502 of the Bankruptcy Code to the extent that (i) a proof of claim or proof of interest was timely Filed, deemed Filed, or, with leave of the Bankruptcy Court or without objection by the Debtor-in-Possession, late Filed, and (ii) as to which either (a) a party in interest, including the Debtor-in-Possession, does not timely File an objection or (b) is Allowed by a Final Order; unless otherwise provided hereinafter in this Plan. The only Allowed Interest is one in the Common Stock.

1.04 *Available Cash Flow* for any given period means (i) the sum of (a) the net cash received by Crystal from the sale of capital assets pledged or mortgaged to secure the payment of the New Bank Note and (b) all cash from Crystal's consolidated operations after lease operating costs and general and administrative expenses and capital expenditures approved by the Bank and Halliburton, less (ii) any amounts necessary for Reorganized Crystal to maintain a cash account equal to the sum of (a) $4,000,000 and (b) such amount as may be reasonably necessary for Reorganized Crystal to cover all security deposits, payments and accruals for operating and general administrative expenses (including, but not limited to, taxes and insurance) and funds to be used for approved capital expenditures.

1.05 *Bank* means Bankers Trust Company, a New York banking corporation.

1.06 *Bank Note* means the promissory note dated July 28, 1982, from Crystal to the Bank issued pursuant to the Loan Agreement.

1.07 *Bankruptcy Code* means Title 11, United States Code, Bankruptcy, as amended.

1.08 *Bankruptcy Court* means the United States Bankruptcy Court for the Western District of Louisiana, Shreveport Division, or such other court that may have jurisdiction with respect to the reorganization of Crystal under Chapter 11 of the Bankruptcy Code.

1.09 *CEPCO* means Crystal Exploration and Production Company, a Florida corporation and wholly-owned subsidiary of Crystal.

1.10 *Charter Amendments* means the amendments to the Articles of Incorporation of Crystal to be effected under this Plan pursuant to Section 6.07 hereof.

1.11 *Claim* means (i) a right of payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or (ii) a right to an equitable remedy for breach of performance if such breach gives rise to a right of payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

1.12 *Claimant* means a holder of a Claim.

1.13 *Class* means a category of holders of Claims or Interests that are substantially similar to the other Claims or Interests in such Class.

1.14 *Common Stock* means the Common Stock, $.01 par value, of Crystal.

1.15 *Confirmation* or *Confirmation of the Plan* means the entry by the Bankruptcy Court of an Order confirming this Plan.

1.16 *Confirmation Date* means the date on which the Order confirming this Plan becomes a Final Order.

1.17 *Confirmation Hearing* means the hearing which will be held before the Bankruptcy Court in which Crystal will seek Confirmation of this Plan.

1.18 *Confirmation Order* means the Order confirming this Plan.

1.19 *Consummation* means the accomplishment of all things contained or provided for in this Plan and the entry of an Order of Consummation finally closing the Reorganization Case.

1.20 *Consummation Date* means the date on which the Order of Consummation becomes a Final Order.

1.21 *Copeland* means Copeland, Wickersham, Wiley & Co., Incorporated.

1.22 *Credit Agreement* means the Credit Agreement dated as of April 24, 1985, between Crystal, Crystal Michigan, CEPCO and Halliburton, pursuant to which the Halliburton Note was initially issued.

1.23 *Crystal* means Crystal Oil Company, a Louisiana corporation.

1.24 *Crystal Michigan* means Crystal Exploration Company, a Michigan corporation and a wholly-owned subsidiary of Crystal.

1.25 *Debentures* means the 11⅜% Debentures, the 14⅞% Debentures, the 9% Debentures, the 12⅝% Debentures due 1990, the 12⅜% Debentures due 2001 and the 13⅜% Debentures.

1.26 *Debenture Indentures* means the 11⅜% Debenture Indenture, the 14⅞% Debenture Indenture, the 9% Debenture Indenture, the 1990 12⅝% Debenture Indenture, the 13⅜% Debenture Indenture and the 2001 12⅜% Debenture Indenture.

1.27 *Debtor-in-Possession* means Crystal, when acting in its capacity as a representative of the Estate.

1.28 *Disbursing Agent* means a national bank designated by Crystal, with approval of the Bankruptcy Court, which will be appointed as agent of the Bankruptcy Court to hold and distribute the consideration to be distributed to holders of Allowed Claims and Allowed Interests pursuant to the provisions of this Plan and Orders.



RAM00419

1.29 *Disclosure Statement* means the Disclosure Statement dated as of July 9, 1986, including Exhibits A through I and Annexes A and B attached thereto, together with any supplements, amendments or modifications thereto, prepared pursuant to Sections 1125(a) and 1126(b) of the Bankruptcy Code and Bankruptcy Rule 3018(b) for solicitation of ballots in connection with this Plan.

1.30 *Effective Date* means the 30th day following the Confirmation Order if the Confirmation Order has not been stayed on appeal by a court of competent jurisdiction. If the Confirmation Order is stayed on appeal, the Effective Date shall be 15 days after such stay is dissolved by the Final Order.

1.31 *Estate* means the estate to be created by Section 541 of the Bankruptcy Code upon the commencement of the case under Chapter 11 of the Bankruptcy Code with respect to Crystal.

1.32 *Filed* means filed with the Bankruptcy Court.

1.33 *Final Order* means an Order as to which any appeal that has been or may be taken has been resolved or as to which the time for appeal has expired.

1.34 *First Mortgage Obligations* means the obligations of Crystal designated as First Mortgage Obligations in the 15% Senior Note Indenture.

1.35 *Halliburton* means Halliburton Company and Otis Engineering Corporation, a wholly-owned subsidiary of Halliburton.

1.36 *Halliburton Note* means the promissory note dated April 24, 1985, from Crystal to Halliburton.

1.37 *Intercreditor Agreement* means the intercreditor agreement referred to in Section 3.07 hereof.

1.38 *Interests* means the rights of the owners of the issued shares of the Common Stock.

1.39 *Letters of Credit* means the Letters of Credit issued by the Bank pursuant to the Loan Agreement.

1.40 *Letter Agreement* means the letter agreement dated August 24, 1985, as supplemented on August 28, 1985 and September 9, 1985, between Crystal and Halliburton.

1.41 *Loan Agreement* means the Loan Agreement dated July 28, 1982, as amended, between the Bank and Crystal.

1.42 *Minimum Payment* means the minimum monthly payment on the New Bank Note required pursuant to Section 3.06 hereof.

1.43 *New Bank Note* means the note to be issued under the Plan to the Claimant in Class 6.

1.44 *New Common Stock* means the common stock of Reorganized Crystal on the Effective Date after giving effect to the Charter Amendments.

1.45 *New Convertible Secured Notes* means Reorganized Crystal's Non-Interest Bearing Convertible Subordinated Secured Notes due ten years after the Effective Date to be issued under the Plan to the Claimants in Class 8.

1.46 *New Halliburton Note* means the promissory note to be issued under the Plan to the Claimant in Class 7.

1.47 *New Note Indenture* means the Indenture of Mortgage, Deed of Trust, Assignment and Security Agreement with respect to the New Convertible Secured Notes to be dated as of the Effective Date, the form of which is to be filed with and approved by the Bankruptcy Court prior to Confirmation.

1.48 *New Notes* means the New Bank Note, the New Halliburton Note and the New Convertible Secured Notes.



RAM00420

1.49 *New Securities* means the New Notes, the Preferred Stock, the New Common Stock and the Warrants.

1.50 *Order* means an order of the Bankruptcy Court.

1.51 *Petition Date* means the date on which there is filed a petition for relief under Chapter 11 of the Bankruptcy Code with respect to Crystal.

1.52 *Plan* means this plan of reorganization of Crystal under Chapter 11 of the Bankruptcy Code, as it may be amended or modified from time to time.

1.53 *Preferred Stock* means the Senior Preferred Stock and the Series A Preferred Stock.

1.54 *Pro Rata* means the same proportion an Allowed Claim or an Allowed Interest in a particular Class bears to the aggregate amount of all Allowed Claims or the aggregate number of Allowed Interests in such Class.

1.55 *PWI* means PaineWebber Incorporated.

1.56 *Reorganized Crystal* means Crystal as of the Effective Date.

1.57 *Reorganization Case* means the above captioned case in the Bankruptcy Court.

1.58 *Security* means a 15% Senior Note, a Debenture or a share of Common Stock.

1.59 *Senior Indebtedness* means, with respect to any issue of the Debentures, the definition of Senior Indebtedness as contained in the Indenture relating to such issue of Debentures.

1.60 *Senior Preferred Stock* means the $.06 Senior Convertible Voting Preferred Stock, $.01 par value. The form of the Certificate of Designation, Voting Powers, Preferences and Rights with respect to the Senior Preferred Stock is attached hereto as Exhibit B.

1.61 *Series A Preferred Stock* means the Series A Convertible Voting Preferred Stock, $.01 par value. The form of the Certificate of Designation, Voting Powers, Preferences and Rights with respect to the Series A Preferred Stock is attached hereto as Exhibit C.

1.62 *Subordinated Debentures* means the 11⅜% Debentures, the 9% Debentures, the 13¾% Debentures, the 12⅝% Debentures due 1990 and the 12⅝% Debentures due 2001.

1.63 *Superior Indebtedness* means Reorganized Crystal's obligations under, or with respect to, the Supplemental Loan Agreement (including all obligations with respect to the New Bank Note and the Letters of Credit), the New Halliburton Note and any and all extensions, renewals or modifications of any of the foregoing obligations.

1.64 *Supplemental Agreement* means the agreement to be entered into between Reorganized Crystal and Halliburton with respect to the issuance of the New Halliburton Note.

1.65 *Supplemental Loan Agreement* means the Restated Renewal and Supplemental Loan Agreement to the Loan Agreement to be entered into between Reorganized Crystal and the Bank with respect to the issuance of the New Bank Note.

1.66 *Trustee* means the trustee under the New Note Indenture.

1.67 *Warrants* means the $.075 Warrants, the $.10 Warrants, the $.125 Warrants, the $.15 Warrants and the $.25 Warrants.

1.68 *9% Debenture Indenture* means the Indenture dated as of May 1, 1981, between Crystal and Texas Commerce Bank National Association, as successor trustee.



RAM00421

1.69 *9% Debentures* means Crystal's 9% Convertible Subordinated Debentures due 1991.

1.70 *11⅛% Debenture Indenture* means the Indenture dated as of April 15, 1980, between Crystal and Texas Commerce Bank National Association, as successor trustee.

1.71 *11⅛% Debentures* means Crystal's 11⅛% Convertible Subordinated Debentures due 2000.

1.72 *12⅜% Debentures due 1990* means Crystal's 12⅜% Subordinated Debentures due June 15, 1990.

1.73 *12⅜% Debentures due 2001* means Crystal's 12⅜% Subordinated Debentures due December 15, 2001.

1.74 *13¼% Debenture Indenture* means the Indenture dated as of June 14, 1980, between Crystal and Texas Commerce Bank National Association, as successor trustee.

1.75 *13¼% Debentures* means Crystal's 13¼% Subordinated Debentures due July 15, 2000.

1.76 *14⅞% Debenture Indenture* means the Indenture dated as of December 15, 1983, between Crystal and Texas American Bank/Dallas, as successor trustee.

1.77 *14⅞% Debentures* means Crystal's 14⅞% Senior Subordinated Debentures due December 15, 1998.

1.78 *15% Senior Note Indenture* means the Indenture of Mortgage, Deed of Trust, Assignment and Security Agreement dated as of June 15, 1985, between Crystal and J. Henry Schroder, Bank & Trust Company, as trustee.

1.79 *15% Senior Notes* means Crystal's 15% Senior Subordinated Secured Notes due June 15, 1995.

1.80 *1990 12⅜% Debenture Indenture* means the Indenture dated as of June 15, 1978, between Crystal and Texas Commerce Bank National Association, as successor trustee.

1.81 *2001 12⅜% Debenture Indenture* means the Indenture dated as of December 15, 1981, between Crystal and Texas Commerce Bank National Association, as successor trustee.

1.82 *$.075 Warrants* means Reorganized Crystal's $.075 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.

1.83 *$.10 Warrants* means Reorganized Crystal's $.10 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.

1.84 *$.125 Warrants* means Reorganized Crystal's $.125 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.

1.85 *$.15 Warrants* means Reorganized Crystal's $.15 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.

1.86 *$.25 Warrants* means Reorganized Crystal's $.25 Warrants to purchase shares of the New Common Stock, the form of which shall be substantially the same as is attached hereto as Exhibit D.



RAM00422

## ARTICLE II

### CLASSIFICATION OF CLAIMS AND INTERESTS

The Claims against and Interests in Crystal to the extent Allowed, are classified as set forth in this Article II. A Claim or Interest is in a particular Class designated herein only to the extent such Claim or Interest fits within the description of such Class and is in such other and different Class or Classes to the extent that the remainder thereof fits within the description of such other Class or Classes:

2.01 *Class 1—Administrative Expenses.* All Claims for Administrative Expenses or Administrative Claims under Section 503(b) of the Bankruptcy Code, if any, and all fees and charges assessed against the Estate under Chapter 123 of Title 28, United States Code.

2.02 *Class 2—Wage Related Claims.* All Claims under Section 507(a)(3) of the Bankruptcy Code for accrued wages, salaries or commissions, including vacation, severance and sick leave pay, if any, to the extent such items were earned within 90 days prior to the Petition Date up to a maximum of $2,000 per employee.

2.03 *Class 3—Employee Benefit Plan Claims.* All Claims under Section 507(a)(4) of the Bankruptcy Code for contributions to employee benefit plans arising within 180 days prior to the Petition Date, up to a maximum of $2,000 per employee covered by such plans and less the aggregate amount paid to such employees as Claimants under Class 2.

2.04 *Class 4—Tax Claims.* All Claims of governmental units that are entitled to priority in accordance with Section 507(a)(7) of the Bankruptcy Code.

2.05 *Class 5—Additional Priority Claims.* All other Claims that are entitled to priority under the Bankruptcy Code.

2.06 *Class 6—The Bank's Secured Claim.* All secured Claims of the Bank against Crystal pursuant to the Loan Agreement, including Crystal's contingent obligations with respect to the Letters of Credit, the unpaid principal of and accrued and unpaid interest on the Bank Note, and all costs, including attorneys' fees, actually paid or incurred by the Bank and the participants under the Loan Agreement relating to their efforts to collect the amounts owed them under the Loan Agreement.

2.07 *Class 7—Halliburton Claim.* All secured Claims of Halliburton against Crystal pursuant to the Letter Agreement and the Credit Agreement.

2.08 *Class 8—15% Senior Note Claims.* All Claims of the holders and beneficial owners of the 15% Senior Notes with respect to the 15% Senior Notes. The payment of the 15% Senior Notes is secured by a lien on certain of Crystal's crude oil and natural gas properties, which lien is junior to the liens securing the payment of the Claims in Classes 6 and 7. Because the estimated liquidation value of the collateral securing the payment of the 15% Senior Notes, after giving effect to all prior mortgages and security interests in such collateral, is substantially less than the estimated amount of the estimated Class 8 Claims, such Claims are considered under this Plan to be partially secured and partially unsecured. Pursuant to Section 506 of the Bankruptcy Code, because the Class 8 Claims are considered partially unsecured, the Claims in Class 8 are divided into two subclasses, "Class 8A" and "Class 8B", which Classes represent the secured and unsecured portion, respectively, of such Claims. In the event it shall be determined by the Bankruptcy Court that the Class 8 Claims are fully secured or the holders of the Class 8 Claims shall elect under Section 1111(b) of the Bankruptcy Code to have their Claims treated as fully secured, Class 8 shall not be divided into Class 8A and Class 8B and the Claims of the holders and beneficial owners of the 15% Senior Notes shall be treated as a single Class and the Claimants in Class 8 shall receive the distributions provided for under Section 3.08(c) hereof.

2.09 *Class 9—Mechanic's and Materialmen Lien Claims.* All Claims to the extent such Claims are secured by valid, perfected and enforceable mechanics, materialmen or operators liens on the properties of Crystal, together with interest thereon, if any, to the extent the value of property securing such Claims is found by the Bankruptcy Court to be sufficient to pay such interest.



RAM00423

2.10 *Class 10—Secured Trustee Claim.* All secured Claims of Texas American Bank/Dallas with respect to its fee and reimbursable expenses, including attorneys' fees, as trustee with respect to the 14⅞% Debentures.

2.11 *Class 11—Unsecured Claims.* All unsecured Claims of nonpriority creditors against Crystal that are not subordinated in right of payment to Senior Indebtedness or First Mortgage Obligations, all claims for deficiency on partially secured debt (other than Claimants in Class 8B), all Claims of unsecured noteholders and all Claims of unsecured royalty holders and holders of trade debt.

2.12 *Class 12—14⅞% Debenture Claims.* All unsecured Claims of the holders and beneficial owners of the 14⅞% Debentures with respect to the 14⅞% Debentures, which Claims are by their terms subordinate to Senior Indebtedness.

2.13 *Class 13—Subordinated Debenture Claims.* All unsecured Claims of the holders and beneficial owners of the Subordinated Debentures with respect to the Subordinated Debentures, which Claims are by their terms subordinate to Senior Indebtedness.

2.14 *Class 14—Intercompany Claims.* All unsecured Claims of CEPCO against Crystal.

2.15 *Class 15—Shareholder Claims of Interest.* All Claims of Interest of the holders and beneficial owners of the issued and outstanding shares of Common Stock.

## ARTICLE III

### Provisions For Satisfaction of Claims and Interests

The Allowed Claims and Allowed Interests as classified in Article II hereof shall be satisfied in the manner set forth in this Article III.

3.01 *Class 1—Administrative Expenses.* The Class 1 Claims and expenses, to the extent not previously paid during the Reorganization Case by Order, shall be paid in full in cash on the Effective Date, or provided for by escrow payment if not then determined; provided, however, that any current trade or other payables incurred after the Petition Date by the Debtor-In-Possession in the ordinary course of its business shall be paid in cash in full in the ordinary course of business.

3.02 *Class 2—Wage Related Claims.* The Class 2 Claims shall be paid in cash in full on the Effective Date, or provided for by escrow payment if not then determined.

3.03 *Class 3—Employee Benefit Plan Claims.* The Class 3 Claims shall be paid in cash in full on the Effective Date, or provided for by escrow payment if not then determined.

3.04 *Class 4—Tax Claims.* The Class 4 Claims shall be paid, in Crystal's sole discretion, either (i) in cash in full on the Effective Date, or provided for by escrow payment if not then determined, or (ii) pursuant to the provisions of Section 1129(a)(9)(C) of the Bankruptcy Code in cash in full over a six year period from the earlier of the date of assessment of such tax or the Effective Date, together with interest thereon equal to the six month United States Treasury Bill rate from and after the Effective Date.

3.05 *Class 5—Additional Priority Claims.* The Class 5 Claims shall be paid in cash in full on the Effective Date, or provided for by escrow payment if not then determined.

3.06 *Class 6—The Bank's Secured Claims.* The Class 6 Claimant shall (i) receive on the Effective Date (a) the New Bank Note in the Allowed Amount of its Class 6 Claim with respect to the Bank Note (less all payments made thereon subsequent to the Petition Date and prior to the Effective Date) and (b) 20,000,000 $.075 Warrants, (ii) be paid in cash in full on the Effective Date the



RAM00424

Allowed Amount of its Class 6 Claim with respect to its reimbursable expenses under the Loan Agreement and (iii) maintain its rights against Crystal with respect to the Letters of Credit and with respect to any and all security therefor under the Loan Agreement. The $.075 Warrants to be issued to the Class 6 Claimant shall be substantially in the form attached hereto as Exhibit D, but shall provide that such Warrants may not be exercised for a period of one year after the Effective Date.

The New Bank Note shall be issued to the Class 6 Claimant pursuant to the terms of the Supplemental Loan Agreement. The New Bank Note shall bear interest at the annual rate of ¼% above the prime lending rate at the Bank, be due on December 1, 1993, and be payable in (i) variable monthly installments (the "Minimum Payment") consisting of accrued and unpaid interest plus a fixed principal amount determined pursuant to the schedule set forth below and (ii) quarterly installments of principal equal to the amount, if any, by which a specified percentage of Reorganized Crystal's estimated Available Cash Flow for the preceding quarter exceeds the sum of the Minimum Payments made by Reorganized Crystal during such quarter. The percentage of the Available Cash Flow that shall be applied to the quarterly payment of principal on the New Bank Note shall be such percentage as shall be agreed upon between the Bank and Halliburton prior to the Confirmation Hearing. The minimum monthly principal payments with respect to the New Bank Note shall be determined pursuant to the following payment schedule:

| Period ending December 31, | Applicable Minimum Monthly Principal Payment |
|---|---|
| 1986 | $958,333 |
| 1987 | 875,000 |
| 1988 | 791,667 |
| 1989 | 416,667 |
| 1990 | 416,666 |
| 1991 | 250,000 |
| 1992 | 250,000 |
| 1993 | 174,055 |

Once each year, based on Reorganized Crystal's audited consolidated financial statements for the preceding year, the payments by Reorganized Crystal on the New Bank Note shall be adjusted to reflect any over-payment or under-payment of principal by Reorganized Crystal on the New Bank Note during the preceding year as a result of any difference between Reorganized Crystal's actual Available Cash Flow for such year and Reorganized Crystal's Available Cash Flow for such year, as estimated from time to time on a quarterly basis.

The payment of Reorganized Crystal's obligations under the Supplemental Loan Agreement, which shall include both the payment of the New Bank Note and any obligations with respect to the Letters of Credit, shall be secured by a lien on substantially all Reorganized Crystal's proved crude oil and natural gas properties and certain of Reorganized Crystal's refinery assets. Such lien will be a continuation of the lien currently securing the payment of Crystal's obligations under the Loan Agreement. The holder of the Halliburton Note and the holders of the New Convertible Secured Notes will have junior liens on substantially all of such properties, except that the holders of the 15% Senior Notes will not have a lien on any refinery assets. As additional security for the payment of Reorganized Crystal's obligations with respect to the Letters of Credit, once the New Bank Note and the New Halliburton Note have been paid in full, Reorganized Crystal shall be required to deposit into a cash collateral account with the Bank an amount equal to the greater of the applicable Minimum Payment and a percentage of Available Cash Flow equal to the percentage used in computing Reorganized Crystal's quarterly payments of principal on the New Bank Note. Such funds shall be periodically made available to Reorganized Crystal in amounts equal to the amount, if any, by which the funds in such account plus the loan value of Reorganized Crystal's proved producing crude oil and natural gas reserves (as determined by the Bank from time to time) exceed the amount of the then outstanding Letters of Credit.



RAM00425

3.07 *Class 7—Halliburton Claim.* The Class 7 Claimant shall receive on the Effective Date (i) the New Halliburton Note in the Allowed Amount of its Class 7 Claim, (ii) 20,000,000 $.075 Warrants and (iii) 12,000,000 shares of New Common Stock. The $.075 Warrants to be issued to the Class 7 Claimant shall be substantially in the form attached hereto as Exhibit D, but shall provide that such Warrants may not be exercised for a period of one year after the Effective Date.

The New Halliburton Note shall be issued to Halliburton pursuant to the terms of the Supplemental Agreement, bear interest at the annual rate of ¼% above the prime lending rate at the Bank and be payable in (i) monthly installments of interest equal to the amount of accrued and unpaid interest on the New Halliburton Note and (ii) quarterly installments of principal equal to the amount, if any, by which Reorganized Crystal's estimated Available Cash Flow for the preceding quarter exceeds the sum of all payments by Reorganized Crystal of principal of and interest on the New Bank Note during such quarter plus all payments by Reorganized Crystal of interest on the New Halliburton Note during such quarter. Once each year, based on Reorganized Crystal's audited consolidated financial statements for the preceding year, the required payments, including interest, by Reorganized Crystal on the New Halliburton Note shall be adjusted to reflect any over-payment or under-payment of principal on the New Halliburton Note during the preceding year as a result of any difference between Reorganized Crystal's actual Available Cash Flow for such year and Reorganized Crystal's estimated Available Cash Flow for such year, as estimated from time to time on a quarterly basis. Once the New Bank Note has been paid in full, Reorganized Crystal shall be required to apply 100% of Available Cash Flow toward the payment of the New Halliburton Note. The payment of Reorganized Crystal's obligations with respect to the New Halliburton Note will be secured by a lien on substantially all Reorganized Crystal's crude oil and natural gas properties and certain of Reorganized Crystal's refinery assets. Such lien will be a continuation of the liens currently securing the payment of Crystal's obligations with respect to the Halliburton Note and will be subject to the prior lien securing the payment of Reorganized Crystal's obligations under the Supplemental Loan Agreement and will be senior to the lien securing the payment of the New Convertible Secured Notes. In order to provide the Class 7 Claimant with the right to receive payment on the New Halliburton Note prior to the termination of Reorganized Crystal's contingent obligations to the Bank with respect to the Letters of Credit, the Class 7 Claimant shall be required as a condition to receiving the distributions under this Plan to enter into an Intercreditor Agreement with the Bank, pursuant to which the Class 7 Claimant will be obligated to pay to the Bank an agreed upon percentage of the payments made to it with respect to the New Halliburton Note to the extent that any of the Letters of Credit are presented to the Bank for payment, Reorganized Crystal shall have failed upon demand to reimburse the Bank for any amounts advanced under such Letters of Credit and the property pledged or mortgaged to secure the obligations of Reorganized Crystal with respect to the Letters of Credit are insufficient to satisfy such obligations.

3.08 *Class 8—15% Senior Note Claims.*

(a) *Class 8A—15% Senior Note Secured Claims.* Each Class 8A Claimant shall receive on the Effective Date a Pro Rata distribution (based on the aggregate of the Class 8A and Class 8B Claims) of $75,093,000 in face amount of the New Convertible Secured Notes. The New Convertible Secured Notes shall be issued pursuant to the New Note Indenture. The New Convertible Secured Notes shall have the following basic characteristics and terms:

(i) *Interest.* The New Convertible Secured Notes will be non-interest bearing.

(ii) *Conversion Rights.* The New Convertible Secured Notes will be convertible into shares of New Common Stock at a conversion price of $.1429 per share. The conversion price will be subject to adjustment upon the occurrence of any of the following events: the subdivision, combination or reclassification of the then outstanding shares of the New Common Stock; the payment of shares of the New Common Stock as a dividend on Reorganized Crystal's capital stock; the issuance of rights or warrants (other than the Warrants to be issued under the Plan) to all holders of the New Common Stock entitling them to acquire shares of such stock at less than the current market price of shares of such New Common Stock at the date of issue of such



RAM00426

Warrants; or the distribution to all holders of the New Common Stock of any other shares of capital stock of Reorganized Crystal, of evidences of indebtedness or securities of Reorganized Crystal or of assets of Reorganized Crystal (excluding cash dividends or distributions from retained earnings).

(iii) *Redemption.* All or a portion of the New Convertible Secured Notes may be redeemed by Reorganized Crystal at a 100% of the principal amount thereof upon the mailing of notice of redemption not less than 30 days nor more than 60 days prior to the date fixed for redemption.

(iv) *Sinking Fund.* Reorganized Crystal will be required to provide for the retirement, by redemption at the principal amount thereof, of $10,000,000 principal amount of the New Convertible Secured Notes on or before June 15 in each of 1994 and 1995 through the operation of a sinking fund. Reorganized Crystal will be entitled, at its option, to receive credit against the required sinking fund payments for the principal amount of (a) New Convertible Secured Notes acquired by Reorganized Crystal and surrendered for cancellation and (b) New Convertible Secured Notes redeemed or called for redemption otherwise than through the operation of the sinking fund.

(v) *Subordination to Superior Indebtedness.* The payment of principal of the New Convertible Secured Notes will be subordinated in right of payment to the prior payment in full of all Superior Indebtedness. Upon the maturity of any Superior Indebtedness by lapse of time, acceleration or otherwise, no payments, including sinking fund payments, may be made on the New Convertible Secured Notes and no New Convertible Secured Notes may be acquired by Reorganized Crystal until all principal of, and premium, if any, and accrued interest on, the Superior Indebtedness shall have been paid in full.

(vi) *Due Date.* The New Convertible Secured Notes will be due ten years after the Effective Date.

(vii) *Security.* The payment of the New Convertible Secured Notes will be secured by a lien on certain of Reorganized Crystal's crude oil and natural gas properties. The properties that shall be subject to this lien shall consist of those properties currently securing the payment of the 15% Senior Notes. The Bank and Halliburton will have prior liens on the same properties. The New Note Indenture will permit various liens on the property mortgaged to secure the payment of the New Convertible Secured Notes that may be superior to the lien of the New Note Indenture provided that such liens are necessary or incidental to the ownership and operation by Reorganized Crystal of such properties. In addition, Reorganized Crystal will be permitted under the New Note Indenture to remove property from the lien of the New Note Indenture to effect the sale thereof as long as the proceeds of such sale are used to reduce outstanding amounts of Superior Indebtedness or to redeem or otherwise acquire New Convertible Secured Notes.

(viii) *Events of Default.* The following events will constitute an event of default with respect to the New Convertible Secured Notes: (a) failure to pay principal, including any sinking fund payments, on any of the New Convertible Secured Notes when due, whether at their maturity, upon acceleration or upon redemption; (b) failure on the part of Reorganized Crystal to perform any other covenant contained in the New Note Indenture for a period of 60 days after written notice specifying such failure and requesting its remedy; (c) the filing of a voluntary petition in bankruptcy or reorganization; (d) the entry by a court of a decree or order, unstayed on appeal or otherwise, in effect for 90 days adjudicating Reorganized Crystal a bankrupt or insolvent, appointing a receiver of Reorganized Crystal or of any substantial part of its property or ordering or approving certain other similar matters; and (e) certain other events of bankruptcy, insolvency or reorganization.

(b) *Class 8B—15% Senior Note Unsecured Claims.* Each Class 8B Claimant shall receive on the Effective Date a Pro Rata distribution (based on the aggregate of the Class 8A and Class 8B Claims) of (i) 50,062,000 shares of Senior Preferred Stock, (ii) $.075 Warrants to purchase 87,609,000 shares of the New Common Stock, (iii) $.10 Warrants to purchase 75,093,000 shares of New Common Stock and (iv) 40,050,000 shares of the New Common Stock.



RAM00427

(c) *Alternative Treatment of Class 8 Claims.* In the event the Class 8 Claims are found by the Bankruptcy Court to be fully secured or the holders thereof elect under Section 1111(b) of the Bankruptcy Code to have their Claims treated as fully secured, Class 8 shall not be divided into Class 8A and Class 8B and the distributions to be provided to the Claimants in Class 8A and Class 8B pursuant to 3.08(a) and (b) hereof shall, in lieu of such distributions, be distributed Pro Rata to the Claimants in Class 8 on the Effective Date. In the event the treatment of the Class 8 Claimants pursuant to this Section 3.08(c) shall by Final Order be invalidated, Crystal reserves the right to amend or modify this Plan to provide for an appropriate distribution to such Claimants consistent with Section 1111(b). Any such amendment or modification shall be subject to such acceptance by the Claimants in Class 8 as may be required by the Bankruptcy Code.

3.09 *Class 9—Mechanics and Materialmen Lien Claims.* Each Class 9 Claimant shall be paid the Allowed Amount of such Claimant's Class 9 Claim in cash in full when Allowed by Order, but not later than the first day of the first month beginning not less than 30 days after the Effective Date, or provided for by escrow payment if not then determined. If the sum of the Allowed Amounts of the Class 9 Claims exceeds $3,000,000, Crystal reserves the right to amend or modify this Plan to provide for a Pro Rata distribution to such Claimants of $3,000,000 or such other distribution as may be appropriate. Any such amendment or modification shall be subject to such acceptance by the Claimants in Class 9 as may be required under the Bankruptcy Code.

3.10 *Class 10—Secured Trustee Claim.* The Class 10 Claimant shall be paid the Allowed Amount of its Class 10 Claim in cash in full when Allowed by Final Order, but not later than the first day of the first month beginning not later than 30 days after the Effective Date, or provided for by escrow payment if not then determined.

3.11 *Class 11—Unsecured Claims.* Each Class 11 Claimant, to the extent the name and location of such Claimant is known to Crystal, shall be paid the Allowed Amount of such Claimant's Class 11 Claim in cash in full when Allowed by Order, but not later than the first day of the first month beginning not later than 30 days after the Effective Date, or provided for by escrow payment if not then determined, and, to the extent the name and location of such Claimant is not known to Crystal, an appropriate arrangement shall be made for the payment of such Claim. If the sum of the Allowed Amounts of Class 11 Claims exceeds $9,000,000, Crystal reserves the right to amend this Plan to provide for a Pro Rata distribution to such Claimants of $9,000,000 or such other distribution as may be appropriate. Any such amendment or modification shall be subject to such acceptance by the Claimants in Class 11 as may be required under the Bankruptcy Code.

3.12 *Class 12—14¼% Debenture Claims.* Each Class 12 Claimant shall receive on the Effective Date a Pro Rata distribution of (i) 13,186,000 shares of Series A Preferred Stock, (ii) $.10 Warrants to purchase 15,022,000 shares of the New Common Stock, (iii) $.125 Warrants to purchase 11,684,000 shares of the New Common Stock and (iv) 5,591,000 shares of the New Common Stock.

3.13 *Class 13—Subordinated Debenture Claims.* Each Class 13 Claimant shall receive on the Effective Date a Pro Rata distribution of (i) 53,681,000 shares of Series A Preferred Stock, (ii) $.10 Warrants to purchase 59,608,000 shares of the New Common Stock, (iii) $.125 Warrants to purchase 59,608,000 shares of the New Common Stock and (iv) 23,101,000 shares of the New Common Stock.

3.14 *Class 14—Intercompany Claims.* Class 14 Claimant shall receive no distributions.

3.15 *Class 15—Shareholder Claims of Interest.* Each Class 15 Claimant shall receive on the Effective Date a Pro Rata distribution of (i) 51,705,723 shares of New Common Stock, (ii) $.125 Warrants to purchase 200,000,000 shares of the New Common Stock, (iii) $.15 Warrants to purchase 200,000,000 shares of New Common Stock and (iv) $.25 Warrants to purchase 200,000,000 shares of New Common Stock.

## ARTICLE IV

### CLAIMS AND INTERESTS NOT IMPAIRED UNDER THE PLAN

Classes 1, 2, 3, 4, 5, 9, 10, 11 and 15 shall be paid in cash, or provided for, on the Effective Date, and are not impaired by this Plan.



RAM00428

## ARTICLE V

### SUBORDINATION

In consideration for the distributions to be provided to them under the Plan, the creditors in Classes 6, 7, 8 (including, if applicable, Class 8A and Class 8B) and 12 shall each be deemed as of the Effective Date to have agreed to limit the enforcement of the subordination agreements of which they may be the beneficiaries to their right to receive the consideration to be provided to them under this Plan and to have agreed to allow the creditors in Classes 8 (including, if applicable, Class 8A and Class 8B), 12 and 13, as the case may be, to receive the consideration to be provided to them under this Plan, free of any subordination Claims.

## ARTICLE VI

### MEANS FOR EXECUTION OF PLAN

6.01 *Revesting.* Except as otherwise provided, property of the Estate shall revest in Reorganized Crystal on the Effective Date. After the Effective Date, Reorganized Crystal may operate its business and buy, use, acquire, and dispose of its property, free of any restrictions contained in the Bankruptcy Code. As of the Effective Date, all property of Reorganized Crystal shall be free and clear of all Claims and Interests of creditors and equity security holders, except the obligations that are imposed in this Plan.

6.02 *Initial Board of Directors.* Subject to Bankruptcy Court approval under Section 1129(a)(5) of the Bankruptcy Code, Crystal shall designate either the initial Board of Directors or the method for determining the composition for such Board of Directors. The Board of Directors shall take such action as is necessary to implement this Section 6.02, which action shall be deemed to be authorized and ratified by the shareholders of Reorganized Crystal. The initial Board of Directors shall continue to serve in such capacity until the next annual meeting of shareholders or until their successors are duly elected and qualified in accordance with the provisions governing election of directors contained in the Articles of Incorporation and Bylaws of Reorganized Crystal. The initial Board of Directors of Reorganized Crystal shall call the first meeting of the holders of New Common Stock within 12 months after the Effective Date. Any vacancy on the Board of Directors may be filled by the majority vote of the remaining directors, though less than a quorum.

6.03 *Management of Reorganized Crystal.* Upon the Effective Date, the operation of the Reorganized Crystal shall be and become the general responsibility of the Board of Directors, who shall, thereafter, have the responsibility for the management, control, and operation of Reorganized Crystal. Such directors shall have the responsibility, *inter alia*, for the following: (i) selection of the officers of Reorganized Crystal; (ii) carrying out such changes as are necessary in the Articles of Incorporation and the By-Laws of Crystal to accomplish the requirements of this Plan; and (iii) the authorization and approval of the preparation, execution, and issuance of the New Bank Note, the New Halliburton Note, the New Convertible Secured Notes, the Senior Preferred Stock, the Series A Preferred Stock, the Warrants, the New Common Stock, the Supplemental Loan Agreement, the Intercreditor Agreement, the Supplemental Agreement, and such other notes, securities and documents of Reorganized Crystal as may be necessary to carry out this Plan.

6.04 *New Entities.* Reorganized Crystal may create additional new subsidiaries or partnerships in accordance with the laws of the state of incorporation or formation.

6.05 *Issuance of New Securities and Obligations.* Reorganized Crystal shall authorize and issue the following securities pursuant to this Plan: the New Bank Note, the New Halliburton Note, the New Convertible Secured Notes, the Preferred Stock, the New Common Stock and the Warrants. Reorganized Crystal shall also issue such other securities and obligations, if any, as are required elsewhere in this Plan.

6.06 *Cancellation of Existing Indentures and Note Agreements.* Except for the lien created by the 15% Senior Note Indenture, which is to be carried forward to the New Note Indenture, upon the Effective Date, the rights and obligations of Crystal and the holders of the 15% Senior Notes and the Debentures under the following indentures and related instruments, including the debt instruments issued pursuant thereto, shall be terminated and cancelled:

(a) 15% Senior Note Indenture;



RAM00429

(b) 14⅞% Debenture Indenture;

(c) 1990 12⅝% Debenture Indenture;

(d) 9% Debenture Indenture;

(e) 11⅜% Debenture Indenture;

(f) 13¼% Debenture Indenture; and

(g) 2001 12⅝% Debenture Indenture.

6.07 *Charter Amendments.* The Articles of Incorporation of Crystal shall be amended as necessary to (i) increase in the authorized number of shares of common stock of Crystal from 90,000,000 to 2,300,000,000, (ii) increase the authorized number of shares of preferred stock of Crystal from 1,000,000 to 150,000,000, (iii) decrease the par value of the preferred stock from $5.00 to $.01 per share, (iv) create the Senior Preferred Stock and the Series A Preferred Stock through the filing of a Certificate of Designation, Voting Powers, Preferences and Rights with respect to each series of the Preferred Stock, (v) prohibit the issuance by Reorganized Crystal of any shares of nonvoting equity securities in accordance with the provisions of Section 1123 of the Bankruptcy Code, and (vi) satisfy any other provisions of this Plan. The Charter Amendments shall become effective on the Effective Date. The Charter Amendments shall be substantially as set forth in Exhibits A, B, and C hereto.

6.08 *Distribution of Consideration.*

(a) *Disbursing Agent.* A national bank designated by Crystal with approval of the Bankruptcy Court, and such other entities as the Bankruptcy Court designates, such as an indenture trustee or stock transfer agent for securities to be distributed pursuant to this Plan, shall serve as Disbursing Agent or agents and shall distribute all property to be distributed under this Plan. A Disbursing Agent may employ or contract with other entities to assist in or perform the distribution of the property to be distributed. Each Disbursing Agent shall serve without bond.

(b) *Fractional Shares and Interests.* The New Common Stock, the Preferred Stock and the Warrants shall be distributed only in whole units. No fractional shares of New Common Stock or Preferred Stock or interests in Warrants shall be distributed to the holders of Allowed Claims or Allowed Interests. No New Convertible Secured Notes will be distributed in integral multiples less than $10 to the holders of Allowed Claims. Each time a distribution is to be made under this Plan to the holder of an Allowed Claim or Allowed Interest, all fractional shares or Warrants or New Convertible Secured Notes in principal amounts of less than $10 that would otherwise have been distributed to such holder shall be aggregated in a separate pool for the holders of Claims or Interests in such holder's Class. Holders of Allowed Claims or Allowed Interests who would otherwise be entitled to receive fractional shares or Warrants or New Convertible Secured Notes in principal amounts of less than $10 shall be ranked within each Class according to the size of the fractional share or Warrant or the principal amount of the New Convertible Secured Note to which such holder would otherwise be entitled. If two or more such holders are entitled to the same fractional share or Warrant or principal amount (as rounded to the sixth decimal place), the ranking of such holder shall be determined by lot. Based on such ranking within each Class a whole share of the New Common Stock or the Preferred Stock, a whole Warrant or a New Convertible Secured Note in the principal amount of $10, as the case may be, shall be distributed, on a Class by Class basis from the pool with respect to such Class, to those holders entitled to the largest fractions of each such security in each such class until all the shares of the New Common Stock and the Preferred Stock, all Warrants and the entire principal amount of the New Convertible Secured Notes shall have been distributed.

(c) *Disputed Claims or Interests.*

(i) *Escrow.* Notwithstanding any provisions of this Plan to the contrary, the Disbursing Agent shall withhold from the property to be distributed under this Plan, and shall place in escrow, a sufficient amount thereof to be distributed on the account of the Claims or Interests that are disputed and have not become Allowed Claims or Allowed Interests as of the date of the initial distribution under this Plan. As to any unliquidated Claim or Interest, the Bankruptcy



RAM00430

Court shall determine what amount is sufficient to withhold. The Disbursing Agent shall also place in the same escrow any distributions or obligations arising from the securities to be distributed under this Plan and still in the escrow at the time the distributions are made or the obligations arise. To the extent practicable, the Disbursing Agent may invest the cash in the escrow in a manner that will yield a reasonable net return taking into account the safety of the investment.

(ii) *Distribution.* The property in the escrow, including the allocable portion of the net return yielded from the investment in escrow, shall be distributed to the extent such Claims or Interests are Allowed by the Final Order. Any property in the escrow remaining after disputes over Claims or Interests of a particular Class have been resolved shall be retained by the Reorganized Crystal. Reorganized Crystal shall also retain any cash previously reserved in escrow for disputed claims of a kind specified in Bankruptcy Code Section 507(a) that are disallowed and the allocable portion of the net return yielded from investment of the cash in the escrow.

(d) *Surrender of Securities.* As a condition to participation under this Plan, (i) a holder of a Security that desires to receive the property on account of such holder's Allowed Claim or Allowed Interest with respect to that Security shall surrender such Security, or evidence thereof satisfactory to Reorganized Crystal, to the Disbursing Agent or its designee, and (ii) the holder of a note, debenture or other evidence of indebtedness of Crystal (other than a Security) that desires to receive the property to be distributed on account of an Allowed Claim based on such note, debenture or other evidence of indebtedness shall surrender such note, debenture or other evidence of indebtedness to the Disbursing Agent or its designee, and shall execute and deliver such other documents as are necessary to effectuate this Plan. On the Effective Date, the Bank shall surrender to Reorganized Crystal the Bank Note and all related instruments evidencing the Bank Note and shall receive therefor the New Bank Note in the principal amount as provided in Section 3.06 hereof. On the Effective Date, Halliburton shall surrender the Halliburton Note and all related instruments evidencing the Halliburton Note and shall receive therefor the New Halliburton Note in the principal amount as provided in Section 3.07 hereof. All other Claims shall be paid according to the Allowed Amounts shown on the claims register of the Bankruptcy Court and proofs of interest maintained by the Bankruptcy Court. If no surrender of Securities of evidences of indebtedness occurs, no distributions may be made to the holders thereof. The Disbursing Agent shall make subsequent distributions only to the persons who surrender the Securities for exchange (or their assignees) and the Disbursing Agent shall record such holders of such Securities as of the Effective Date.

(e) *Unclaimed Property and Unissued Securities.* Any property to be distributed under this Plan shall become the property of Reorganized Crystal if it is not claimed by the person entitled thereto before the later of (i) 3 years after Confirmation and (ii) 60 days after an Order allowing the Claim or Interest of that person becomes a Final Order. Securities to be issued by Reorganized Crystal which are reserved pursuant to this Plan and which are not issued prior to Consummation shall be issued at Consummation to Reorganized Crystal. Such securities shall be held in Reorganized Crystal's treasury, free of restrictions upon transfer or cancellation (except those imposed by the securities laws), and all dividends, distributions, interest, or other payments which were made by Reorganized Crystal or which it became obligated to make with respect to any such securities prior to Consummation shall be paid to or retained by Reorganized Crystal. Dividends, distributions, interest, and other payments which Reorganized Crystal becomes obligated to make with respect to any security or obligation reserved pursuant to this Plan and distributed prior to Consummation in accordance with the terms of this Plan or with respect to any other obligation created by this Plan shall be retained by Reorganized Crystal prior to such distribution, and Reorganized Crystal shall be obligated to pay or distribute the same to the distributee of such security or obligation at the time of distribution thereof, without interest.

(f) *Funds Held as Operator.* Undistributed funds held by Crystal as operator for distribution to third party interest owners shall be distributed to such interest owners after Crystal offsets such funds against Crystal's claims against such interest owners.



RAM00431

## ARTICLE VII

### TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

7.01 *Rejection of Executory Contracts and Unexpired Leases.* Except for Crystal's crude oil and natural gas leases, the treatment of which is set forth in Section 7.03 hereof, as of the Confirmation Date, Crystal shall reject each executory contract and unexpired lease which after the Petition Date is identified as being subject to rejection. Claims for damages, if any, arising from the rejection of any executory contract or unexpired lease in accordance with this Section shall be filed within 15 days after the Confirmation Date. Any Allowed Claim from or as a result of the rejection of any and all executory contracts and unexpired leases shall be a Class 11 Claim and shall be treated in accordance with this Plan, but nothing herein shall constitute a determination that any rejection shall give rise to or result in an Allowed Claim.

7.02 *Assumption of Executory Contracts and Unexpired Leases.* Except for Crystal's crude oil and natural gas leases, the treatment of which is set forth in Section 7.03 hereof, as of the Confirmation Date, Crystal shall assume (i) each executory contract and unexpired lease which is identified as being subject to assumption and (ii) any other executory contract or unexpired lease unless such executory contract or unexpired lease is otherwise rejected by Crystal.

7.03 *Assumption of Crude Oil and Natural Gas Leases.* If Crystal's crude oil and natural gas leases constitute executory contracts within Section 365 of the Bankruptcy Code, all crude oil and natural gas leases to which Crystal is a party are hereby expressly assumed.

## ARTICLE VIII

### COMPENSATION FOR SERVICES RENDERED IN CONNECTION WITH THIS PLAN AND CERTAIN EMPLOYMENT AGREEMENTS

8.01 *Management.*

(a) *New Common Stock and Warrants.* Upon the Effective Date, 4,500,000 shares of the New Common Stock and $.075 Warrants to purchase 16,000,000 shares of New Common Stock and $.10 Warrants to purchase 15,000,000 shares of New Common Stock shall be issued, or reserved for issuance, to certain key employees of Crystal in consideration for such employees' agreement to remain or become employees of the Debtor-in-Possession during the Reorganization Case or as additional incentive for them to continue or become employees of Reorganized Crystal after Confirmation of this Plan. The number of shares of New Common Stock and Warrants proposed to be granted to members of management will be determined prior to Confirmation by the Board of Directors of Crystal based on various factors including (i) recognition of the efforts of each of such persons on behalf of Crystal and in connection with its reorganization, (ii) recognition of the current compensation levels of such persons, (iii) the length of time which such persons have served and (iv) negotiations with new key members of management, if any. To the extent the shares of the New Common Stock and the Warrants to be issued to members of management on the Effective Date are less than the number contemplated to be issued under this Plan, such Warrants may be issued to future members of management in the discretion of the Board of Directors of Reorganized Crystal.

(b) *Employment Agreements.* Crystal hereby expressly assumes (i) the Employment Agreement dated as of July 1, 1986, between Crystal and Joe N. Averett, Jr., (ii) the Employment Agreement dated as of July 1, 1986, between Crystal and Robert F. Roberts, and (iii) the Severance and Consulting Agreement dated as of July 1, 1986, between Crystal and Mark A. Roberts. Pursuant to such agreements,



RAM00432

as of the Effective Date, (i) Joe N. Averett shall receive 500,000 shares of New Common Stock, 1,000,000 $.075 Warrants and 2,000,000 $.10 Warrants, (ii) Robert F. Roberts shall receive 400,000 $.25 Warrants and (iii) Mark A. Roberts shall receive 400,000 $.25 Warrants. In addition to the above, Robert F. Roberts will also receive within 105 days after the Confirmation Date a number of shares (not to exceed 400,000) of New Common Stock equal to the quotient resulting from the division of $100,000 by the average market price (as defined below) of the New Common Stock during the 90 day period commencing on the date after the Confirmation Date. Further, on the first anniversary of the Confirmation Date, Robert F. Roberts shall receive a number of shares (not to exceed 400,000) of New Common Stock equal to the quotient resulting from the division of $100,000 by the average market price of the New Common Stock during the 90 day period immediately preceding such anniversary date. Such shares shall be issued to Mr. Roberts within 15 days following such first anniversary date. For purposes of determining the number of shares of New Common Stock to be issued to Mr. Roberts, the term "average market price" for any period shall mean the arithmetic mean, for all days during which New Common Stock shall have been traded during such period, of the last reported sale price regular way or, in case no reported sale price takes place on such day, the average of the closing bid and asked prices regular way for such day, in either case, on the principal national or regional securities exchange on which the shares are listed or admitted to trading, or if the shares are not listed or admitted to trading on any national or regional securities exchange, but are traded in the over-the-counter market, the closing sale price of the New Common Stock or, in the case no sale is publicly reported, the average of the closing bid and asked quotations for the New Common Stock as reported by the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or the National Quotation Bureau Incorporated, or if the New Common Stock is not quoted by NASDAQ or the National Quotation Bureau Incorporated, the closing sale price of the New Common Stock or, in case no sale is publicly reported, the average of the closing bid and asked prices of the New Common Stock as furnished by two members of the National Association of Securities Dealers, Inc. selected from time to time by the Board of Directors of Reorganized Crystal for that purpose. In case of the general unavailability of published prices from any source with respect to the New Common Stock, then the average market price for the New Common Stock shall mean the fair value of one share of New Common Stock as determined by the Board of Directors of Reorganized Crystal.

(c) *Options in Lieu of Warrants.* In lieu of the issuance of the 16,000,000 $.075 Warrants and the 15,000,000 $.10 Warrants to be issued, or reserved for issuance, to management pursuant to Section 8.01(a) hereof and the issuance of 1,000,000 $.075 Warrants and 2,000,000 $.10 Warrants to Mr. Averett pursuant to Section 8.01(b) hereof, Crystal may issue to management (including Mr. Averett) tax-benefited options to purchase an equivalent number of shares of New Common Stock at equivalent purchase prices to such Warrants if, in the opinion of the Board of Directors of Crystal, the grant of options in lieu of Warrants would be more beneficial to managment and Crystal.

(d) *Employee Benefit Plans.* In addition to the compensation arrangements set forth above, except for Crystal's Incentive Bonus Plan, which will be terminated as of the Petition Date, Reorganized Crystal shall continue in effect all of Crystal's current compensation, incentive and benefit arrangements for the benefit of its directors, executive officers and employees, including Crystal's Employees' Thrift Plan and Phantom Stock Plan.

8.02 *Copeland and PWI.* In consideration for their assistance to Crystal in developing and implementing the Plan, Copeland and PWI shall receive $350,000 and $150,000, respectively, in cash and $540,000 and $300,000, respectively, in shares of New Common Stock. The cash fee to be paid to Copeland and PWI shall be paid within 15 days of the date of the Confirmation Order. The shares of New Common Stock to be issued to Copeland and PWI shall be issued within 120 days after the Confirmation Date and will be valued based on the average market price per share of the New Common Stock for the 90 days immediately following the Effective Date; provided, however, that if the average market price per share of the New Common Stock during such 90-day period is less than $.125, the shares of the New Common Stock to be issued to Copeland and PWI shall be valued at $.125 per share, and if the average market price per share of the New Common Stock during such 90-day period is greater than $.20, the shares of the New Common Stock to be issued to Copeland and PWI shall be valued at $.20 per share.



RAM00433

For purposes of the above determination, the average market price of the New Common Stock shall be the arithmetic mean of the daily high and low sale prices (or if no sale prices are reported, the average of the daily high and low bid prices) of the New Common Stock as reported by the principal national stock exchange on which the New Common Stock is listed, or if the New Common Stock is not listed on a national stock exchange, as reported by NASDAQ or the National Quotation Bureau Incorporated or otherwise in the over-the-counter market. In addition to the above consideration, Copeland shall also receive on the Effective Date $.075 Warrants to purchase 7,000,000 shares of New Common Stock and $.10 Warrants to purchase 7,000,000 shares of New Common Stock.

## ARTICLE IX

### PREFERENCES, FRAUDULENT CONVEYANCES AND OBJECTIONS TO CLAIMS

Crystal shall be the only party authorized to object to Claims and to pursue actions to recover preferences and fraudulent conveyances. Unless Crystal consents, or unless otherwise ordered by the Bankruptcy Court, no other party shall have the right or obligation to pursue any such actions. Any creditor determined to have received a preference or fraudulent conveyance pursuant to Sections 547 or 548 of the Bankruptcy Code or any other applicable law shall be required to remit to Crystal an amount equal to the difference between (i) the determined amount of the preference or fraudulent conveyance and (ii) the amount the creditor would have received had such creditor's Claim for such preference or fraudulent conveyance been Allowed. The determination of such amount shall be made based on a pro rata share of the distribution amount excluding Claims resulting from the collection of preferences and fraudulent conveyances. Except as provided above, all Claims against any creditor who may have received a preference or fraudulent conveyance shall be released and discharged upon Confirmation of the Plan.

## ARTICLE X

### PROVISIONS FOR THE RETENTION, ENFORCEMENT, SETTLEMENT, OR ADJUSTMENT OF CLAIMS BELONGING TO CRYSTAL OR TO THE ESTATE

10.01 *Crystal's Causes of Action.* All Claims recoverable under Section 550 of the Bankruptcy Code, all Claims against third parties on account of an indebtedness, and all other Claims owed to or in favor of Crystal to the extent not specifically compromised and released pursuant to this Plan or an agreement referred to and incorporated herein, are hereby preserved and retained for enforcement by the Reorganized Crystal subsequent to the Effective Date.

10.02 *Legally Binding Effect; Discharge of Claims and Interests.* Except for Classes which are not impaired, the provisions of this Plan shall (i) bind all creditors and interest holders, whether or not they accept this Plan, and (ii) discharge Crystal from all debts that arose before the Petition Date. The distributions provided for creditors and interest holders shall not be subject to any Claim by another creditor or interest holder by reason of any assertion of a contractual right of subordination. In addition, the distributions of cash and securities provided for under the Plan shall be in exchange for and in complete satisfaction, discharge, and release of all Claims against and Interests in Crystal or any of its assets or properties, including any Claim or Interest accruing after the Petition Date and prior to the Effective Date. On and after the Effective Date, all holders of impaired Claims and Interests shall be precluded from asserting any Claim against Reorganized Crystal or its assets or properties based on any transaction or other activity of any kind that occurred prior to the Petition Date.



RAM00434

## ARTICLE XI

### RETENTION OF JURISDICTION

11.01 *Jurisdiction.* Until this Reorganization Case is closed, the Bankruptcy Court shall retain such jurisdiction as is legally permissible, including that necessary to insure that the purpose and intent of this Plan are carried out and to hear and determine all Claims set forth in Article II above that could have been brought before the entry of the Confirmation Order. The Bankruptcy Court shall retain jurisdiction to hear and determine all Claims against Crystal and to enforce all causes of action which may exist on behalf of Crystal. Nothing herein contained shall prevent Reorganized Crystal from taking such action as may be necessary in the enforcement of any cause of action which may exist on behalf of Crystal and which may not have been enforced or prosecuted by the Debtor-in-Possession.

Following the Consummation Date, the Bankruptcy Court shall further retain jurisdiction for the purpose of classification of the Claim of any creditor and the re-examination of Claims which have been Allowed for purposes of voting, and the determination of such objections as may be Filed to creditors' claims. The failure by Crystal to object to, or examine, any claim for the purposes of voting, shall not be deemed a waiver of Crystal's or Reorganized Crystal's right to object to, or re-examine, the claim, in whole or part.

The Bankruptcy Court further shall retain jurisdiction after the Consummation Date for the purpose of determination of all questions and disputes regarding title to the assets of the Estate, and determination of all causes of action, controversies, disputes, or conflicts, whether or not subject to any pending action as of the Confirmation Date, between Crystal and any other party, including, but not limited to, any right of Crystal to recover assets pursuant to the provisions of the Bankruptcy Code.

The Bankruptcy Court shall retain jurisdiction for the following additional purposes after the Consummation Date:

(a) to modify this Plan after Confirmation pursuant to the Bankruptcy Rules in Title 11 of the Bankruptcy Code;

(b) to assure the performance by Reorganized Crystal of its obligations to make distributions under this Plan and with respect to the New Securities to be issued;

(c) to enforce and interpret the terms and conditions of this Plan;

(d) to enter such Orders, including injunctions, as are necessary to enforce the title, rights, and powers of Reorganized Crystal and to impose such limitations, restrictions, terms, and conditions on such title, rights, and powers as this Bankruptcy Court may deem necessary;

(e) to enter an Order concluding and terminating this Reorganization Case;

(f) to correct any defect, cure any omission, or reconcile any inconsistency in this Plan or the Order of Confirmation as may be necessary to carry out the purposes and intent of this Plan; and

(g) to decide issues concerning federal tax reporting and withholding which arise in connection with the Confirmation or Consummation of this Plan.

## ARTICLE XII

### ADDITIONAL ASSETS

The assets of all subsidiary corporations of Crystal which are not subject to this case, including Crystal Michigan, CEPCO, and Crystal Program Limited, Inc., a Texas corporation, shall be administered by the Board of Directors of Reorganized Crystal in accordance with the interests of Reorganized Crystal and its shareholders so long as the interests of the creditors, if any, of such subsidiary corporations are protected.



RAM00435

## ARTICLE XIII

### CONDITIONS TO CONFIRMATION

This Plan may not be confirmed by the Bankruptcy Court unless each of the following conditions is either met or waived, to the extent permitted by the Bankruptcy Court, by Crystal:

13.01 *Effective Date.* The Effective Date shall have occurred within 12 months following the Petition Date;

13.02 *Adequate Information.* The Bankruptcy Court by Final Order shall have found that the acceptances and rejections of this Plan from Crystal's impaired creditors pursuant to the Disclosure Statement were solicited after disclosure of adequate information to all such creditors in compliance with any applicable non-bankruptcy law, rule or regulation governing the adequacy of disclosure in connection with such solicitation, and that all solicitations for approval of this Plan were made in good faith and in compliance with the applicable provisions of the Bankruptcy Code;

13.03 *Confirmation of Plan.* All the requirements of Section 1129(a) of the Bankruptcy Code shall have been met;

13.04 *Claims.* All impaired Classes of Claims shall have voted to accept this Plan by at least two-thirds in amount and more than half in number of those voting;

13.05 *Interests.* All impaired Classes of Interest holders shall have voted to accept this Plan by at least two-thirds in amount of those voting or the Bankruptcy Court shall have found that such vote is not required or that, not withstanding such a vote being taken, the provisions of Section 1129(b) of the Bankruptcy Code with respect to the Common Stock have been met;

13.06 *Supplemental Loan Agreement.* Crystal and the Bank shall have entered into the Supplemental Loan Agreement;

13.07 *Supplemental Agreement.* Crystal, CEPCO, Crystal Michigan and Halliburton shall have entered into the Supplemental Agreement;

13.08 *Guarantee.* CEPCO and Crystal Michigan shall have guaranteed the payment of Crystal's obligations under the Supplemental Loan Agreement;

13.09 *Intercreditor Agreement.* The Bank and Halliburton shall have entered into the Intercreditor Agreement;

13.10 *Order of Priorities.* The Bankruptcy Court by Final Order shall have ordered that (i) the property that is subject to the lien securing the payment of Crystal's obligations with respect to the New Bank Note and the Letters of Credit is subject to no prior lien or security interest, (ii) the property that is subject to lien securing the payment of Crystal's obligations with respect to the New Halliburton Note is subject to no prior lien or security interest other than the lien and security interest securing the payment of Crystal's obligations with respect to the New Bank Note and the Letters of Credit and (iii) the property that is subject to the lien securing the payment of Crystal's obligations with respect to the New Convertible Secured Notes is subject to no prior lien or security interest other than the liens and security interests securing the payment of Crystal's obligations with respect to the New Bank Note, the Letters of Credit, and the New Halliburton Note;

13.11 *New Note Indenture.* The New Note Indenture shall have been qualified under the Trust Indenture Act of 1939, as amended; and

13.12 *Documentation.* The form of the Supplemental Loan Agreement, the Supplemental Agreement, the Intercreditor Agreement, the New Note Indenture, the New Securities, CEPCO's and Crystal Michigan's guarantees of the Supplemental Loan Agreement and all other agreements, instruments and documents necessary for the implementation of this Plan shall have been Filed and approved thereby.



RAM00436

## ARTICLE XIV

### Miscellaneous Provisions

14.01 *Cram-Down.* In the event any impaired Class shall fail to accept this Plan in accordance with Section 1129(a) of the Bankruptcy Code, Crystal reserves the right to request the Bankruptcy Court to confirm the Plan in accordance with the provisions of Section 1129(b) of the Bankruptcy Code.

14.02 *Reclamation Claims.* Pursuant to Section 546(c) of the Bankruptcy Code, entities who sold goods to Crystal in the ordinary course of Crystal's business after the date Crystal may have been deemed "Insolvent" under Section 546(c) may have a Claim against Crystal for the reclamation of such goods. Pursuant to Section 546(c) such Claimants must make a reclamation demand in writing within ten days after Crystal receives such goods.

14.03 *Compliance With Tax Requirements.* In connection with this Plan, Crystal shall comply with all withholding and reporting requirements imposed by federal, state and local taxing authorities and distributions hereunder shall be subject to such withholding and reporting requirements.

14.04 *Revocation.* Crystal reserves the right to revoke and withdraw this Plan at any time prior to the Confirmation Date.

14.05 *Effect of Withdrawal of Revocation.* If Crystal revokes or withdraws this Plan prior to the Confirmation Date, or if the Confirmation Date or the Effective Date does not occur, then this Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against Crystal or any other person or to prejudice in any manner the rights of Crystal or any person in any further proceedings involving Crystal.

14.06 *Headings.* Headings are utilized in this Plan for convenience and reference only, and shall not constitute a part of this Plan for any other purpose.

14.07 *Due Authorization by Creditors.* Each and every creditor who elects to participate in the distributions provided for herein warrants that he is authorized to accept in consideration of his Claim against Crystal the distributions provided for in the Plan and that there are not outstanding commitments, agreements, or understandings, expressed or implied, that may or can in any way defeat or modify the rights conveyed or obligations undertaken by him under this Plan.

14.08 *Entire Agreement.* This Plan, as described herein, and in the Disclosure Statement and Exhibits thereto, sets forth the entire agreement and understanding among the parties hereto relating to the subject matter hereof and supersedes all prior discussions and documents. No party hereto shall be bound by any terms, conditions, definitions, warranties, understandings, or representations with respect to the subject matter hereof, other than as expressly provided for herein or as may hereafter be agreed to by the parties in writing.

## ARTICLE XV

### Modification of the Plan

Crystal may propose amendments to or modifications of this Plan under Section 1127 of the Bankruptcy Code at any time prior to the Confirmation Date. After the Confirmation Date, Crystal may remedy any defects or omissions or reconcile any inconsistencies in this Plan or in the Final Order in such manner as may be necessary to carry out the purposes and intent of this Plan so long as the interest of claimants or interest holders are not materially and adversely affected.



RAM00437

## ARTICLE XVI

### Effective Date

This Plan takes effect on the 30th day following the Confirmation Order if the Confirmation Order has not been stayed on appeal by a court of competent jurisdiction. If the Confirmation Order is stayed on appeal, this Plan shall take effect 15 days after such stay is dissolved by Final Order.

CRYSTAL OIL COMPANY

By _____



RAM00438

PLAN EXHIBIT A

# ARTICLES OF AMENDMENT TO THE ARTICLES OF INCORPORATION OF CRYSTAL OIL COMPANY

[See Exhibit B to the Disclosure Statement]

# CERTIFICATE OF DESIGNATION, VOTING POWERS, PREFERENCES AND RIGHTS OF THE $.06 SENIOR CONVERTIBLE VOTING PREFERRED STOCK

[See Exhibit C to the Disclosure Statement]

# CERTIFICATE OF DESIGNATION, VOTING POWERS, PREFERENCES AND RIGHTS OF THE SERIES A CONVERTIBLE VOTING PREFERRED STOCK

[See Exhibit D to the Disclosure Statement]

# FORM OF WARRANT CERTIFICATE

[See Exhibit E to the Disclosure Statement]

# ARTICLES OF AMENDMENT TO THE ARTICLES OF INCORPORATION OF CRYSTAL OIL COMPANY

Pursuant to the provisions of Sections 12:32 and 12:162 of the Louisiana Business Corporation Law, Crystal Oil Company, a Louisiana corporation (the "Company"), adopts the following Articles of Amendment to its Articles of Incorporation:

FIRST: On ....., 1986, the United States Bankruptcy Court for the Western District of Louisiana, Shreveport Division (the "Bankruptcy Court"), pursuant to the provisions of Chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 1101 *et. seq.*, confirmed a Plan of Reorganization of the Company (the "Plan") in *In The Matter of Crystal Oil Company*, Case No. 86-..... (Chapter 11).

SECOND: The Plan provides that the Fourth Article of the Articles of Incorporation of the Company is to be amended in its entirety to read as follows:

"FOURTH: The aggregate number of shares which the corporation shall have the authority to issue is Two Billion Four Hundred and Fifty Million (2,450,000,000), consisting of two classes. The designation of each class, the number of shares of each class, and the par value of the shares of each class are as follows:

| Number of Shares | Class | Par Value Per Share |
|---|---|---|
| 2,300,000,000 | Common Stock | $.01 |
| 150,000,000 | Preferred Stock | $.01 |

The preferences, limitations and relative rights in respect of the shares of each class and the variations of the relative rights and preferences as between series of any preferred or special class in series, if any, as shall be provided for, are as follows:

## A. COMMON STOCK

1. *Voting Rights of Common Stock.* Each holder of Common Stock shall be entitled to one vote for each share of Common Stock held thereby on each matter submitted to a vote of the shareholders of the corporation. No shareholder shall be entitled to cumulate his votes in the election of directors of the corporation, but each share shall be entitled to one vote in the election of each director.

2. *Dividends on Common Stock.* The holders of Common Stock shall be entitled to receive dividends on shares of Common Stock when, if and as declared by the Board of Directors of the corporation.

3. *Distribution on Common Stock in the Event of Dissolution, Liquidation or Winding Up.* In the event of any voluntary or involuntary dissolution, liquidation or winding up of the corporation, after payment or provision for payment of the debts and other liabilities of the corporation and the amounts to which the holders of all classes of Preferred Stock may be entitled, the holders of the Common Stock shall be entitled to share ratably in the remaining assets of the corporation.

## B. PREFERRED STOCK

1. *Authority of the Board of Directors to Amend the Articles of Incorporation to Fix the Preferences, Limitations and Relative Rights of Preferred Stock.* There is hereby vested in the Board of Directors of the corporation the authority to amend these Articles of Incorporation by resolution of such Board of Directors to fix the preferences, limitations and relative rights of the shares of Preferred Stock, and to establish and fix variations in relative rights as between series of Preferred Stock. In such regard and subject only to the limitations set forth in paragraph 2 below and by law, the Board

of Directors of the corporation may by resolution from time to time classify or reclassify and issue in one or more series any unissued shares of Preferred Stock, and may fix or alter in any one or more respects, from time to time before issuance of such shares, the number and designation of any series or classification, liquidation and dividend rights, preferences, voting powers, redemption rights, conversion rights, and any other rights, restrictions and qualifications of and the terms of any purchase, retirement or sinking fund which may be provided for such shares of Preferred Stock.

2. *Restriction on Non-Voting Securities.* Notwithstanding the provisions of paragraph 1 above relating to the authority of the Board of Directors of the corporation to fix the preferences, limitations and relative rights of the shares of Preferred Stock, and to establish and fix variations in the relative rights as between series of Preferred Stock, the Board of Directors of the corporation (a) may not authorize the issuance of any class or series of Preferred Stock without voting rights and (b) shall provide with respect to each class or series of Preferred Stock for an appropriate distribution of the voting power of the corporation, including, in the case of any class or series of Preferred Stock having a preference over the Common Stock or any other class or series of Preferred Stock with respect to dividends, adequate provision for the election of directors representing such class or series of Preferred Stock in the event of default in the payment of such dividends."

THIRD: The filing of these Articles of Amendment to the Company's Articles of Incorporation is provided for in the Plan and in the order of the Bankruptcy Court confirming the Plan.

FOURTH: The preferences, limitations and relative rights in respect of the shares of each class of capital stock of the Company and the variations in the relative rights and preferences as between each series of preferred or special class of capital stock of the Company are described in the Second Article of these Articles of Amendment to the Company's Articles of Incorporation.

IN WITNESS WHEREOF, the Company, as authorized and directed by the order of the Bankruptcy Court confirming the Plan, has caused these Articles of Amendment to the Articles of Incorporation of the Company to be signed by J. N. Averett, Jr., its President, and L. G. Caskey, its Secretary, respectively, on this ..... day of ....., 1986.

CRYSTAL OIL COMPANY

By .....
J. N. AVERETT, JR.
*President*

By .....
L. G. CASKEY
*Secretary*



RAM00444

**EXHIBIT C**

# CERTIFICATE OF DESIGNATION, VOTING POWERS, PREFERENCES AND RIGHTS OF THE $.06 SENIOR CONVERTIBLE VOTING PREFERRED STOCK OF CRYSTAL OIL COMPANY

Crystal Oil Company, a Louisiana corporation (the "Company"), pursuant to Sections 12:33 and 12:24B(6) of Louisiana Business Corporation Law, certifies that the Board of Directors of the Company at a meeting thereof duly called and held on [the Effective Date], at which a quorum was present and acting throughout, duly adopted the following resolutions providing for the issuance of a series of preferred stock, par value $.01 per share, to be designated the "$.06 Senior Convertible Voting Preferred Stock" and to consist of 50,062,000 shares:

RESOLVED, that pursuant to the authority expressly vested in the Board of Directors by Article Four of the Articles of Incorporation of the Company (which creates and authorizes 150,000,000 shares of Serial Preferred Stock having the par value of $.01 per share ("Serial Preferred Stock"), of which no shares are currently outstanding), there is hereby designated and authorized for issuance in connection with the confirmation of a Plan of Reorganization of the Company (the "Plan") under Chapter 11 of the United States Bankruptcy Code, a series of Serial Preferred Stock, par value $.01 per share, entitled "$.06 Senior Convertible Voting Preferred Stock" consisting of fifty million sixty-two thousand (50,062,000) shares (the "Senior Preferred Stock"); and

RESOLVED, that the Senior Preferred Stock shall have the following powers, preferences and relative, participating, voting, optional, conversion and other special rights, and the qualifications, limitations and restrictions thereon, in addition to those set forth in Article Four of the Articles of Incorporation of the Company:

(a) *Dividends.* The holders of shares of Senior Preferred Stock shall be entitled to receive, when, if, and as declared by the Board of Directors, noncumulative dividends out of funds legally available therefor in cash at the rate of $.06 per share per annum, and no more, payable annually on the fifteenth day of April in each year commencing [April after the Effective Date]. Dividends shall be payable to holders of record, as they appear on the stock transfer books of the Company, on such record dates as may be declared by the Board of Directors not more than sixty (60) days nor less than ten (10) days preceding the payment dates for such dividends. Notwithstanding the above, no dividends, whether in cash, stock or otherwise shall be paid or declared with respect to, nor shall any distribution be made on, the Senior Preferred Stock unless (i) there shall not be outstanding any Superior Indebtedness (as defined in the Indenture of Mortgage, Deed of Trust, Assignment and Security Agreement dated as of [the Effective Date], between the Company and J. Henry Schroder Bank & Trust Company pursuant to which the Company's Non-Interest Bearing Subordinated Convertible Secured Notes due [ten years after the Effective Date] (the "Notes"), were issued, (ii) any required sinking fund obligation of the Company with respect to the Notes shall have been made or provided for, (iii) after giving effect to such dividend or distribution the Company shall have at least $1.00 in consolidated retained earnings (calculated in accordance with generally accepted accounting principles then existing) and (iv) the declaration and payment of such dividends or the making of such distribution would not violate any applicable law or provision of any material contract to which the Company is a party. The determination of the amount of the Company's consolidated retained earnings shall be made as of the last day of the preceding month in which it is determined by the independent public accountants then engaged by the Company to audit the accounts of the Company generally, whose determination shall be conclusive.

(b) *Dividend Preference.* So long as any shares of Senior Preferred Stock are outstanding, no dividends whatsoever, whether in cash, stock or otherwise (except for dividends paid in shares of "junior stock" as defined below) shall be paid or declared, nor shall any distribution be made, on any junior stock, nor shall any shares of junior stock (other than junior stock acquired in exchange for junior stock, or out of proceeds of the issue of other junior stock for cash) be purchased, redeemed, retired or otherwise acquired

for valuable consideration by the Company, unless the circumstances described in (i) through (iv) of section (a) hereof under which the Company may declare and pay a dividend on the Senior Preferred Stock shall have been met and all required dividends, if any, on the Senior Preferred Stock for all past periods, including the dividend period immediately preceding such event, shall have been declared and paid or a sum sufficient for the payment thereof set apart for such payment. The term "junior stock" as used herein shall mean the common stock, $.01 par value per share ("Common Stock"), of the Company and all other shares of stock of the Company by their terms ranking junior to the Senior Preferred Stock as to dividends, rights to redemption (through sinking fund payments or otherwise) and distribution of assets upon a liquidation, dissolution or winding up of the Company.

(c) *Liquidation Preference.* Upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, the Senior Preferred Stock shall be entitled, before any distribution is made on the Common Stock or any other junior stock of the Company, to be paid $1.00 per share, plus all accrued and unpaid dividends to the date of such distribution. A consolidation or merger of the Company shall not be deemed to be a liquidation, dissolution or winding up of the Company.

(d) *Optional Redemption.* The Senior Preferred Stock shall be redeemable, in whole or in part, at the option of the Company, at any time or from time to time, at a redemption price of $1.00 per share plus any accrued and unpaid dividends thereon upon giving the notice provided below. Notice of redemption shall be mailed at least thirty (30) days but not more than sixty (60) days before the redemption date to each holder of record of shares of Senior Preferred Stock to be redeemed at the address shown on the stock transfer books of the Company (but no failure to mail such notice or any defect therein or in the mailing thereof shall affect the validity of the proceedings for such redemption except as to the holder to whom the Company has failed to mail such notice or except as to the holder whose notice was defective). The Company may not redeem less than all outstanding shares of Senior Preferred Stock unless all dividends, if any, on the Senior Preferred Stock for all past periods shall have been declared and paid or set apart for payment upon all outstanding shares of Senior Preferred Stock for the current dividend period. Shares of Senior Preferred Stock redeemed by the Company shall be restored to the status of authorized but unissued shares of Serial Preferred Stock, without designation as to series, and may thereafter be issued.

(e) *Restrictions on Dividends and Other Payments on Junior Stock.* So long as any shares of Senior Preferred Stock are outstanding, no dividends whatsoever, whether in cash, stock or otherwise, shall be paid or declared on, nor shall any distribution be made on, nor shall there be purchased, redeemed or retired or otherwise acquired for valuable consideration by the Company or any subsidiary of the Company, nor shall any distribution be made upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, on any junior stock unless (i) all dividends, if any, required to be paid on the Senior Preferred Stock for all past periods, including the dividend period immediately preceding such event, shall have been paid and declared or a sum sufficient for the payment thereof set apart and (ii) in the case of any voluntary or involuntary liquidation, dissolution or winding up of the Company, there shall have been distributed to the holders of Senior Preferred Stock all amounts to which they are entitled pursuant to section (c) hereof.

(f) *Conversion.* The holder of any shares of Senior Preferred Stock shall have the right at his option at any time, subject to the provisions of this section (f), to convert any such shares into Common Stock of the Company at the rate of four and one-half shares of fully paid and nonassessable Common Stock for each share of Senior Preferred Stock, as such rate may be adjusted from time to time, *provided, however,* that, with respect to any share of Senior Preferred Stock which shall be called for redemption, such right of conversion shall cease and terminate at the close of business on the day immediately preceding the date fixed for redemption of such share unless the Company shall default in payment or in providing for payment of the redemption price. The number of shares of Common Stock issuable at any time (and as adjusted from time to time) upon conversion of one share of Senior Preferred Stock is hereinafter called the "Conversion Rate".

The Conversion Rate shall be subject to the following adjustments:

(i) If the Company shall pay a dividend or make a distribution upon its Common Stock in shares of its Common Stock, then the Conversion Rate in effect immediately prior to the record date fixed for the determination of shareholders entitled to such dividend or distribution shall be increased in proportion to the increase in the number of outstanding shares of Common Stock effected through such stock dividend or distribution, such adjustment to become effective immediately after the opening of business on the day following such record date.

(ii) If the Company shall subdivide the outstanding shares of its Common Stock into a greater number of shares of Common Stock or combine the outstanding shares of Common Stock into a smaller number of shares of Common Stock, or issue by reclassification of its Common Stock any shares of the Company, then the Conversion Rate in effect immediately prior thereto shall be adjusted so that a holder of Senior Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number of shares that he would have owned or been entitled to receive after the happening of any of the events described above had such Senior Preferred Stock been converted immediately prior to the happening of such event, such adjustment to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination or reclassification, as the case may be, becomes effective.

(iii) If the Company shall issue rights or warrants (other than warrants issued pursuant to the Plan) to the holders of its Common Stock entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the current market price per share of Common Stock on the date of such issuance, then in each case the Conversion Rate in effect immediately prior thereto shall be adjusted so that the number of shares of Common Stock into which each share of Senior Preferred Stock shall thereafter be convertible shall be determined by multiplying the number of shares of Common Stock into which such share was theretofore convertible by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of additional shares of Common Stock offered for subscription or purchase, and the denominator of which shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of shares of Common Stock which the aggregate offering price of the total number of shares so offered would purchase at the current market price per share of Common Stock.

(iv) If the Company shall distribute to all holders of its Common Stock evidences of indebtedness or securities or assets (excluding those referred to in subsections (i), (ii) and (iii) of this section (f), those securities to be issued pursuant to the Plan and cash dividends payable out of consolidated retained earnings or dividends payable in shares of Common Stock), then the Conversion Rate in effect immediately prior to the record date for the determination of shareholders entitled thereto shall be adjusted by multiplying such Conversion Rate by a fraction, the numerator of which shall be the current market price per share of Common Stock on the date of such distribution and the denominator of which shall be such current market price per share of the Common Stock, less the fair market value (determined by the Board of Directors, whose determination shall be conclusive) of the portion of the assets or securities or evidences of indebtedness so distributed or of such subscription rights applicable to one share of Common Stock, such adjustment to become effective immediately after the opening of business on the day following the record date for the determination of shareholders entitled to receive such distribution. For purposes of this subsection (iv), consolidated retained earnings shall be determined by the independent public accountants then engaged by the Company to audit the accounts of the Company generally, whose determination shall be conclusive.

No adjustment in the Conversion Rate shall be made if, at the same time as the Company shall distribute property or issue securities of the Company as a dividend or distribution on the outstanding Common Stock, which would otherwise call for an adjustment in the Conversion Rate, the Company shall distribute such property or issue shares of such junior stock as a dividend or distribution on the outstanding Senior Preferred Stock equivalent to the amount of property or the number of shares distributable on the shares of Common Stock into which the Senior Preferred Stock is then convertible.



RAM00447

No adjustment in the Conversion Rate shall be made by reason of the issuance of shares of Common Stock or any security convertible into or exercisable for shares of Common Stock in exchange for cash, property or services.

If the Company shall be consolidated with or merged into any other company, then provisions shall be made as part of the terms of such consolidation or merger whereby the holders of any shares of Senior Preferred Stock outstanding immediately prior to such event shall thereafter be entitled to such conversion rights with respect to securities of the Company resulting from such consolidation or merger as shall be substantially equivalent to the conversion rights provided herein.

Notwithstanding anything in this section (f) to the contrary, the Company shall not be required, except as hereinafter provided, to make any adjustment of the Conversion Rate in any case in which the amount by which such Conversion Rate would be increased in accordance with the foregoing provisions would be less than one-hundredth of a share of Common Stock, but in such case any adjustment that would otherwise be required then to be made will be carried forward and made at the time at which the next subsequent adjustment which, together with any and all such adjustments so carried forward, shall amount to one-hundredth or more of a share of Common Stock, *provided, however,* that such adjustment shall be made in all events (regardless of whether or not the amount thereof or the cumulative amount thereof equals or exceeds one-hundredth of a share of Common Stock) not later than three years after the occurrence of the events specified in subsections (i) through (iv) of this section (f). In the event of any stock dividend, subdivision or other event referred to in subsection (i) or (ii) of this section (f) such amount of one-hundredth (as theretofore decreased or increased) shall be proportionately decreased or increased.

Whenever the Conversion Rate is adjusted, the Company shall as soon as practicable (but in any event not later than 30 days after the event causing the adjustment) send to the transfer agent for the Senior Preferred Stock and the holders of the Senior Preferred Stock at the names and addresses as then listed in the transfer records of the Company a statement signed by two officers of the Company, stating the adjusted Conversion Rate and sufficient facts to show the reason for and the manner of computing the adjustments.

The purchase or other acquisition by the Company of Common Stock or other securities of the Company shall not effect any adjustment of the Conversion Rate.

For the purposes of this section (f), the term "current market price" shall mean the average daily closing price for a share of Common Stock for the 10 consecutive trading days commencing 20 days before the date of issuance of securities or grant of options or other day in question. The closing price per share of Common Stock for each such day shall be the last reported sales price regular way or, in the case no such reported sale takes place on such day, the reported closing bid price regular way on the principal national or regional securities exchange on which the shares of Common Stock are listed or admitted to trading as determined by the Company, which determination shall be conclusive, or, if not listed or admitted to trading on any national or regional securities exchange, the bid price per share of Common Stock as reported by the National Association of Securities Dealers Automated Quotation System or the National Quotation Bureau Incorporated or otherwise in the over-the-counter market, and if the Common Stock is not traded, as determined by the Board of Directors of the Company in good faith to be the fair value of one share of the Common Stock.

The Company shall at all times reserve and keep available, free from preemptive rights, out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of shares of Senior Preferred Stock, the full number of whole shares of Common Stock then issuable upon the conversion or exchange of all shares of Senior Preferred Stock at the time outstanding. For the purpose of this paragraph, the full number of shares of Common Stock issuable upon the conversion of all outstanding shares of Senior Preferred Stock shall be computed as if at the time of computation of such number of shares of Common Stock all outstanding shares of Senior Preferred Stock were held by a single



RAM00448

holder. The Company shall from time to time, in accordance with the laws of the State of Louisiana, use its best efforts to increase the authorized amount of its Common Stock if at any time the authorized amount of its Common Stock remaining unissued shall not be sufficient to permit the conversion of all shares of Senior Preferred Stock at the time outstanding. If any shares of Common Stock required to be reserved for issuance upon conversion of shares of Senior Preferred Stock hereunder require registration with or approval of any governmental authority under any federal or state law before such shares may be issued upon such conversion, the Company shall in good faith and as expeditiously as possible endeavor to cause such shares to be so registered or approved.

The Company shall pay any and all taxes that may be payable in respect of the issue or delivery of shares of Common Stock on conversion of the shares of Senior Preferred Stock pursuant hereto. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue or transfer and delivery of shares of Common Stock in a name other than that in which the shares of Senior Preferred Stock so converted were registered, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Company the amount of any such tax or has established to the satisfaction of the Company that such tax has been paid.

Before any holder of shares of Senior Preferred Stock shall be entitled to convert the same into Common Stock, such holder shall surrender the certificate or certificates therefor, duly endorsed or assigned to the Company or in blank, at the office of any transfer agent for such stock or at such other place or places, if any, as the Board of Directors of the Company may have designated, and shall give written notice to the Company at such office or place that such holder elects to convert the same and shall state in writing therein the name or names (with addresses) in which such holder wishes the certificate or certificates for Common Stock to be issued. Shares of Senior Preferred Stock surrendered for conversion during the period from the close of business on any record date for the payment of a dividend on the shares of Senior Preferred Stock to the opening of business on the date for payment of such dividend shall (except in the case of shares of Senior Preferred Stock which have been called for redemption on a redemption date within such period) be accompanied by payment of an amount equal to the dividend payable on such dividend payment date on the shares of Senior Preferred Stock being surrendered for conversion. Except as provided in the preceding sentence, no payment or adjustment shall be made upon any conversion on account of any dividend accrued on the shares of Senior Preferred Stock surrendered for conversion or on account of any dividends on the Common Stock issued upon conversion. The Company will, as soon as practicable thereafter, issue and deliver at such office or place to such holder of shares of Senior Preferred Stock, or to such holder's nominee or nominees, certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid. Shares of Senior Preferred Stock shall be deemed to have been converted as of the close of business on the date of the surrender of such shares for conversion as provided above, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common Stock as of the close of business on such date.

(g) *Voting.* In addition to any voting rights which may be provided by law, holders of Senior Preferred Stock shall have the voting rights set forth below:

(i) Subject to the provision for adjustment hereinafter set forth, each share of Senior Preferred Stock shall entitle the holder thereof to two votes for the election of directors and on all other matters submitted to a vote of shareholders of the Company.

(ii) Except as otherwise provided herein or by law, the holders of shares of Senior Preferred Stock and the holders of shares of Common Stock and all other capital stock of the Company entitled to vote generally in the election of directors and on all matters submitted to a vote of shareholders ("Voting Stock") shall vote together as one class on all matters submitted to a vote of shareholders of the Company.

(iii) In the event the Company shall at any time declare or pay any dividend on the Common Stock payable in shares of any class or series of Voting Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock or a reclassification of the Common Stock (otherwise than by payment of a dividend in shares of any class or series of such Voting Stock) into a



RAM00449

greater or lesser number of shares of Common Stock, then in each case the number of votes per share to which the holders of shares of Senior Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which shall be the number of votes which the holders of the outstanding Common Stock had immediately after such event and the denominator of which shall be the number of votes which such holders had immediately prior to such event.

(iv) If at any time there shall be payable dividends on the shares of Senior Preferred Stock pursuant to section (a) hereof and such dividends shall be unpaid for more than 180 days, then the holders of Senior Preferred Stock then outstanding (voting as a class) shall have the right to elect two members of the Board of Directors of the Company. Such voting power shall terminate when all unpaid dividends on all outstanding shares of Senior Preferred Stock shall have been paid or declared and set aside for payment. Whenever the holders of the Senior Preferred Stock shall have the right as a class to elect directors, the Board of Directors of the Company may be increased by two directors, subject to the limitations set forth below, and the holders of the Senior Preferred Stock shall have the exclusive right as a class to elect two directors at the next annual meeting of shareholders and at each subsequent annual meeting of shareholders unless such right shall have terminated. Such two directors to be elected may be in addition to the number of directors theretofore authorized to be elected by the holders of all the Voting Stock unless the authorized number of directors of the Company would be increased beyond the then maximum authorized number thereof, in which event the number of directors to be elected by the holders of all the Voting Stock shall be decreased so that two of the directors to be elected at such annual meeting of shareholders shall be elected by the holders of the Senior Preferred Stock and the remaining directors shall be elected by the holders of the Common Stock. Upon the termination of the right of the holders of the Senior Preferred Stock to vote for directors, the term of office of all directors then in office elected by the holders of the Senior Preferred Stock shall terminate immediately. If the office of any director elected by the holders of the Senior Preferred Stock shall become vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise the remaining director elected by such holders may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(v) So long as any shares of Senior Preferred Stock are outstanding, the Company shall not, without the affirmative vote or consent of the holders of at least a majority of the outstanding shares of Senior Preferred Stock, voting as a class (with each share of Senior Preferred Stock entitled to one vote), given in person or by proxy, either in writing or by vote at an annual meeting or a special meeting called for the purpose of such vote, (A) alter or amend the powers, designations, preferences and rights or qualifications, limitations or restrictions of the Senior Preferred Stock as set forth in this resolution in any way which would materially and adversely affect any right, preference or privilege of the Senior Preferred Stock or (B) authorize the merger or consolidation of the Company if the effect of such merger or consolidation would be to materially alter or change the powers, preferences or rights given to the holders of any shares of Senior Preferred Stock. Notwithstanding anything in this subsection (v) to the contrary, the issuance of additional shares of Common Stock or the creation and issuance of other series of preferred stock ranking junior to the Senior Preferred Stock with respect to distribution of assets upon liquidation, dissolution or winding up shall not be deemed to either materially or adversely affect any right, preference or privilege of the Senior Preferred Stock.

(vi) So long as any shares of Senior Preferred Stock are outstanding, the Company shall not, without the affirmative vote or consent of the holders of at least a majority of the outstanding shares of Senior Preferred Stock given in person or by proxy, either in writing or by vote at an annual meeting or a special meeting called for the purpose of such vote, issue any new shares of Senior Preferred Stock or authorize or create any class or series of capital stock of the Company ranking superior, either as to payment of dividends, rights to redemption (through operation of a sinking fund or otherwise) or as to amounts distributable upon liquidation, dissolution, distribution or sale of assets, equal or prior to the Senior Preferred Stock.

(vii) Except as set forth herein, holders of the Senior Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with the holders of Voting Stock as set forth herein) for taking any corporate action.

IN WITNESS WHEREOF, the Company has caused this Certificate to be executed by its President and its Secretary, thereunto duly authorized, this ..... day of ....., 1986, and its corporate seal to be thereunto affixed.

CRYSTAL OIL COMPANY

By _____
J. N. Averett, Jr.
*President*

Attest:

By _____
*Secretary*

EXHIBIT D

# CERTIFICATE OF DESIGNATION, VOTING POWERS, PREFERENCES AND RIGHTS OF THE SERIES A CONVERTIBLE VOTING PREFERRED STOCK OF CRYSTAL OIL COMPANY

Crystal Oil Company, a Louisiana corporation (the "Company"), pursuant to Sections 12:33 and 12:24B(6) of Louisiana Business Corporation Law, certifies that the Board of Directors of the Company at a meeting thereof duly called and held on [the Effective Date], at which a quorum was present and acting throughout, duly adopted the following resolutions providing for the issuance of a series of preferred stock, par value $.01 per share, to be designated the "Series A Convertible Voting Preferred Stock" and to consist of 66,867,000 shares:

RESOLVED, that pursuant to the authority expressly vested in the Board of Directors by Article Four of the Articles of Incorporation of the Company (which creates and authorizes 150,000,000 shares of Serial Preferred Stock having the par value of $.01 per share ("Serial Preferred Stock"), of which 50,062,000 shares designated as the $.06 Senior Convertible Voting Preferred Stock (the "Senior Preferred Stock") are currently outstanding), there is hereby designated and authorized for issuance in connection with the confirmation of a Plan of Reorganization of the Company (the "Plan") under Chapter 11 of the United States Bankruptcy Code, a series of Serial Preferred Stock, par value $.01 per share, entitled "Series A Convertible Voting Preferred Stock" consisting of sixty-six million eight hundred and sixty-seven thousand (66,867,000) shares (the "Series A Preferred Stock"); and

RESOLVED, that the Series A Preferred Stock shall have the following powers, preferences and relative, participating, voting, optional, conversion and other special rights, and the qualifications, limitations and restrictions thereon, in addition to those set forth in Article Four of the Articles of Incorporation of the Company:

(a) *Dividends.* The holders of shares of Series A Preferred Stock shall not be entitled to receive any dividends as a class or in participation with the holders of the Common Stock, $.01 par value ("Common Stock"), of the Company.

(b) *Dividend Restriction.* So long as any shares of Series A Preferred Stock are outstanding, no dividends whatsoever, whether in cash, stock or otherwise (except for dividends paid in shares of "junior stock" as defined below) shall be paid or declared, nor shall any distribution be made, on any junior stock, nor shall any shares of junior stock (other than junior stock acquired in exchange for junior stock, or out of proceeds of the issue of other junior stock for cash) be purchased, redeemed, retired or otherwise acquired for valuable consideration by the Company, unless (i) there shall not be outstanding any Superior Indebtedness (as defined in the Indenture of Mortgage, Deed of Trust, Assignment and Security Agreement dated as of [the Effective Date], between the Company and J. Henry Schroder Bank & Trust Company pursuant to which the Company's Non-Interest Bearing Convertible Subordinated Secured Notes due [ten years after the Effective Date] (the "Notes"), were issued, (ii) any required sinking fund obligation of the Company with respect to the Notes shall have been made or provided for, (iii) after giving effect to such dividend, distribution, purchase, redemption, retirement or other acquisition, the Company shall have at least $1.00 in consolidated retained earnings (calculated in accordance with generally accepted accounting principles then existing) and (iv) the declaration and payment of such dividends or distributions or the purchase, redemption, retirement or acquisition would not violate any applicable law or provision of any material contract to which the Company is a party. The term "junior stock" as used herein shall mean the Common Stock and all other shares of stock of the Company by their terms ranking junior to the Series A Preferred Stock as to dividends, rights to redemption (through sinking fund payments or otherwise) and distribution of assets upon a liquidation, dissolution or winding up of the Company. The determination of the amount of the Company's consolidated retained earnings shall be made as of the last day of the preceding month in which it is determined by the independent public accountants then engaged by the Company to audit the accounts of the Company generally, whose determination shall be conclusive.

(c) *Liquidation Preference.* Subject to the rights of the holders of "senior stock", as defined below, upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of the Series A Preferred Stock shall be entitled, before any distribution is made on the Common Stock or any other junior stock of the Company, to be paid $1.00 per share of the Series A Preferred Stock held by them. The term "senior stock" as used herein shall mean the Senior Preferred Stock and all other shares of stock of the Company by their terms ranking senior to the Series A Preferred Stock as to dividends, rights to redemption (through sinking fund payments or otherwise) and distribution of assets upon a liquidation, dissolution or winding up of the Company. A consolidation or merger of the Company shall not be deemed to be a liquidation, dissolution or winding up of the Company.

(d) *Optional Redemption.* The Series A Preferred Stock shall be redeemable, in whole or in part, at the option of the Company, at any time or from time to time, at a redemption price of $1.00 per share upon giving the notice provided below. Notice of redemption shall be mailed at least thirty (30) days but not more than sixty (60) days before the redemption date to each holder of record of shares of Series A Preferred Stock to be redeemed at the address shown on the stock transfer books of the Company (but no failure to mail such notice or any defect therein or in the mailing thereof shall affect the validity of the proceedings for such redemption except as to the holder to whom the Company has failed to mail such notice or except as to the holder whose notice was defective). Shares of Series A Preferred Stock redeemed by the Company shall be restored to the status of authorized but unissued shares of Serial Preferred Stock, without designation as to series, and may thereafter be issued.

(e) *Restrictions on Payments on Liquidation.* So long as any shares of Series A Preferred Stock are outstanding, no distribution may be made upon any voluntary or involuntary liquidation, dissolution or winding up of the Company on any junior stock unless there shall have been distributed to the holders of Series A Preferred Stock all amounts to which they are entitled pursuant to section (c) hereof.

(f) *Conversion.* The holder of any shares of Series A Preferred Stock shall have the right at his option at any time, subject to the provision of this section (f), to convert any such shares into Common Stock of the Company at the rate of four shares of fully paid and nonassessable Common Stock for each share of Series A Preferred Stock, as such rate may be adjusted from time to time, *provided, however,* that, with respect to any share of Series A Preferred Stock which shall be called for redemption, such right of conversion shall cease and terminate at the close of business on the day immediately preceding the date fixed for redemption of such share unless the Company shall default in payment or in providing for payment of the redemption price. The number of shares of Common Stock issuable at any time (and as adjusted from time to time) upon conversion of one share of Series A Preferred Stock is hereinafter called the "Conversion Rate".

The Conversion Rate shall be subject to the following adjustments:

(i) If the Company shall pay a dividend or make a distribution upon its Common Stock in shares of its Common Stock, then the Conversion Rate in effect immediately prior to the record date fixed for the determination of shareholders entitled to such dividend or distribution shall be increased in proportion to the increase in the number of outstanding shares of Common Stock effected through such stock dividend or distribution, such adjustment to become effective immediately after the opening of business on the day following such record date.

(ii) If the Company shall subdivide the outstanding shares of its Common Stock into a greater number of shares of Common Stock or combine the outstanding shares of Common Stock into a smaller number of shares of Common Stock, or issue by reclassification of its Common Stock any shares of the Company, then the Conversion Rate in effect immediately prior thereto shall be adjusted so that a holder of Series A Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number of shares that he would have owned or been entitled to receive after the happening of any of the events described above had such Series A Preferred Stock been converted immediately prior to the happening of such event, such adjustment to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination or reclassification, as the case may be, becomes effective.



RAM00453

(iii) If the Company shall issue rights or warrants (other than warrants issued pursuant to the Plan) to the holders of Common Stock entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the current market price per share of Common Stock on the date of such issuance, then in each case the Conversion Rate in effect *immediately prior thereto* shall be adjusted so that the number of shares of Common Stock into which each share of Series A Preferred Stock shall thereafter be convertible shall be determined by multiplying the number of shares of *Common Stock into* which such share was *theretofore* convertible by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of additional shares of Common Stock offered for subscription or purchase, and the denominator of which shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of shares of Common Stock which the aggregate offering price of the total number of shares so offered would purchase at the current market price per share of Common Stock.

(iv) If the Company shall distribute to all holders of Common Stock evidences of indebtedness or securities or assets (excluding those referred to in subsections (i), (ii) and (iii) of this section (f), those securities to be issued pursuant to the Plan and cash dividends payable out of consolidated retained earnings or dividends payable in shares of Common Stock), then the Conversion Rate in effect immediately prior to the record date for the determination of shareholders entitled thereto shall be adjusted by multiplying such Conversion Rate by a fraction, the numerator of which shall be the current market price per share of Common Stock on the date of such distribution and the denominator of which shall be such current market price per share of the Common Stock, less the fair market value (determined by the Board of Directors, whose determination shall be conclusive) of the portion of the assets or securities or evidences of indebtedness so distributed or of such subscription rights applicable to one share of Common Stock, such adjustment to become effective immediately after the opening of business on the day following the record date for the determination of shareholders entitled to receive such distribution. For purposes of this subsection (iv), consolidated retained earnings shall be determined as of the last day of the preceding month for which it is determined by the independent public accountants then engaged by the Company to audit the accounts of the Company generally, whose determination shall be conclusive.

No adjustment in the Conversion Rate shall be made if, at the same time as the Company shall distribute property or issue securities of the Company as a dividend or distribution on the outstanding Common Stock, which would otherwise call for an adjustment in the Conversion Rate, the Company shall distribute such property or issue shares of such junior stock as a dividend or distribution on the outstanding Series A Preferred Stock equivalent to the amount of property or the number of shares distributable on the shares of Common Stock into which the Series A Preferred Stock is then convertible.

No adjustment in the Conversion Rate shall be made by reason of the issuance of shares of Common Stock or any security convertible into or exercisable for shares of Common Stock in exchange for cash, property or services.

If the Company shall be consolidated with or merged into any other company, then provisions shall be made as part of the terms of such consolidation or merger whereby the holders of any shares of Series A Preferred Stock outstanding immediately prior to such event shall thereafter be entitled to such conversion rights with respect to securities of the Company resulting from such consolidation or merger as shall be substantially equivalent to the conversion rights provided herein.

Notwithstanding anything in this section (f) to the contrary, the Company shall not be required, except as hereinafter provided, to make any adjustment of the Conversion Rate in any case in which the amount by which such Conversion Rate would be increased in accordance with the foregoing provisions would be less than one-hundredth of a share of Common Stock, but in such case any adjustment that would otherwise be required then to be made will be carried forward and made at the time at which the next subsequent adjustment which, together with any and all such adjustments so carried forward, shall amount to one-hundredth or more of a share of Common Stock, *provided, however,* that such adjustment shall be made in all events (regardless of whether or not the amount thereof or the cumulative amount thereof equals or exceeds one-hundredth of a share of Common Stock) not later than three years after the occurrence of the events specified in subsections (i) through (iv) of this section (f). In the event of any



RAM00454

stock dividend, subdivision or other event referred to in subsection (i) or (ii) of this section (f) said amount of one-hundredth (as theretofore decreased or increased) shall be proportionately decreased or increased.

No fraction of a share of Common Stock shall be issued upon conversion, but in lieu thereof the Company shall, notwithstanding any other provision of this section (f), pay therefor cash equal to such fraction multiplied by the current market price per share of the Common Stock at the date of conversion.

Whenever the Conversion Rate is adjusted, the Company shall as soon as practicable (but in any event not later than thirty (30) days after the event causing the adjustment) send to the transfer agent for the Series A Preferred Stock and the holders of the Series A Preferred Stock at the names and addresses as then listed in the transfer records of the Company a statement signed by two officers of the Company, stating the adjusted Conversion Rate and sufficient facts to show the reason for and the manner of computing the adjustments.

The purchase or other acquisition by the Company of Common Stock or other securities of the Company shall not effect any adjustment of the Conversion Rate.

For the purposes of this section (f), the term "current market price" shall mean the average daily closing price for a share of Common Stock for the 10 consecutive trading days commencing 20 days before the date of issuance of securities or grant of options or other day in question. The closing price per share of Common Stock for each such day shall be the last reported sales price regular way or, in the case no such reported sale takes place on such day, the reported closing bid price regular way on the principal national or regional securities exchange on which the shares of Common Stock are listed or admitted to trading as determined by the Company, which determination shall be conclusive, or, if not listed or admitted to trading on any national or regional securities exchange, the bid price per share of Common Stock as reported by the National Association of Securities Dealers Automated Quotation System or the National Quotation Bureau Incorporated or otherwise in the over-the-counter market, and if the Common Stock is not traded, as determined by the Board of Directors of the Company in good faith to be the fair value of one share of the Common Stock.

The Company shall at all times reserve and keep available, free from preemptive rights, out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of shares of Series A Preferred Stock, the full number of whole shares of Common Stock then issuable upon the conversion or exchange of all shares of Series A Preferred Stock at the time outstanding. For the purpose of this paragraph, the full number of shares of Common Stock issuable upon the conversion of all outstanding shares of Series A Preferred Stock shall be computed as if at the time of computation of such number of shares of Common Stock all outstanding shares of Series A Preferred Stock were held by a single holder. The Company shall from time to time, in accordance with the laws of the State of Louisiana, use its best efforts to increase the authorized amount of its Common Stock if at any time the authorized amount of its Common Stock remaining unissued shall not be sufficient to permit the conversion of all shares of Series A Preferred Stock at the time outstanding. If any shares of Common Stock required to be reserved for issuance upon conversion of shares of Series A Preferred Stock hereunder require registration with or approval of any governmental authority under any federal or state law before such shares may be issued upon such conversion, the Company shall in good faith and as expeditiously as possible endeavor to cause such shares to be so registered or approved.

The Company shall pay any and all taxes that may be payable in respect of the issue or delivery of shares of Common Stock on conversion of the shares of Series A Preferred Stock pursuant hereto. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue or transfer and delivery of shares of Common Stock in a name other than that in which the shares of Series A Preferred Stock so converted were registered, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Company the amount of any such tax or has established to the satisfaction of the Company that such tax has been paid.

Before any holder of shares of Series A Preferred Stock shall be entitled to convert the same into Common Stock, such holder shall surrender the certificate or certificates therefor, duly endorsed or assigned to the Company or in blank, at the office of any transfer agent for such stock or at such other

place or places, if any, as the Board of Directors of the Company may have designated, and shall give written notice to the Company at such office or place that such holder elects to convert the same and shall state in writing therein the name or names (with addresses) in which such holder wishes the certificate or certificates for Common Stock to be issued. No payment or adjustment shall be made upon any conversion on account of any dividends on the Common Stock issued upon conversion. The Company will, as soon as practicable thereafter, issue and deliver at such office or place to such holder of shares of Series A Preferred Stock, or to such holder's nominee or nominees, certificates for the number of whole shares of Common Stock to which such holder shall be entitled as aforesaid, together with cash in lieu of any fraction of a share. Shares of Series A Preferred Stock shall be deemed to have been converted as of the close of business on the date of the surrender of such shares for conversion as provided above, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common Stock as of the close of business on such date.

(g) *Voting.* In addition to any voting rights which may be provided by law, holders of Series A Preferred Stock shall have the voting rights set forth below:

(i) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to one vote for the election of directors and on all other matters submitted to a vote of shareholders of the Company.

(ii) Except as otherwise provided herein or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock and all other capital stock of the Company entitled to vote generally in the election of directors and on all matters submitted to a vote of shareholders ("Voting Stock") shall vote together as one class on all matters submitted to a vote of shareholders of the Company.

(iii) In the event the Company shall at any time declare or pay any dividend on the Common Stock payable in shares of any class or series of Voting Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock or a reclassification of the Common Stock (otherwise than by payment of a dividend in shares of any class or series of such Voting Stock) into a greater or lesser number of shares of Common Stock, then in each case the number of votes per share to which the holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which shall be the number of votes which the holders of the outstanding Common Stock had immediately after such event and the denominator of which shall be the number of votes which such holders had immediately prior to such event.

(iv) So long as any shares of Series A Preferred Stock are outstanding, the Company shall not, without the affirmative vote or consent of the holders of at least a majority of the outstanding shares of Series A Preferred Stock, voting as a class (with each share of Series A Preferred Stock entitled to one vote), given in person or by proxy, either in writing or by vote at an annual meeting or a special meeting called for the purpose of such vote, (A) alter or amend the powers, designations, preferences and rights or qualifications, limitations or restrictions of the Series A Preferred Stock as set forth in this resolution in any way which would materially and adversely affect any right, preference or privilege of the Series A Preferred Stock or (B) authorize the merger or consolidation of the Company if the effect of such merger or consoldiation would be to materially alter or change the powers, preferences or rights given to the holders of any shares of Series A Preferred Stock. Notwithstanding anything in this subsection (iv) to the contrary, the issuance of additional shares of Common Stock or the creation and issuance of other series of preferred stock ranking junior to the Series A Preferred Stock with respect to distribution of assets upon liquidation, dissolution or winding up shall not be deemed to either materially or adversely affect any right, preference or privilege of the Series A Preferred Stock.

(v) So long as any shares of Series A Preferred Stock are outstanding, the Company shall not, without the affirmative vote or consent of the holders of at least a majority of the outstanding shares of Series A Preferred Stock given in person or by proxy, either in writing or by vote at an annual meeting or a special meeting called for the purpose of such vote, issue any new shares of Series A Preferred

Stock or authorize or create any class or series of capital stock of the Company ranking superior, either as to payment of dividends, rights to redemption (through operation of a sinking fund or otherwise) or as to amounts distributable upon liquidation, dissolution, distribution or sale of assets, equal or prior to the Series A Preferred Stock.

(vi) Except as set forth herein, holders of the Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with the holders of Voting Stock as set forth herein) for taking any corporate action.

IN WITNESS WHEREOF, the Company has caused this Certificate to be executed by its President and its Secretary, thereunto duly authorized, this ..... day of ....., 1986, and its corporate seal to be thereunto affixed.

CRYSTAL OIL COMPANY

By _____
J. N. Averett, Jr.
*President*

Attest:

By _____
*Secretary*



RAM00457

**EXHIBIT E**

[FORM OF FACE OF WARRANT CERTIFICATE]

..... Warrants

CUSIP .....

# CRYSTAL OIL COMPANY

Incorporated Under the Laws of the State of Louisiana

This Warrant Certificate certifies that ....., or registered assigns, is the registered holder of ..... Warrants (the "Warrants") to purchase Common Stock, par value $.01 per share (the "Common Stock"), of Crystal Oil Company, a Louisiana corporation (the "Company"). Each Warrant entitles the holder to purchase from the Company on or before the earlier of 5:00 p.m., New York City time, [twelve years after the Effective Date], and 5:00 p.m., New York City time, on the Call Date (as defined below) ..... fully paid and nonassessable share(s) of Common Stock of the Company at a per share exercise price (the "Warrant Price") of $..... upon surrender of this Warrant Certificate and payment of the Warrant Price at the principal corporate trust office of ..... (the "Warrant Agent") in ....., or such other office as may be designated pursuant to the terms of the Warrant Agreement dated as of ....., 198.... (the "Warrant Agreement"), duly executed and delivered by the Company to the Warrant Agent, but only subject to the conditions set forth herein and in the Warrant Agreement.

Payment of the Warrant Price shall be made (i) in cash in United States dollars or by certified or official bank check or bank draft or money order payable in United States dollars to the order of the Company, (ii) subject to certain restrictions described below, by surrendering for payment all or any portion of the principal amount of and accrued and unpaid interest, if any, on any of (A) the Company's promissory note dated ....., 1986, to Bankers Trust Company in the initial principal amount of $..... (the "Bank Note"), (B) the Company's promissory note dated ....., 1986, to Halliburton Company in the initial principal amount of $..... (the "Halliburton Note") or (C) the Company's Non-Interest Bearing Convertible Subordinated Secured Notes due [ten years after the Effective Date] (the "Convertible Notes"), in each case valued at 110% of the sum of the amount of the principal and accrued and unpaid interest surrendered for payment (the "Surrendered Note Value"), (iii) subject to certain restrictions described below, by surrendering for payment shares of the Company's $.06 Senior Convertible Voting Preferred Stock, $.01 par value (the "Senior Preferred Stock"), valued at 100% of the liquidation preference with respect to such shares or (iv) by any combination of the payment methods set forth in (i), (ii) and (iii) hereof. The number of Warrants that may be exercised at any one time by surrender of any principal amount of and accrued and unpaid interest, if any, on the Bank Note, the Halliburton Note or the Convertible Notes (collectively, the "Notes") and/or by surrender of any shares of the Senior Preferred Stock shall have an aggregate Warrant Price closest to, but not greater than, the sum of the Surrendered Note Value attributable to that portion of the principal of and accrued and unpaid interest, if any, on the Notes so surrendered and the aggregate liquidation preference of the shares of Senior Preferred Stock so surrendered, with the difference between the aggregate Warrant Price and the sum of the Surrendered Note Value and the aggregate liquidation preference of the shares of Senior Preferred Stock surrendered to be paid in cash or by certified or official bank check or bank draft or money order payable in United States dollars to the order of the Company. Convertible Notes may be surrendered for payment of the Warrant Price with respect to any Warrants only in denominations of $500 and integral multiples thereof. As used herein, the term "Warrant Shares" refers to the Common Stock and, where appropriate, to the other securities or property issuable upon exercise of a Warrant as provided for in the Warrant Agreement upon the happening of certain events. The Warrant Price and the number of Warrant Shares purchasable upon exercise of the Warrants are subject to adjustment upon the occurrence of certain events set forth in the Warrant Agreement.



RAM00458

The Warrants are subject to call for early termination by the Company at any time during which the Average Monthly Market Price (as defined below) for the Common Stock for each month during the immediately preceding six-month period has been in excess of [$.125 and] 150% of the then effective Warrant Price. The term "Average Monthly Market Price" means, with respect to any given month, the arithmetic mean of the high and low sale prices (or if no sale prices are reported, the average of the high and low bid prices) of the Common Stock on each trading day during such month as reported by the principal national or regional stock exchange on which the Common Stock is listed, or if the Common Stock is not listed on a national or regional stock exchange, as reported by the National Association of Securities Dealers Automated Quotation System or the National Quotation Bureau Incorporated or otherwise in the over-the-counter market. The Company will cause notice of the call for early termination to be mailed to the registered holder not less than 30 days nor more than 60 days prior to the date designated as the call date (the "Call Date") and to be published not less than 10 days nor more than 20 days prior to the Call Date at least once in one or more newspapers printed in the English language and in general circulation in the City of New York, New York.

Reference is hereby made to the further provisions of this Warrant Certificate set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as though fully set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed under its corporate seal.

CRYSTAL OIL COMPANY

By _____
J. N. Averett, Jr.,
*President*

Attest:

By _____
L. G. Caskey,
*Secretary*

Countersigned:

_____,
as Warrant Agent

By: _____
*Authorized Signature*

**THIS WARRANT CERTIFICATE SHALL NOT BE VALID UNLESS MANUALLY COUNTERSIGNED BY THE ABOVE-NAMED WARRANT AGENT.**



RAM00459

[FORM OF REVERSE OF WARRANT CERTIFICATE]

# CRYSTAL OIL COMPANY

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of ..... Warrants issued pursuant to the Warrant Agreement, which is hereby incorporated herein by reference and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties, and immunities thereunder of the Warrant Agent, the Company and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Warrants.

Warrants may be exercised to purchase Warrant Shares from the Company [at any time after one year after the Effective Date and] on or before the earlier of 5:00 p.m., New York City time, on [twelve years after the Effective Date], and 5:00 p.m., New York City time on the Call Date at the Warrant Price set forth on the face hereof, subject to adjustment as referred to below. The holder of Warrants evidenced by this Warrant Certificate may exercise such Warrants by surrendering this Warrant Certificate, with the form of election to purchase set forth hereon properly completed and executed, together with payment of the Warrant Price and any applicable transfer taxes at the principal corporate trust office of the Warrant Agent in ....., or such other office as may be designated. In the event that upon any exercise of Warrants evidenced hereby the number of Warrants exercised shall be less than the total number of Warrants evidenced hereby, there shall be issued to the holder hereof or his assignee a new Warrant Certificate evidencing the number of Warrants not exercised. No adjustment shall be made for any dividends on any Warrant Shares issuable upon exercise of this Warrant.

The Warrant Agreement provides that, upon the occurrence of certain events, the Warrant Price set forth on the face hereof may, subject to certain conditions, be adjusted. If the Warrant Price is adjusted, the Warrant Agreement provides that, at the election of the Company, either (i) the number of Warrants Shares purchasable upon the exercise of each Warrant shall be adjusted or (ii) each outstanding Warrant shall be adjusted to become a different number of Warrants. In the case of (ii), the Company will cause to be distributed to registered holders of Warrant Certificates either Warrant Certificates representing the additional Warrants issuable pursuant to the adjustment or substitute Warrant Certificates to replace all outstanding Warrant Certificates. No fractions of a Warrant will be issued upon any such adjustment but the persons entitled to such fractional interest will be paid, as provided in the Warrant Agreement, an amount in cash equal to the current market value of such fractional Warrant. The holder of a Warrant, by the acceptance of the Warrant, expressly waives his right to receive any fractional Warrant or any fractional share of Common Stock upon exercise of a Warrant.

Warrant Certificates, when surrendered at the principal corporate trust office of the Warrant Agent in ....., ....., or such other office as may be designated, by the registered holder thereof in person or by a legal representative duly authorized in writing, may be exchanged, in the manner and subject to the limitations provided for in the Warrant Agreement, but without payment of any service charge, for another Warrant Certificate or Warrant Certificates of like tenor evidencing in the aggregate a like number of Warrants.

Upon due presentment for registration of transfer of this Warrant Certificate at the principal corporate trust office of the Warrant Agent in ....., ....., or such other office as may be designated, a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided in the Warrant Agreement, without charge except for any tax or other governmental charge imposed in connection therewith.

The Company and the Warrant Agent may deem and treat the registered holder(s) hereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, and of any distribution to the holder(s) hereof, and for all other purposes, and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary.

All terms used in this Warrant Certificate which are defined in the Warrant Agreement shall have the meanings assigned to them in the Warrant Agreement.

## ELECTION TO PURCHASE

**(To be executed upon exercise of Warrant)**

The undersigned hereby irrevocably elects to exercise the right, represented by this Warrant Certificate, to purchase ..... Warrant Shares and herewith tenders in payment for such Warrant Shares (i) cash or a certified or official bank check or bank draft or money order payable to the order of Crystal Oil Company in the amount of $....., (ii), if applicable, a Note in the principal amount of $..... of which $..... principal and $..... accrued and unpaid interest having a Surrendered Note Value of $..... is being applied for payment for the Warrant Shares, and (iii) if applicable, ..... shares of Senior Preferred Stock having an aggregate liquidation preference of $....., all in accordance with the terms hereof. The undersigned requests that a certificate for such Warrant Shares be registered in the name of _____ whose address is _____ and that such certificate be delivered to _____ whose address is _____. If such number of Warrant Shares is less than all of the Warrant Shares purchasable hereunder, the undersigned requests that a new Warrant Certificate representing the right to purchase the remaining balance of the Warrant Shares be registered in the name of _____ whose address is _____ and that such Warrant Certificate be delivered to _____ whose address is _____. If the undersigned has tendered for payment a Note, the Surrendered Note Value of which is greater than the aggregate Warrant Price of the Warrant Shares purchasable hereunder, the undersigned requests that a new Note of the same issue representing the portion of the Note not applied to the purchase be issued in the name of _____ whose address is _____ and that such new Note be delivered to _____ whose address is _____. If the undersigned has tendered for payment shares of Senior Preferred Stock and the certificate(s) representing such shares is for a greater number of shares than is being tendered, the undersigned requests that a certificate for the shares of Senior Preferred Stock not being applied to the purchase be issued in the name of _____, whose address is _____ and that such shares be delivered to _____, whose address is _____.

Dated: _____

_____

(Insert Social Security or Other Identifying Number of Holder)

Signature Guarantee
(required if an assignment on exercise, or an assignment of Warrants remaining after exercise, is made upon exercise):

Signature _____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

## ASSIGNMENT

**(To be signed only upon assignment of Warrant)**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____

_____

_____

(Name and Address of Assignee
Must be Printed or Typewritten)

_____

_____

Insert Social Security No. of Assignee

the within Warrant, hereby irrevocably constituting and appointing _____

_____

attorney to transfer said Warrant on the books of the Company, with full power of substitution in the premises.

DATED: _____, 19__

_____

Signature of Registered Holder

Signature Guaranteed

NOTE: The above signature must correspond with the name as written on the face of this Warrant Certificate in every particular, without alteration or enlargement or any change whatever.

EXHIBIT F

H. J. GRUY AND ASSOCIATES, INC.
PETROLEUM CONSULTANTS
2500 TANGLEWILDE SUITE 150
HOUSTON, TEXAS 77063-2196

TELEPHONE (713) 785-9200
TELEX 791462 GRUY CO HOU

April 28, 1986

Mr. Robert F. Roberts, Chairman of the Board
Crystal Oil Company
P.O. Box 21101
Shreveport, Louisiana 71120

Dear Mr. Roberts:

At your request, we have estimated the reserves and future net revenue as of March 31, 1986, for certain interests owned by Crystal Oil Company. These are working and royalty interests in oil and gas properties in various fields all located in the United States.

These estimates are based on an earlier report, as of December 31, 1985, and dated December 31, 1985. The reserves projections were updated to March 31, 1986, by deducting estimated production. Actual production for the first quarter of 1986 was not analyzed. The beginning oil and gas prices were reduced to those actually being received on March 31, 1986. The average oil price on that date was approximately $14.22. These beginning prices were then escalated, as discussed further below. The categories of the projections on four leases were changed to reflect field work that has been accomplished in the interim period.

The estimated net reserves, future net revenue and discounted future net revenue are summarized by reserve category as follows:

| | Estimated Net Reserves | | Estimated Future Net Revenue (Escalated) | |
|---|---|---|---|---|
| | Oil & Condensate (Barrels) | Gas (Mcf) | Nondiscounted | Discounted* at 10% Per Year |
| Proved | | | | |
| Developed | 8,804,508 | 62,383,770 | $227,006,382 | $143,263,017 |
| WPT Adjustment | - | - | 91,783 | 67,386 |
| Subtotal | 8,804,508 | 62,383,770 | $227,098,165 | $143,330,403 |
| Undeveloped | 763,740 | 40,192,400 | $ 76,173,164 | $ 34,792,307 |
| TOTAL PROVED | 9,568,248 | 102,576,170 | $303,271,329 | $178,122,710 |

*Compounded annually

The discounted future net revenue is not represented to be the fair market value of these reserves. The estimated reserves included in this report have not been adjusted for risk.



RAM00463

The estimated future net revenue shown is that revenue which will be realized from the sale of the estimated net reserves after deduction of royalties, ad valorem and production taxes, windfall profit tax, direct operating costs and required capital expenditures, when applicable. Surface and well equipment salvage values and well plugging and field abandonment costs have not been considered in the revenue projections. Future net revenue as stated in this report is before the deduction of federal income tax.

At the request of Crystal Oil Company, the following economic parameters are used in this report:

1. Operating costs and development costs in effect at March 31, 1986, are assumed to remain constant for the projected life of each lease.

2. The average yearly oil and condensate prices are assumed to be higher than the prices in effect at March 31, 1986, by 5.3 percent in 1986, 31.6 percent in 1987 and 40.5 percent in 1988 and thereafter for the producing life of each lease.

3. The gas prices, except for Vernon field, are assumed to be higher than the prices in effect at March 31, 1986, by 7.4 percent beginning October 1, 1986, and 20.4 percent beginning January 1, 1988, and remaining constant thereafter for the producing life of each lease. The gas price in effect March 31, 1986, at the Vernon field is assumed to increase to $2.75 per MMBtu at December 1, 1986. Beginning January 1, 1988, and thereafter for the producing life of each lease at Vernon field, the gas price is assumed to be $3.00 per MMBtu.

The actual prices that will be received and the associated costs may be more or less than those projected.

In the windfall profit tax calculation, Crystal Oil Company was assumed to be qualified for the independent producer tax rates. The limitation of the windfall profit tax to a maximum of 90 percent of the net income per barrel was considered in our computation. The net income per barrel is calculated by subtracting direct and indirect costs from the selling price. Indirect costs include depreciation, depletion and a general and administrative cost equal to 70 percent of the oil revenue from the lease. The direct and indirect costs were furnished by Crystal Oil Company. The phaseout period for the windfall profit tax is completed during 1993.

For those wells with sufficient production history, reserve estimates and rate projections are based on the extrapolation of established performance trends. Reserves for other producing and nonproducing properties have been estimated from volumetric calculations and analogy with the performance of



RAM00464

comparable wells. The reserves included in this study are estimates only and should not be construed as exact quantities. Future conditions may affect recovery of estimated reserves and revenue, and all categories of reserves may be subject to revision as more performance data become available. The proved reserves used in this report conform to the applicable definitions promulgated by the Securities and Exchange Commission.

The extent and character of ownership, oil and gas prices, production data, direct and indirect operating costs, capital expenditure estimates and other data provided by Crystal Oil Company have been accepted as represented. The production data available to us were through the month of October 1985. Interim production to March 31, 1986, has been estimated. No independent well tests, property inspections or audits of operating expenses were conducted by our staff in conjunction with this study.

In order to estimate the reserves, costs and future revenues shown in this report, we have relied in part on geological, engineering and economic data furnished by our client. Although we have made a best efforts attempt to acquire all pertinent data and to analyze it carefully with methods accepted by the petroleum industry, there is no guarantee that the volumes of oil or gas or the revenues projected will be realized. The reserve and revenue projections presented in this report may require revision upward or downward as additional data become available.

If investments or business decisions are to be made in reliance on these estimates by anyone other than our client, such person with the approval of our client is invited to visit our offices at his expense so that he can evaluate the assumptions made and the completeness and extent of the data available on which our estimates are based.

Any distribution or publication of this report or any part thereof must include this letter in its entirety.

Yours very truly,

H. J. Gruy and Associates, Inc.

H. J. Gruy and Associates, Inc.

FS:kay
Attachment



RAM00465

H. J. GRUY AND ASSOCIATES, INC.
PETROLEUM CONSULTANTS
2500 TANGLEWILDE SUITE 150
HOUSTON, TEXAS 77063-2196

TELEPHONE (713) 785-9200
TELEX 791462 GRUY CO HOU

May 15, 1986

Mr. Robert F. Roberts, Chairman of the Board
Crystal Oil Company
P.O. Box 21101
Shreveport, Louisiana 71120

Dear Mr. Roberts:

At your request, we have estimated the reserves and future net revenue as of March 31, 1986, for certain interests owned by Crystal Oil Company. These are working and royalty interests in oil and gas properties in various fields all located in the United States.

These estimates are based on an earlier report, as of December 31, 1985, and dated December 31, 1985. The reserves projections were updated to March 31, 1986, by deducting estimated production. Actual production for the first quarter of 1986 was not analyzed. The beginning oil and gas prices were reduced to those actually being received on March 31, 1986. The average oil price on that date was approximately $14.21. The categories of the projections on four leases were changed to reflect field work that has been accomplished in the interim period.

The estimated net reserves, future net revenue and discounted future net revenue are summarized by reserve category as follows:

| | Estimated Net Reserves | | Estimated Future Net Revenue | |
|---|---|---|---|---|
| | Oil & Condensate (Barrels) | Gas (Mcf) | Nondiscounted | Discounted* at 10% Per Year |
| Proved Developed | 8,109,067 | 60,910,129 | $169,513,977 | $110,851,850 |
| Proved Undeveloped | 757,987 | 40,286,091 | $ 57,328,848 | $ 24,605,820 |
| TOTAL PROVED | 8,867,054 | 101,196,220 | $226,842,825 | $135,457,670 |

*Compounded annually

The discounted future net revenue is not represented to be the fair market value of these reserves. The estimated reserves included in this report have not been adjusted for risk.

The estimated future net revenue shown is that revenue which will be realized from the sale of the estimated net reserves after deduction of royalties,

ad valorem and production taxes, windfall profit tax, direct operating costs and required capital expenditures, when applicable. Surface and well equipment salvage values and well plugging and field abandonment costs have not been considered in the revenue projections. Future net revenue as stated in this report is before the deduction of federal income tax.

This report includes summary projections of future production and revenue for each major category of reserves.

In the economic projections, prices, operating costs and development costs remain constant for the projected life of each lease. Based on the oil and condensate price assumptions used in this study, no windfall profit taxes should be due from estimated future oil and condensate production from the properties included. The actual prices that will be received and the associated costs may be more or less than those projected.

For those wells with sufficient production history, reserve estimates and rate projections are based on the extrapolation of established performance trends. Reserves for other producing and nonproducing properties have been estimated from volumetric calculations and analogy with the performance of comparable wells. The reserves included in this study are estimates only and should not be construed as exact quantities. Future conditions may affect recovery of estimated reserves and revenue, and all categories of reserves may be subject to revision as more performance data become available. The proved reserves used in this report conform to the applicable definitions promulgated by the Securities and Exchange Commission.

The extent and character of ownership, oil and gas prices, production data, direct and indirect operating costs, capital expenditure estimates and other data provided by Crystal Oil Company have been accepted as represented. The production data available to us were through the month of October 1985. Interim production to March 31, 1986, has been estimated. No independent well tests, property inspections or audits of operating expenses were conducted by our staff in conjunction with this study.

In order to estimate the reserves, costs and future revenues shown in this report, we have relied in part on geological, engineering and economic data furnished by our client. Although we have made a best efforts attempt to acquire all pertinent data and to analyze it carefully with methods accepted by the petroleum industry, there is no guarantee that the volumes of oil or gas or the revenues projected will be realized. The reserve and revenue projections presented in this report may require revision upward or downward as additional data become available.

If investments or business decisions are to be made in reliance on these estimates by anyone other than our client, such person with the approval of our client is invited to visit our offices at his expense so that he can evaluate the

assumptions made and the completeness and extent of the data available on which our estimates are based.

Any distribution or publication of this report or any part thereof must include this letter in its entirety.

Yours very truly,

H. J. Gruy and Associates, Inc.

H. J. Gruy and Associates, Inc.

FS:kay
Attachment

## COMPARISON OF THE NEW CONVERTIBLE SECURED NOTES AND THE SENIOR PREFERRED STOCK TO THE 15% SENIOR NOTES

The following is a brief description of some of the principal differences between the New Convertible Secured Notes, the Senior Preferred Stock and the 15% Senior Notes. The comparisons are summaries, do not purport to be complete and are qualified in their entirety by reference to such securities, the indentures governing the 15% Senior Notes and the New Convertible Secured Notes, the Company's Articles of Incorporation and the Certificate of Designation, Voting Powers, Preferences and Rights of the Senior Preferred Stock. For a more detailed description of the New Convertible Secured Notes, the Senior Preferred Stock and the 15% Senior Notes, see the information under the headings "THE NEW SECURITIES" and "THE OLD DEBT SECURITIES" in the Disclosure Statement. See "GLOSSARY OF TERMS" in the Disclosure Statement for the meaning of capitalized terms used herein.

| | New Convertible Secured Notes | Senior Preferred Stock | 15% Senior Notes |
|---|---|---|---|
| Principal Amount or Liquidation Preference ..... | $75,093,000 | $50,062,000 | $125,155,000 |
| Shares Outstanding ..... | Not applicable. | 50,062,000 | Not Applicable. |
| Interest Rate or Dividend Rate. | Non-interest bearing. | $.06 noncumulative dividend per share to be paid only if (i) no Superior Indebtedness (including the New Bank Note, the Letters of Credit and the New Halliburton Note) is outstanding, (ii) all required sinking fund payments with respect to the New Convertible Secured Notes have been made or provided for, (iii) after giving effect to the payment of such dividend the Company would have at least $1 of consolidated retained earnings and (iv) the declaration and payment of such dividend would not violate any applicable law or provision of any material contract to which the Company is a party. Because of such restrictions, the Company does not anticipate that it will be in a position to pay dividends on the Senior Preferred Stock in the foreseeable future. | 15% per annum, except to the extent interest is paid in shares of Common Stock, in which case that portion of interest to be paid in shares of Common Stock accrues at the rate of 17% per annum. |
| Interest or Dividend Payment Dates ..... | Not applicable. | Annually on the 15th day of April, when and if declared by the Company's Board of Directors. | Semi-annually on June 15 and December 15. The Company did not make the required payment of interest on the 15% Senior Notes that was due on June 15, 1986, and will be in default with respect to such payment on July 15, 1986. In |

RAM00469

| | New Convertible Secured Notes | Senior Preferred Stock | 15% Senior Notes |
|---|---|---|---|
| | | | addition, it is expected that the Company will not meet the Minimum Coverage Requirement with respect to the security for the payment of the 15% Senior Notes by July 15, 1986, and, therefore, will be in default with respect to such requirement as of such date. |
| Form of Interest or Dividends .... | Not applicable. | In cash. | In cash or, at the option of the Company, in shares of Common Stock, or a combination of cash and shares of Common Stock. Shares of Common Stock delivered in payment of interest are valued at 85% of their current market value (as defined). For purposes of the Company's option to pay interest on the 15% Senior Notes in shares of Common Stock only, interest on the 15% Senior Notes is computed at the rate of 17% per annum. However, interest must be paid in cash (i) for any period in which the Company fails to pay interest within five business days after the date on which such interest becomes due, (ii) if there is an insufficient number of authorized, unissued and unreserved shares to pay that portion of interest to be paid in Common Stock, (iii) if payment in shares is or would be unlawful, (iv) if the applicable value per share is less than the par value of the Common Stock and (v) in certain other events. |
| Final Maturity Date..... | Ten years after the Effective Date. | Perpetual. | June 15, 1995 |
| Security ..... | Secured by a lien on those proved crude oil and natural gas properties that currently are subject to the lien securing | None. | Secured by a lien on certain of the Company's proved crude oil and natural gas properties, which consist of |

RAM00470

| | New Convertible Secured Notes | Senior Preferred Stock | 15% Senior Notes |
|---|---|---|---|
| | the payment of the 15% Senior Notes. The Company will be permitted under the New Note Indenture to remove property from the lien of the New Note Indenture to effect the sale thereof as long as the proceeds of such sale are used to reduce outstanding amounts of Superior Indebtedness or to redeem or otherwise acquire New Convertible Secured Notes. | | substantially all the properties owned by the Company that have proved crude oil and natural gas reserves. Additional properties may, at the option of the Company, be pledged to secure the payment of the 15% Senior Notes. The Company is permitted under the 15% Senior Note Indenture to remove property from the lien of the 15% Note Indenture to effect the sale thereof as long as the proceeds of such sale are used to reduce outstanding amounts of First Mortgage Debt. |
| Subordination; Ranking of Lien ..... | The New Convertible Secured Notes will be subordinate in right of payment to Superior Indebtedness, which will include the New Bank Note, the Company's contingent obligations with respect to the Letters of Credit and the New Halliburton Note. The lien securing the payment of the New Convertible Secured Notes will be junior to the liens securing the payment of the New Bank Note, the Letters of Credit and the New Halliburton Note.<br>The New Note Indenture will permit various liens on the property that is subject to the lien of the New Note Indenture, which liens are regarded as necessary or incidental to the ownership and operation by the Company of such properties. Such permitted liens will be substantially the same as those permitted under the 15% Senior Note Indenture and may be superior to the lien of the New Note Indenture. | The Senior Preferred Stock will be junior in right of payment to all indebtedness of the Company, including all the New Notes, but will be senior in the distribution of assets upon liquidation, dissolution or winding up of the Company to the Series A Preferred Stock and the New Common Stock. | The 15% Senior Notes are subordinate in right of payment to the Bank Note, the Company's contingent obligations with respect to the Letters of Credit and the Halliburton Note, are senior in right of payment to the Debentures, and rank equally in right of payment with the Company's other Senior Indebtedness (as defined in the indentures under which the Debentures were issued). The lien securing the payment of the 15% Senior Notes is junior to the liens securing the payment of the Bank Note, the Letters of Credit and the Halliburton Note.<br>The 15% Senior Note Indenture also permits various liens on the property that is subject to the lien of the 15% Senior Note Indenture, which liens are regarded as necessary or incidental to the ownership and operation by the Company of such properties. |
| Sinking Fund ..... | $10,000,000 aggregate principal amount must be redeemed at 100% of | None. | $18,773,250 aggregate principal amount must be redeemed at 100% of |

RAM00471

| New Convertible Secured Notes | Senior Preferred Stock | 15% Senior Notes |
|---|---|---|
| principal on or before June 15 of 1994 and 1995. The Company may, at its option, receive credit against sinking fund payments for (i) the New Convertible Secured Notes acquired by the Company and surrendered for cancellation and (ii) the New Convertible Secured Notes redeemed or called for redemption otherwise than through the operation of the sinking fund. | | principal plus accrued interest on or before each June 15, from June 15, 1991 to and including June 15, 1994. The Company may, at its option, receive credit against sinking fund payments for (i) the 15% Senior Notes acquired by the Company and surrendered for cancellation and (ii) the 15% Senior Notes redeemed or called for redemption otherwise than through operation of the sinking fund.<br><br>If, in any year, the Minimum Coverage Requirement is not met on the date of the Annual Test, the Company will be obligated, by July 15 of such year, to meet the Minimum Coverage Requirement by (i) reducing the amount of First Mortgage Debt, (ii) reducing the amount of the 15% Senior Notes outstanding through purchase, redemption or otherwise or (iii) increasing either (x) the Present Value of Future Net Revenues from proved reserves attributable to the property pledged or mortgaged to secure the 15% Senior Notes or (y) the Independent Appraised Value (as defined) of other property pledged or mortgaged to secure the payment of the 15% Senior Notes by pledging additional properties. The Annual Test was not met on the date thereof in 1986 (April 5), and, accordingly, the Company has until July 15, 1986, to take measures to meet the Minimum Coverage Requirement. However, because of the Company's present financial condition, it is doubtful that it will be able to do so by such date, and a |

| | New Convertible Secured Notes | Senior Preferred Stock | 15% Senior Notes |
|---|---|---|---|
| | | | default with respect to such obligation is expected to occur as of July 15, 1986. |
| Redemption..... | In whole or from time to time in part at the option of the Company on not less than 30 days nor more than 60 days notice at 100% of principal amount. | In whole or from time to time in part at the option of the Company on not less than 30 days nor more than 60 days notice at $1.00 per share plus any accrued and unpaid dividends thereon. | In whole or from time to time in part at the option of the Company on not less than 30 days nor more than 60 days notice at the applicable percentage of principal set forth below, plus accrued interest:<br>If redeemed during the 12-month period beginning June 15,<br>Year — Percentage of Principal<br>1986..... 112.5%<br>1987..... 110.0<br>1988..... 107.5<br>1989..... 105.0<br>1990..... 102.5<br>1991, and thereafter... 100.0<br>Notwithstanding the foregoing, the Company is permitted, subject to the rights of the obligees of the First Mortgage Obligations, to use the proceeds from the sale of property pledged or mortgaged to secure the payment of the 15% Senior Notes to redeem all or any part of the 15% Senior Notes at 100% of principal plus accrued interest.<br>If, in any year, the Company is not in compliance with the Minimum Coverage Requirement and the Company has pledged or mortgaged to secure the payment of the 15% Senior Notes all properties which, in the good faith business judgment of its Board of Directors, are reasonably available to be pledged or mortgaged, the Company may, at its option, redeem at 100% of principal plus accrued interest the principal amount of 15% Senior Notes necessary for it to meet the |

| | New Convertible Secured Notes | Senior Preferred Stock | 15% Senior Notes |
|---|---|---|---|
| | | | Minimum Coverage Requirement by issuing in exchange for such 15% Senior Notes shares of Common Stock valued at 85% of their then current market value. |
| Dividend Limitations..... | None. | No dividend or distribution in cash or other property (other than equity securities of the Company ranking junior to the Senior Preferred Stock in the payment of dividends and upon liquidation, dissolution or winding up of the Company) may be declared or paid with respect to the New Common Stock, the Series A Preferred Stock or any other series of preferred stock of the Company ranking junior to the Senior Preferred Stock with respect to payment of dividends or upon liquidation, dissolution or winding up of the Company, unless the circumstances under which the Company may declare and pay a dividend on the Senior Preferred Stock shall have been met and all dividends, if any, on the Senior Preferred Stock required to have been declared since the date of issue thereof to the date of such dividend or distribution shall have been declared and paid or set aside for payment. | None. |
| Limitation on Additional Indebtedness for Borrowed Money..... | The Company may not incur any additional indebtedness for borrowed money (other than Superior Indebtedness) that is senior in right of payment to the New Convertible Secured Notes or the | None. | The Company may incur additional indebtedness senior in right of payment to the 15% Senior Notes and secured by a lien on properties pledged or mortgaged to secure the payment of the 15% Senior Notes |

| | New Convertible Secured Notes | Senior Preferred Stock | 15% Senior Notes |
|---|---|---|---|
| | payment of which is secured by a lien on properties pledged or mortgaged to secure the payment of the New Convertible Secured Notes. However, the Company will be permitted under the New Note Indenture to (i) incur additional unsecured debt or (ii) incur additional debt the payment of which is secured by a lien on properties other than properties pledged or mortgaged to secure the payment of the New Convertible Secured Notes. | | that is prior to the lien securing the payment of the 15% Senior Notes, provided that after giving effect to such additional indebtedness, the Minimum Coverage Requirement is met. Neither the Minimum Coverage Requirement nor any other provision of the 15% Senior Note Indenture limits the Company's right to create unsecured debt or debt the payment of which is secured with properties other than the properties pledged or mortgaged to secure the payment of the 15% Senior Notes. However, the Company may not offer any new securities for any Debentures if such securities (i) would rank equally or be senior in right of payment to the 15% Senior Notes, (ii) would have a maturity, sinking fund or mandatory redemption obligation prior to the maturity of the 15% Senior Notes on June 15, 1995, or (iii) would be secured by a lien on assets of the Company. |
| Conversion Rights..... | Convertible at any time into shares of New Common Stock at the conversion price of $.1429 per share (approximately seven shares per $1.00 principal amount). New Convertible Secured Notes may be used by the holder thereof to pay all or any portion of the exercise price of any of the Warrants, and if used for such purpose, will be valued at 110% of their principal amount. | Convertible at any time, into four and one-half shares of New Common Stock. The Senior Preferred Stock may be used by the holder thereof to pay all or any portion of the exercise price of any of the Warrants, and if used for such purpose, will be valued at 100% of the amount of their liquidation preference. | None. |

| | New Convertible Secured Notes | Senior Preferred Stock | 15% Senior Notes |
|---|---|---|---|
| Voting Rights..... | None. | Entitled to vote with the holders of the New Common Stock and the Series A Preferred Stock, as a single class, for the election of directors and on all matters submitted to a vote of shareholders of the Company, with each share of Senior Preferred Stock being entitled to two votes with respect to such matters.<br>In addition, whenever circumstances exist under which the holders of the Senior Preferred Stock will be entitled to receive a dividend thereon and the Company shall not have declared and paid such a dividend for a period of 180 days from the date the Company's obligation to declare such dividend first arose, the holders of the Senior Preferred Stock (voting as a class) will be entitled to vote for the election of two directors until all required dividends on the Senior Preferred Stock shall have been declared and paid in full. | None. |
| Events of Default. | Failure to pay principal, including sinking fund payments, when due; failure to perform any other covenants under the New Note Indenture within 60 days after written notice; and certain events of bankruptcy, insolvency or reorganization. | Not applicable. | Failure to pay principal, including sinking fund payments, or premium, if any, when due; failure for 30 days to pay interest when due; failure to comply with the annual Minimum Coverage Requirement; failure to perform any other covenant under the 15% Senior Note Indenture within 60 days after written notice; and certain events of bankruptcy, insolvency or reorganization. As a result of the Company's failure to make a required payment of interest on the 15% Senior Notes due on June 15, 1986, and its anticipated |

RAM00476

| | New Convertible Secured Notes | Senior Preferred Stock | 15% Senior Notes |
|---|---|---|---|
| | | | failure to comply with the Minimum Coverage Requirement by July 15, 1986, there will exist a 15% Senior Note Event of Default as of such date. |
| Modification ..... | The New Note Indenture may be modified or amended with the consent of the holders of a majority in principal amount of the outstanding New Convertible Secured Notes, except that the consent of all holders is required to (i) extend the maturity of the New Convertible Secured Notes, (ii) change any sinking fund or other mandatory payment requirement, (iii) modify the terms of payment of principal or (iv) reduce the percentage of New Convertible Secured Notes, the consent of the holders of which is necessary to modify or alter the New Note Indenture. | No amendment, alteration or repeal of any provision of the Articles of Incorporation of the Company which would materially and adversely affect any right, preference or privilege of the Senior Preferred Stock or the holders thereof may be made without the affirmative vote or consent of the holders of at least a majority of the shares of Senior Preferred Stock outstanding. | The 15% Senior Note Indenture may be modified or amended with the consent of the holders of a majority in principal amount of the outstanding 15% Senior Notes, except that the consent of all holders is required to (i) extend the maturity of the 15% Senior Notes, (ii) reduce or extend the time for payment of interest, (iii) reduce any premium payable on redemption, (iv) change any sinking fund or other mandatory payment requirement, (v) modify the terms of payment of principal or interest or (vi) reduce the percentage of 15% Senior Notes, the consent of the holders of which is necessary to modify or alter the 15% Senior Note Indenture. |
| Denominations .... | $500 and integral multiples thereof, and, for purposes of the initial issuance only, $10 and integral multiples thereof that are less than $500. | Not applicable. | $500 principal amounts and integral multiples thereof. |
| Trustee/Registrar | J. Henry Schroder Bank & Trust Company | RepublicBank Dallas, National Association | J. Henry Schroder Bank & Trust Company |



RAM00477

**EXHIBIT I**

## COMPARISON OF THE SERIES A PREFERRED STOCK TO THE DEBENTURES

The following is a brief comparison of some of the principal differences between the Series A Preferred Stock and the Debentures. The comparisons are summaries. They do not purport to be complete and are qualified in their entirety by reference to such securities, the indentures governing the Debentures, the Company's Articles of Incorporation and the Certificate of Designation, Voting Powers, Preferences and Rights of the Series A Preferred Stock. For a more detailed description of the Series A Preferred Stock and the Debentures, see the information under the headings "THE NEW SECURITIES—The Series A Preferred Stock" and "THE OLD DEBT SECURITIES" in the Disclosure Statement. See "GLOSSARY OF TERMS" in the Disclosure Statement for the meaning of capitalized terms used herein.

| | Series A Preferred Stock | 12⅝% Debentures due 1990 | 9% Debentures |
|---|---|---|---|
| Face Amount or Liquidation Preference | $66,867,000 | $7,715,000 | $14,259,000 |
| Shares Outstanding | 66,867,000 | Not applicable. | Not applicable. |
| Interest Rate or Dividend Rate | None. | 12⅝% per annum | 9% per annum |
| Interest or Dividend Payment Dates | Not applicable. | Semi-annually June 15 and December 15. The Company did not make a required payment of interest due on June 15, 1986, on the 12⅝% Debentures due 1990 and, therefore, will be in default with respect to such interest as of July 15, 1986. | Semi-annually May 1 and November 1. The Company did not make a required payment of interest due on May 1, 1986, on the 9% Debentures and is currently in default with respect to such interest. |
| Form of Interest or Dividends | Not applicable. | Cash. | Cash. |
| Final Maturity Date | Perpetual. | June 15, 1990 | May 1, 1991 |
| Ranking | The Series A Preferred Stock will be junior to all indebtedness of the Company, including all the New Notes and the Senior Preferred Stock, and will be senior in right of payment upon liquidation, dissolution or winding up of the Company to the New Common Stock. | The 12⅝% Debentures due 1990 rank equally in right of payment with the 9% Debentures, the 11⅜% Debentures, the 13¾% Debentures and the 12⅝% Debentures due 2001, are subordinate in right of payment to the Bank Note, the Letters of Credit, the Halliburton Note, the 15% Senior Notes, the 14⅞% Debentures and all other Senior Indebtedness (as defined in the 1990 12⅝% Debenture Indenture), and are senior in right of payment only to other indebtedness expressly | The 9% Debentures rank equally in right of payment with the 12⅝% Debentures due 1990, the 11⅜% Debentures, the 13¾% Debentures and the 12⅝% Debentures due 2001, are subordinate in right of payment to the Bank Note, the Letters of Credit, the Halliburton Note, the 15% Senior Notes, the 14⅞% Debentures and other Senior Indebtedness (as defined in the 9% Debenture Indenture), and are senior in right of payment only to other indebtedness expressly |



RAM00478

| 14⅞% Debentures | 11⅜% Debentures | 13¾% Debentures | 12⅝% Debentures due 2001 |
|---|---|---|---|
| $16,691,000 | $20,412,000 | $12,919,000 | $26,319,000 |
| 14⅞% per annum | 11⅜% per annum | 13¾% per annum | 12⅝% per annum |
| Semi-annually June 15 and December 15. The Company did not make a required payment of interest due on June 15, 1986, on the 14⅞% Debentures and, therefore, will be in default with respect to such interest as of July 15, 1986. | Semi-annually April 15 and October 15. The Company did not make a required payment of interest due on April 15, 1986, on the 11⅜% Debentures and, therefore, is currently in default with respect to such interest. | Semi-annually January 15 and July 15. The Company does not intend to pay the July 15, 1986, interest payment on the 13¾% Debentures and will, therefore, be in default with respect to such interest as of August 14, 1986. | Semi-annually June 15 and December 15. The Company did not make a required payment of interest due on June 15, 1986, on the 12⅝% Debentures due 2001 and, therefore, will be in default with respect to such interest as of July 15, 1986. |
| Cash. | Cash. | Cash. | Cash. |
| December 15, 1998 | April 15, 2000 | July 15, 2000 | December 15, 2001 |
| The 14⅞% Debentures are subordinate in right of payment to the Bank Note, the Letters of Credit, the Halliburton Note, the 15% Senior Notes and all other Senior Indebtedness (as defined in the 14⅞% Debenture Indenture), and are senior in right of payment only to the other issues of the Debentures and other indebtedness expressly made subordinate in right of payment to the 14⅞% Debentures, of which there is none. | The 11⅜% Debentures rank equally in right of payment with the 12⅝% Debentures due 1990, the 9% Debentures, the 13¾% Debentures and the 12⅝% Debentures due 2001, are subordinate in right of payment to the Bank Note, the Letters of Credit, the Halliburton Note, the 15% Senior Notes, the 14⅞% Debentures and all other Senior Indebtedness (as defined in the 11⅜% Debenture Indenture) and are senior in right of payment only to other indebtedness expressly | The 13¾% Debentures rank equally in right of payment with the 12⅝% Debentures due 1990, the 9% Debentures, the 11⅜% Debentures and the 12⅝% Debentures due 2001, are subordinate in right of payment to the Bank Note, the Letters of Credit, the Halliburton Note, the 15% Senior Notes, the 14⅞% Debentures and all other Senior Indebtedness (as defined in the 13¾% Debenture Indenture) and are senior in right of payment only to other indebtedness expressly | The 12⅝% Debentures due 2001 rank equally in right of payment with the 12⅝% Debentures due 1990, the 9% Debentures, the 11⅜% Debentures and the 13¾% Debentures, are subordinate in right of payment to the Bank Note, the Letters of Credit, the Halliburton Note, the 15% Senior Notes, the 14⅞% Debentures and all other Senior Indebtedness (as defined in the 2001 12⅝% Debenture Indenture) and are senior in right of payment only to other |



RAM00479

| | Series A Preferred Stock | 12⅝% Debentures due 1990 | 9% Debentures |
|---|---|---|---|
| | | made subordinate in right of payment to the 12⅝% Debentures due 1990, of which there is none. | made subordinate in right of payment to the 9% Debentures, of which there is none. |
| Sinking Fund ..... | None. | $2,500,000 aggregate face amount must be redeemed at 100% of principal plus accrued interest on June 15 of each year, to and including June 15, 1989. The Company may, at its option, redeem at 100% of principal plus accrued interest up to an additional $2,500,000 principal amount on each June 15 to and including June 15, 1989. The Company may, at its option, receive credit against sinking fund payments for (i) the 12⅝% Debentures due 1990 acquired by it and surrendered for cancellation and (ii) the 12⅝% Debentures due 1990 redeemed or called for redemption otherwise than through the operation of the sinking fund. As a result of the Company's acquisition of $7,285,000 face amount of the 12⅝% Debentures due 1990 in the Exchange Offers, the Company can satisfy its sinking fund obligations with respect to the 12⅝% Debentures due 1990 through 1987 and reduce its sinking fund obligations for 1988 to $215,000 with such Debentures. | None. |
| Redemption ..... | In whole or from time to time in part at the option of the Company on not less than 30 days nor more than 60 days notice at $1.00 per share. | In whole or from time to time in part at the option of the Company on not less than 30 days nor more than 60 days notice, at the applicable percentage of principal set forth below, plus accrued interest: | In whole or from time to time in part at the option of the Company on not less than 30 days nor more than 60 days notice at 100% of principal plus accrued interest. |



RAM00480

| 14⅞% Debentures | 11⅛% Debentures | 13¼% Debentures | 12⅝% Debentures due 2001 |
|---|---|---|---|
| | made subordinate in right of payment to the 11⅛% Debentures, of which there is none. | made subordinate in right of payment to the 13¼% Debentures, of which there is none. | indebtedness expressly made subordinate in right of payment to the 12⅝% Debentures due 2001, of which there is none. |
| $14,950,000 aggregate face amount must be redeemed at 100% of principal plus accrued interest on December 15 of each year from December 15, 1991, to and including December 15, 1997. The Company may, at its option, receive credit against sinking fund payments for (i) the 14⅞% Debentures acquired by it and surrendered for cancellation and (ii) the 14⅞% Debentures redeemed or called for redemption otherwise than through the operation of the sinking fund. As a result of the Company's acquisition of $113,309,000 face amount of the 14⅞% Debentures in the Exchange Offers, the Company can satisfy all its sinking fund obligations with respect to the 14⅞% Debentures with such Debentures. | $3,750,000 aggregate face amount must be redeemed at 100% of principal plus accrued interest on April 15 of each year from April 15, 1992 to and including April 15, 1999. The Company may, at its option, receive credit against sinking fund payments for (i) the 11⅛% Debentures acquired by it and surrendered for cancellation, (ii) the 11⅛% Debentures redeemed or called for redemption otherwise than through the operation of the sinking fund and (iii) the 11⅛% Debentures surrendered for conversion. As a result of the Company's acquisition of $20,919,000 face amount of the 11⅛% Debentures in the Exchange Offers, the Company can satisfy its sinking fund obligations with respect to the 11⅛% Debentures through 1996 and reduce its sinking fund obligation for 1997 to $412,000 with such Debentures. | $2,625,000 aggregate face amount must be redeemed at 100% of principal plus accrued interest on July 15 of each year from July 15, 1990 to and including July 15, 1999. The Company may, at its option, receive credit against sinking fund payments for (i) the 13¼% Debentures acquired by it and surrendered for cancellation and (ii) the 13¼% Debentures redeemed or called for redemption otherwise than through the operation of the sinking fund. As a result of the Company's acquisition of $22,081,000 face amount of the 13¼% Debentures in the Exchange Offers, the Company can satisfy its sinking fund obligations with respect to the 13¼% Debentures through 1997 and reduce its sinking fund obligation for 1998 to $1,544,000 with such Debentures. | $6,000,000 aggregate face amount must be redeemed at 100% of principal plus accrued interest on December 15 of each year from December 15, 1991 to and including December 15, 2000. The Company may, at its option, receive credit against sinking fund payments for (i) the 12⅝% Debentures due 2001 acquired by it and surrendered for cancellation and (ii) the 12⅝% Debentures due 2001 redeemed or called for redemption otherwise than through the operation of the sinking fund. As a result of the Company's acquisition of $53,681,000 face amount of the 12⅝% Debentures due 2001 in the Exchange Offers, the Company can satisfy its sinking fund obligations with respect to the 12⅝% Debentures due 2001 through 1998 and reduce its sinking fund obligation for 1999 to $319,000 with such Debentures. |
| In whole or from time to time in part at the option of the Company on not less than 30 days nor more than 60 days notice, at the applicable percentage of principal set forth below, plus accrued interest: | In whole or from time to time in part at the option of the Company on not less than 30 days nor more than 60 days notice, at the applicable percentage of principal set forth below, plus accrued interest: | In whole or from time to time in part at the option of the Company on not less than 30 days nor more than 60 days notice, at the applicable percentage of principal set forth below, plus accrued interest: | In whole or from time to time in part at the option of the Company at 100% of principal amount plus accrued interest; provided that no redemption at the option of the Company may be carried out prior to |



RAM00481

| Series A Preferred Stock | 12¾% Debentures due 1990 | 9% Debentures |
|---|---|---|

If redeemed during the 12-month period beginning June 15,

| Year | Percentage of Principal |
|---|---|
| 1986 | 102.5250% |
| 1987 | 101.2625 |
| 1988, and thereafter | 100.0000 |

Notwithstanding the foregoing, as described under "Sinking Fund", the Company is entitled to make additional sinking fund payments, in order to redeem the 12¾% Debentures due 1990 at 100% of principal amount plus accrued interest, each year up to an amount equal to the annual mandatory sinking fund payment.

No optional redemptions, however, may be carried out prior to June 15, 1988, directly or indirectly from the proceeds of or in anticipation of the issuance of, indebtedness for borrowed money having an interest cost of less than 12¾% per annum.



RAM00482

**14⅞% Debentures**

If redeemed during the 12-month period beginning December 15,

| Year | Percentage of Principal |
|---|---|
| 1985 | 111.9000% |
| 1986 | 110.4125 |
| 1987 | 108.9250 |
| 1988 | 107.4375 |
| 1989 | 105.9500 |
| 1990 | 104.4625 |
| 1991 | 102.9750 |
| 1992 | 101.4875 |
| 1993, and thereafter | 100.0000 |

Notwithstanding the foregoing, as described under "Sinking Fund", the Company is entitled to make additional sinking fund payments, in order to redeem the 14⅞% Debentures at 100% of principal amount plus accrued interest, each year beginning 1991 up to an amount equal to the annual mandatory sinking fund payment.

No optional redemptions, however, may be carried out prior to June 15, 1988, directly or indirectly from the proceeds of, or in anticipation of the issuance of, indebtedness for borrowed money having an interest cost of less than 15.15% per annum.

**11⅛% Debentures**

If redeemed during the 12-month period beginning October 15,

| Year | Percentage of Principal |
|---|---|
| 1985 | 104.45% |
| 1986 | 103.55 |
| 1987 | 102.65 |
| 1988 | 101.80 |
| 1989 | 100.90 |
| 1990, and thereafter | 100.00 |

**13¾% Debentures**

If redeemed during the 12-month period beginning July 15,

| Year | Percentage of Principal |
|---|---|
| 1985 | 106.875% |
| 1986 | 105.500 |
| 1987 | 104.125 |
| 1988 | 102.750 |
| 1989 | 101.375 |
| 1990, and thereafter | 100.000 |

**12¾% Debentures due 2001**

December 15, 1986, directly or indirectly out of proceeds of, or in anticipation of the issuance of, indebtedness for borrowed money having an interest cost of less than 17% per annum.



RAM00483

| | Series A Preferred Stock | 12¼% Debentures due 1990 | 9% Debentures |
|---|---|---|---|
| Dividend and Stock Payment Limitations..... | No dividend or distribution in cash or other property (other than equity securities of the Company ranking junior to the Series A Preferred Stock in the payment of dividends and upon liquidation, dissolution or winding up of the Company) may be declared or paid with respect to the New Common Stock or any series of preferred stock of the Company ranking junior to the Series A Preferred Stock with respect to the payment of dividends or upon liquidation, dissolution or winding up of the Company unless (i) no Superior Indebtedness is outstanding, (ii) all required sinking fund payments with respect to the New Convertible Secured Notes shall have been made or provided for, (iii) after giving effect to the payment of such dividend or distribution, the Company would have at least $1 of consolidated retained earnings and (iv) the declaration or payment of such dividend or distribution would not violate any applicable law or provision of any material contract to which the Company is a party. | | |
| Limitation of Senior Indebtedness.... | None. | None. | None. |



RAM00484

| 14⅞% Debentures | 11⅜% Debentures | 13¾% Debentures | 12⅝% Debentures due 2001 |
|---|---|---|---|
| None. | None. | None. | None. |



RAM00485

| | Series A Preferred Stock | 12¾% Debentures due 1990 | 9% Debentures |
|---|---|---|---|
| Conversion Rights..... | Convertible, at any time, into four shares of New Common Stock. | None. | Convertible at their principal amount into the Common Stock at any time prior to maturity at approximately $37.50 per share. Right to conversion terminates on the close of business on the fifth business day prior to the date fixed for redemption. The conversion price is subject to adjustment upon the occurrence of certain specified events, including, a capital reorganization, a stock dividend or the issuance of rights or warrants to holders of the Common Stock at less than the current market price of the Common Stock. |
| Voting Rights..... | Entitled to vote with the holders of the New Common Stock and the Senior Preferred Stock, as a single class, for the election of directors and on all matters submitted to a vote of shareholders of the Company, with each share of Series A Preferred Stock being entitled to one vote with respect to such matters. | None. | None. |
| Events of Default. | Not applicable. | Failure to pay principal, when due; failure for 30 days to pay interest when due; failure to perform any other covenant under the 1990 12¾% Debenture Indenture within 30 days after written notice; and certain events of bankruptcy, insolvency or reorganization. As a result of the Company's failure to make a required payment of interest due on June 15, 1986, on the 12¾% Debentures due 1990, there will exist a 1990 | Failure to pay principal, when due; failure for 10 days to pay interest when due; failure to effect a conversion of the 9% Debentures pursuant to the 9% Debenture Indenture; failure to appoint a successor trustee to the 9% Debenture Indenture in the event of a vacancy thereof; failure to perform any other covenant under the 9% Debenture Indenture within 30 days after written notice; and certain events of bankruptcy, insolvency |



RAM00486

| 14⅞% Debentures | 11⅛% Debentures | 13¼% Debentures | 12⅝% Debentures due 2001 |
|---|---|---|---|
| None. | Convertible at their principal amount into Common Stock at any time prior to maturity at approximately $20.20 per share. Right to conversion terminates on the close of business on the 15th day prior to the date fixed for redemption. The conversion price is subject to adjustment upon the occurrence of certain specified events, including a capital reorganization, a stock dividend or the issuance of rights or warrants to holders of the Common Stock at less than the current market price of the Common Stock. | None. | None. |
| None. | None. | None. | None. |
| Failure to pay principal, including sinking fund payments, or premium, if any, when due; failure for 30 days to pay interest when due; failure to perform any other covenant under the 14⅞% Debenture Indenture within 60 days after written notice; and certain events of bankruptcy, insolvency or reorganization. As a result of the Company's failure to make a required payment of interest due on June 15, 1986, on the 14⅞% | Failure to pay principal, when due; failure for 30 days to pay interest when due; failure to perform any other covenant under the 11⅛% Debenture Indenture within 60 days after written notice; and certain events of bankruptcy, insolvency or reorganization. As a result of the Company's failure to make a required payment of interest due on April 15, 1986, by May 15, 1986, there currently exists an 11⅛% Debenture Event of Default. | Failure to pay principal, including sinking fund payments, or premium if any, when due; failure to perform any other covenant under the 13¼% Debenture Indenture within 60 days after written notice; and certain events of bankruptcy, insolvency or reorganization. Because the Company does not intend to make any further interest payments on the 13¼% Debentures, there will likely exist a 13¼% Debenture Event of Default as of | Failure to pay principal, including sinking fund payments, or premium, if any, when due; failure for 30 days to pay interest when due; failure to perform any other covenant under the 2001 12⅝% Debenture Indenture within 60 days after written notice; and certain events of bankruptcy, insolvency or reorganization. As a result of the Company's failure to make a required payment of interest due on June 15, 1986, on the 12⅝% |



RAM00487

| | Series A Preferred Stock | 12⅝% Debentures due 1990 | 9% Debentures |
|---|---|---|---|
| | | 12⅝% Debenture Event of Default as of July 15, 1986. | or reorganization. As a result of the Company's failure to make a required payment of interest due on May 1, 1986, by May 10, 1986, there currently exists a 9% Debenture Event of Default. |
| Modification ..... | No amendment, alteration or repeal of any provision of the Articles of Incorporation of the Company which would materially and adversely affect any right, preference or privilege of the Series A Preferred Stock or the holders thereof may be made without the affirmative vote or consent of the holders of at least a majority of the shares of Series A Preferred Stock outstanding. | The 1990 12⅝% Debenture Indenture may be modified or amended with the consent of 66⅔% in principal amount of the outstanding 12⅝% Debentures due 1990, except that the consent of all holders is required to (i) extend the maturity of the 12⅝% Debentures due 1990, (ii) reduce or extend the time for payment of interest, (iii) reduce any premium payable on redemption, (iv) change any sinking fund or other mandatory payment requirements, (v) modify the terms of payment of principal or interest or (vi) reduce the percentage of 12⅝% Debentures due 1990, the consent of the holders of which is necessary to modify or alter the 1990 12⅝% Debenture Indenture. | The 9% Debenture Indenture may be modified or amended with the consent of a majority in principal amount of the outstanding 9% Debentures, except that the consent of all holders is required to (i) extend the maturity of the 9% Debentures, (ii) reduce or extend the time for payment of interest, (iii) reduce any premium payable on redemption, (iv) modify the terms of payment of principal or interest or (v) reduce the percentage of 9% Debentures, the consent of the holders of which is necessary to modify or alter the 9% Debenture Indenture. |
| Denominations .... | Not applicable. | $1,000 principal amount and integral multiples thereof. | $1,000 or more principal amounts. |
| Trustee/Registrar | RepublicBank Dallas, National Association | Texas Commerce Bank National Association (successor to Bankers Trust Company) | Texas Commerce Bank National Association (successor to First City National Bank of Houston) |



RAM00488

| 14⅞% Debentures | 11⅜% Debentures | 13¾% Debentures | 12⅝% Debentures due 2001 |
|---|---|---|---|
| Debentures there will exist a 14⅞% Debenture Event of Default as of July 15, 1986. | | August 14, 1986, as a result of the Company's failure to pay the July 15, 1986, interest payment on the 13¾% Debentures by such date. | Debentures due 2001, there will exist a 2001 12⅝% Debenture Event of Default as of July 15, 1986. |
| The 14⅞% Debenture Indenture may be modified or amended with the consent of a majority in principal amount of the outstanding 14⅞% Debentures, except that the consent of all holders is required to (i) extend the maturity of the 14⅞% Debentures, (ii) reduce or extend the time for payment of interest, (iii) reduce any premium payable on redemption, (iv) change any sinking fund or other mandatory payment requirements, (v) modify the terms of payment of principal or interest or (vi) reduce the percentage of 14⅞% Debentures, the consent of the holders of which is necessary to modify or alter the 14⅞% Debenture Indenture. | The 11⅜% Debenture Indenture may be modified or amended with the consent of not less than 66⅔% in principal amount of the outstanding 11⅜% Debentures, except that the consent of all holders is required to (i) extend the maturity of the 11⅜% Debentures, (ii) reduce or extend the time for payment of interest, (iii) reduce any premium payable on redemption, (iv) change any sinking fund or other mandatory payment requirements, (v) modify the terms of payment of principal or interest or (vi) reduce the percentage of 11⅜% Debentures, the consent of the holders of which is necessary to modify or alter the 11⅜% Debenture Indenture. | The 13¾% Debenture Indenture may be modified or amended with the consent of not less than 66⅔% in principal amount of the outstanding 13¾% Debentures, except that the consent of all holders is required to (i) extend the maturity of the 13¾% Debentures, (ii) reduce or extend the time for payment of interest, (iii) reduce any premium payable on redemption, (iv) change any sinking fund or other mandatory payment requirements, (v) modify the terms of payment of principal or interest or (vi) reduce the percentage of 13¾% Debentures, the consent of the holders of which is necessary to modify or alter the 13¾% Debenture Indenture. | The 2001 12⅝% Debenture Indenture may be modified or amended with the consent of not less than 66⅔% in principal amount of the outstanding 12⅝% Debentures due 2001, except that the consent of all holders is required to (i) extend the maturity of the 12⅝% Debentures due 2001, (ii) reduce or extend the time for payment of interest, (iii) reduce any premium payable on redemption, (iv) change any sinking fund or other mandatory payment requirements, (v) modify the terms of payment of principal or interest or (vi) reduce the percentage of 12⅝% Debentures due 2001, the consent of the holders of which is necessary to modify or alter the 2001 12⅝% Debenture Indenture. |
| $1,000 principal amount and integral multiples thereof. | $1,000 principal amount and integral multiples thereof. | $1,000 principal amount and integral multiples thereof. | $1,000 principal amount and integral multiples thereof. |
| Texas American Bank/ Dallas (as successor to MBank Houston, National Association) | Texas Commerce Bank National Association (successor to Bankers Trust Company) | Texas Commerce Bank National Association (successor to Bankers Trust Company) | Texas Commerce Bank National Association (successor to Bankers Trust Company) |



RAM00489

# CRYSTAL OIL COMPANY

## SUPPLEMENT TO DISCLOSURE STATEMENT

## DATED JULY 9, 1986

**Solicitation of Ballots**
**to**
**Plan of Reorganization**
**to be filed under**
**Chapter 11 of the United States Bankruptcy Code**

**THE SOLICITATION PERIOD FOR ACCEPTANCE OF THE PLAN OF REORGANIZATION HAS BEEN EXTENDED AND WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON FRIDAY, SEPTEMBER 5, 1986, UNLESS FURTHER EXTENDED.**

August 15, 1986

This Supplement supplements the information contained in the Disclosure Statement dated July 9, 1986 (the "Disclosure Statement"), of Crystal Oil Company, a Louisiana corporation (the "Company"), which was furnished to all of the Company's known impaired creditors pursuant to Sections 1125(a) and 1126(b) of the United States Bankruptcy Code (the "Bankruptcy Code") in connection with a solicitation by the Company of ballots for acceptance of a Plan of Reorganization of the Company (the "Plan") prior to the commencement of a case under Chapter 11 of the Bankruptcy Code. This Supplement should be read in conjunction with the Disclosure Statement, and, unless the context otherwise requires, all terms not defined herein that are defined in the Disclosure Statement shall have the meanings ascribed to them in the Disclosure Statement.

### RECENT DEVELOPMENTS

**Second Quarter Financial Results and Condition**

On August 14, 1986, the Company released the results of its operations for the quarter ended June 30, 1986. Such results are reflected in the Company's Quarterly Report on Form 10-Q for such period (the "June Quarterly Report"), a copy of which is attached hereto as Annex A and is hereby incorporated herein by reference. For updated financial information of the Company and a discussion of the Company's financial condition and results of operations at June 30, 1986, and 1985, and for the three-month and six-month periods then ended, see the June Quarterly Report.

**Solicitation Period and Voting**

On August 11, 1986, the Company extended the period of time during which ballots for acceptance or rejection of the Plan will be accepted to 5:00 p.m., New York City time, on Friday, September 5, 1986, unless further extended. Such extension was made in order to allow all solicited creditors of the Company an additional opportunity to review and vote on the Plan and to facilitate the Company's discussions with Bankers Trust Company and Halliburton Company, the Company's senior secured creditors, with respect to their acceptance of the Plan. While most holders of impaired claims under the Plan have not yet voted, the Company believes, based on the votes that have been received to date and on oral indications from representatives of certain large institutional holders of the 15% Senior Notes and various issues of the Debentures, that the Plan will receive the requisite acceptance from all classes of holders of the Company's

public debt securities, i.e., Classes 8A, 8B, 12 and 13. The Company, however, emphasizes that voting on the Plan is still preliminary and that the indications received by the Company from the representatives of the institutional holders of its public debt are not binding and that there can be no assurance that the Plan will receive the requisite vote for acceptance from each class of the Company's creditors voting on the Plan.

## INFORMATION

For assistance in voting on the Plan or for additional copies of the documents relating to the Plan, contact D. F. King & Co., Inc., the Ballot Solicitor, at (212) 269-5550 (collect), or L. G. Caskey, Secretary of the Company, at (318) 222-7791 (collect).

ANNEX A

As filed with the Securities and Exchange Commission on August 14, 1986.

# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## Form 10-Q

### QUARTERLY REPORT UNDER SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**For Quarter ended June 30, 1986** — **Commission File Number 1-8715**

# CRYSTAL OIL COMPANY

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Louisiana** (State or other jurisdiction of incorporation or organization) | **72-0163810** (I.R.S. Employer Identification Number) |
| **229 Milam Street Shreveport, Louisiana** (Address of principal executive offices) | **71101** (Zip Code) |

**Registrant's telephone number, including area code: (318) 222-7791**

**Common Stock outstanding on June 30, 1986: 51,505,723**

NONE

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ✓ No

CRYSTAL OIL COMPANY

INDEX

PART I


| | Page No. |
|---|---|
| Item 1. Financial Statements | |
| Consolidated Condensed Balance Sheets—June 30, 1986 (Unaudited) and December 31, 1985 | 2 |
| Consolidated Condensed Statements of Operations—Three and Six Months Ended June 30, 1986 and 1985 (Unaudited) | 3 |
| Consolidated Condensed Statements of Changes in Financial Position—Six Months Ended June 30, 1986 and 1985 (Unaudited) | 4 |
| Notes to Consolidated Condensed Financial Statements (Unaudited) | 5 |
| Review by Independent Accountants | 7 |
| Report of Independent Accountants | 8 |
| Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations. | 9 |


PART II


| | |
|---|---|
| Item 3. Defaults Upon Senior Securities | 12 |
| Item 4. Submission of Matters to a Vote of Security Holders | 13 |
| Item 6. Exhibits and Reports on Form 8-K | 13 |
| Signatures | 14 |




RAM00493

## CRYSTAL OIL COMPANY

## CONSOLIDATED CONDENSED BALANCE SHEETS
($ in Thousands)

### ASSETS

| | June 30 1986 (Unaudited) | December 31 1985 (1) |
|---|---|---|
| CURRENT ASSETS | | |
| Cash, including restricted cash of $3,731,000 and $5,787,000 | $ 8,781 | $ 9,231 |
| Accounts receivables—net | 7,702 | 14,062 |
| Lease and well equipment inventory | 2,870 | 3,388 |
| Prepaid expenses and other current assets | 2,368 | 1,302 |
| TOTAL CURRENT ASSETS | 21,721 | 27,983 |
| PROPERTY, PLANT, AND EQUIPMENT—net | 101,953 | 301,354 |
| OTHER ASSETS | 2,379 | 12,357 |
| | $ 126,053 | $ 341,694 |

### LIABILITIES AND DEFICIENCY IN STOCKHOLDERS' EQUITY

| | | |
|---|---|---|
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | $ 25,683 | $ 17,744 |
| Current portion of long-term liabilities | 345,278 | 355,113 |
| TOTAL CURRENT LIABILITIES | 370,961 | 372,857 |
| SENIOR LONG-TERM OBLIGATIONS | — | — |
| SUBORDINATED DEBENTURES | — | — |
| TOTAL LIABILITIES | 370,961 | 372,857 |
| COMMITMENTS AND CONTINGENCIES | | |
| DEFICIENCY IN STOCKHOLDERS' EQUITY | | |
| Common stock | 515 | 515 |
| Additional paid-in capital | 68,406 | 68,406 |
| Accumulated deficit | (313,829) | (100,084) |
| TOTAL DEFICIENCY IN STOCKHOLDERS' EQUITY | (244,908) | (31,163) |
| TOTAL LIABILITIES AND DEFICIENCY IN STOCKHOLDERS' EQUITY | $ 126,053 | $ 341,694 |

(1) The balance sheet at December 31, 1985, has been taken from the audited financial statements at that date, and condensed.

See accompanying notes to consolidated condensed financial statements.



RAM00494

CRYSTAL OIL COMPANY

## CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
($ in Thousands Except Per Share Amounts)
(Unaudited)

| | Three Months Ended June 30 | | Six Months Ended June 30 | |
|---|---|---|---|---|
| | 1986 | 1985 | 1986 | 1985 |
| NET SALES | $ 13,253 | $ 25,193 | $ 30,419 | $ 52,262 |
| COSTS AND EXPENSES | | | | |
| Cost of sales | 5,623 | 6,127 | 10,967 | 13,469 |
| General and administrative expense | 3,762 | 2,769 | 6,286 | 6,084 |
| Interest expense | 7,205 | 13,412 | 14,793 | 26,866 |
| Exploration costs | 193 | 741 | 2,179 | 1,662 |
| Depreciation, depletion, and impairment | 14,309 | 12,924 | 199,939 | 27,626 |
| | 31,092 | 35,973 | 234,164 | 75,707 |
| LOSS FROM CONTINUING OPERATIONS | (17,839) | (10,780) | (203,745) | (23,445) |
| INCOME (LOSS) FROM DISCONTINUED OPERATIONS | — | 189 | (10,000) | (103) |
| NET LOSS | $ (17,839) | $ (10,591) | $ (213,745) | $ (23,548) |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING | 51,505,723 | 20,937,454 | 51,505,723 | 20,937,454 |
| INCOME (LOSS) PER COMMON SHARE | | | | |
| Continuing operations | $ (.35) | $ (.51) | $ (3.96) | $ (1.12) |
| Discontinued operations | — | .01 | (.19) | — |
| Net loss | $ (.35) | $ (.50) | $ (4.15) | $ (1.12) |

See accompanying notes to consolidated condensed financial statements.



RAM00495

## CRYSTAL OIL COMPANY

### CONSOLIDATED CONDENSED STATEMENTS OF CHANGES IN FINANCIAL POSITION
($ in Thousands)
(Unaudited)

| | Six Months Ended June 30 | |
|---|---|---|
| | 1986 | 1985 |
| **SOURCE OF FUNDS** | | |
| Working capital provided from (used by) continuing operations | $ (1,627) | $ 6,517 |
| Working capital provided from discontinued operations | — | 2,218 |
| Increase in long-term obligations | — | 10,966 |
| Other, primarily disposals of property, plant, and equipment and transfers to inventory | 2,084 | 9,164 |
| TOTAL FUNDS PROVIDED | 457 | 28,865 |
| **USE OF FUNDS** | | |
| Additions to property, plant, and equipment | 4,802 | 4,889 |
| Reduction of long-term debt | — | 4,734 |
| Increase in other assets | 21 | — |
| TOTAL FUNDS USED | 4,823 | 9,623 |
| Net increase (decrease) in working capital | (4,366) | 19,242 |
| Working capital (deficit)—beginning of period | (344,874) | (80,810) |
| WORKING CAPITAL (DEFICIT)—END OF PERIOD | $(349,240) | $(61,568) |

See accompanying notes to consolidated condensed financial statements.



RAM00496

## CRYSTAL OIL COMPANY

## NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
**(Unaudited)**

Note 1. ***Consolidated Condensed Financial Statements***

The consolidated condensed balance sheet as of June 30, 1986, and the consolidated condensed statements of operations and changes in financial position for the periods ended June 30, 1986 and 1985, have been prepared by the Company, without audit. The three and six months ended June 30, 1985, have been restated to reflect the discontinuation of the Company's refinery segment in December 1985. In addition, certain reclassifications have been made to eliminate intersegment transactions in 1985. In the opinion of management, all adjustments (which include only normal recurring adjustments, except for the valuation adjustments described in Note 2 and the write-down described in Note 6) necessary to present fairly the financial position, results of operations, and changes in financial position at June 30, 1986, and for all periods presented have been made.

There have been no changes in the accounting policies as set forth in Note A of the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 1985.

Note 2. ***Property, Plant, and Equipment***

During the period ended June 30, 1986, prices for crude oil declined sharply from year-end prices, resulting in significant decreases in the undiscounted future net cash flow from proved crude oil and natural gas reserves. These price declines, along with the Company's current financial position, make it doubtful as to whether the Company will have sufficient funds to develop its proved non-producing reserves. Because of such decline in prices and the Company's lack of sufficient funds to develop its proved non-producing reserves, the Company has recorded valuation adjustments aggregating $184 million ($10 million during the quarter ended June 30, 1986, and $174 million during the quarter ended March 31, 1986) to reduce the carrying value of its crude oil and natural gas properties to the total of the estimated undiscounted future net cash flow from the Company's proved producing crude oil and natural gas reserves.

During the second quarter of 1986, the Company completed the sale of its crude oil production related transportation assets to a third party for a cash consideration of $775 thousand. Such assets included the Company's crude oil transportation vehicles, well service equipment, and one of the Company's computer systems. The purchaser of such assets has agreed to continue to transport the Company's crude oil on a fee basis.

Note 3. ***Liabilities***

The Company defaulted on scheduled interest payments aggregating $15.5 million due on its 15% Senior Subordinated Secured Notes due 1995 and its six issues of its publicly held debentures (the "Debentures"). In addition, the Company has not made scheduled principal and interest payments aggregating approximately $3.4 million on a secured trade note payable, currently $10.3 million, to a major oilfield supply company. Further, the Company is not in compliance with certain of the covenants of a loan agreement with a major commercial banking institution, pursuant to which the Company currently owes $41.4 million on a bank note issued pursuant to such loan agreement. The Company is continuing its monthly payments of $1.1 million plus interest to such bank with respect to such debt. Because of the above defaults, the holders of such debt instruments could accelerate the Company's obligations due thereunder and the holders of the bank note, trade note, and the 15% Senior Subordinated Secured Notes could take action to foreclose on the Company's properties securing the Company's obligations with respect to such debt instruments.

Because of the Company's difficult financial condition, the Company does not believe that it will be able to continue as a going concern beyond 1986 unless it is able to restructure and reduce its outstanding indebtedness to a level at which the Company will be able to service and at the same time carry on the



RAM00497

**Note 3.** ***Liabilities*** **—(Continued)**

development drilling activities necessary to improve its future cash flow by bringing proved developed non-producing and other reserves into production. In that regard, the Company on July 10, 1986, began a solicitation of ballots from the bank and the major oilfield supply company referred to above and the holders of the 15% Senior Subordinated Secured Notes and the Debentures for acceptance of a plan of reorganization of the Company (the "Plan") to be filed under Chapter 11 of the United States Bankruptcy Code. The solicitation of ballots for acceptance of the Plan was initially scheduled to expire on August 8, 1986, but has been extended to September 5, 1986. If the Plan is accepted by at least two-thirds in amount and more than one-half in number of the Company's creditors in each class voting on the Plan, the Company, subject to certain conditions, intends to file a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code and to seek confirmation of the Plan using the acceptances received pursuant to its solicitation to satisfy the acceptance requirements under the Bankruptcy Code for confirmation of the Plan.

The Company has initiated a plan to incur certain location clean-up costs on approximately 140 well sites located in Louisiana pursuant to State environmental requirements. Consequently, the Company has recorded a liability of $1.2 million during the second quarter of 1986 for the estimated cost of such plan.

**Note 4.** ***Income Taxes***

Provisions for income taxes are determined for interim periods by applying the estimated effective tax rate expected to be applicable for the fiscal year to year-to-date operations. The Company has not provided a provision for income taxes for the 1986 and 1985 periods because the Company has no remaining deferred income tax liability recorded for financial purposes that can be offset by either or both losses recognized for financial purposes or investment tax credits.

**Note 5.** ***Commitments and Contingencies***

As of June 30, 1986, $33.1 million of standby letters of credit have been issued pursuant to which the Company is contingently liable under its loan agreement with its bank. Such standby letters of credit bear interest ranging from .5% to .75% and expire at various dates through the year 2000. Such standby letters of credit primarily relate to guarantees of tax benefits relating to safe harbor lease transactions.

Subsidiaries of the Company serve as the general partner in four public partnerships and one non-public partnership formed for the exploration and development of crude oil and natural gas reserves. A subsidiary of the Company is contingently liable solely as a matter of partnership law for an obligation of one of these partnerships to a major commercial bank currently aggregating $2.3 million, which amount represents partnership borrowings under a term loan. No collateral of the Company, or any such subsidiary, or any other partnership secures such contingent liability.

**Note 6.** ***Discontinued Operations***

Management has been continually monitoring the economic environment in the refining industry and has focused on the fact that the small refinery segment of the crude oil and natural gas industry has continued to be distressed. The Company concluded in December 1985, based on then existing economic conditions, to hold for sale the Company's remaining two refineries. Accordingly, the refineries have been accounted for as a discontinued operation. Based on management's continued analysis, it was concluded during the first quarter of 1986 to record an additional adjustment of $10 million to write-down the remaining refineries to their estimated salvage value, net of related costs and expenses.

## REVIEW BY INDEPENDENT ACCOUNTANTS

The consolidated condensed financial statements at June 30, 1986, and for the three and six month periods ended June 30, 1986 and 1985, have been reviewed, prior to filing, by the Registrant's independent certified public accountants, Touche Ross & Co., whose report covering their review of the financial statements is presented on the following page.



RAM00499

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Crystal Oil Company
Shreveport, Louisiana

We have made a review of the consolidated condensed balance sheet of Crystal Oil Company and subsidiaries as of June 30, 1986, and the related consolidated condensed statements of operations for the three and six months ended June 30, 1986 and 1985, and the consolidated condensed statements of changes in financial position for the six months ended June 30, 1986 and 1985, in accordance with standards established by the American Institute of Certified Public Accountants.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical review procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated condensed financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously examined, in accordance with generally accepted auditing standards, the consolidated balance sheet as of December 31, 1985, and the related consolidated statements of operations, deficiency in stockholders' equity, and changes in financial position for the year then ended (not presented herein); and in our report dated March 17, 1986, our opinion was qualified as to the ability of Crystal Oil Company and subsidiaries to continue as a going concern and as to the realization of its assets. In our opinion, the information set forth in the accompanying consolidated condensed balance sheet as of December 31, 1985, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

TOUCHE ROSS & CO.

Dallas, Texas
August 8, 1986



RAM00500

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should assist in a further understanding of the Company's financial condition as of June 30, 1986, as well as changes in the Company's operating results. The Notes to the Company's Consolidated Condensed Financial Statements included in this report, as well as the Company's Annual Report on Form 10-K for the year ended December 31, 1985, should be read in conjunction with this discussion.

**Liquidity and Capital Resources**

The Company continued to experience severe cash flow and liquidity problems during the second quarter of 1986, resulting principally from the Company's high debt service requirements and the continued dramatic fall in crude oil prices and downward pressure on natural gas prices. Such conditions have rendered the Company unable to service any of its long-term indebtedness other than its secured bank debt and, possibly, part of its secured trade debt to Halliburton Company ("Halliburton"), and threatened the ability of the Company to continue as a going concern.

At June 30, 1986, the Company had approximately $43.7 million in outstanding indebtedness under a promissory note issued by the Company pursuant to a loan agreement (the "Loan Agreement") with Bankers Trust Company ("BTC"), which indebtedness is being repaid in equal monthly installments of approximately $1.1 million plus interest. Under the Loan Agreement, the Company is required to maintain an annual cash flow of at least $45 million and working capital of at least $3 million (excluding the current portion of long-term liabilities that is not in default), which the Company has been unable to achieve. As a result of such failure, as well as the Company's failure to pay principal and interest on certain of its other indebtedness described below, the Company is currently in default under the Loan Agreement and BTC could accelerate the amounts due under the Bank Note and foreclose on the Company's properties securing the payment thereof. In addition, under the terms of a Cash Collateral Agreement between the Company and BTC securing the Company's obligations under the Loan Agreement, proceeds from the production of the Company's mortgaged crude oil and natural gas properties are being deposited in a cash collateral account. Because the Company is currently in default under the Loan Agreement, the cash in this account is being made available to the Company solely at the discretion of BTC.

As of June 30, 1986, the aggregate principal amount of the Company's indebtedness, including the indebtedness to BTC described above and excluding certain contingent obligations of the Company with respect to various letters of credit issued under the Loan Agreement (see Note 5 to Consolidated Condensed Financial Statements), was approximately $277 million. As of August 13, 1986, the aggregate amount of such indebtedness was approximately $275 million. At the present date, the Company has no outside source of capital or debt and its only source of funds to meet near-term cash demands is from crude oil and natural gas sales. Due to the combination of the Company's inability to finance and engage in the necessary drilling activities to bring undeveloped and non-producing reserves into production, the Company expects to experience continued decreases in its cash flow and liquidity in the remainder of 1986. The average prices that the Company is receiving per barrel of crude oil and Mcf of natural gas have significantly decreased since December 31, 1985, from an average in 1985 of $24.92 and $2.80, respectively, to a current approximate average of $11.50 and $2.40, respectively. As a result of such declines, the Company does not expect to have sufficient cash flow in the remainder of 1986 to service any of its long-term indebtedness other than its secured debt under the Loan Agreement, and, possibly, part of its secured debt to Halliburton. In that regard, in an effort to conserve its cash, the Company in April 1986 suspended all payments of interest on its 15% Senior Subordinated Secured Notes due June 15, 1995 (the "Notes"), and on each of its six issues of its publicly held debentures (the "Debentures"). In furtherance of such effort, the Company in May 1986, suspended all payments of principal and interest on its secured trade debt (currently $10.3 million) to Halliburton. As a result of such actions, as well as the Company's failure as of July 15, 1986, to meet a minimum security covenant with respect to the Notes, the Company is currently in default with respect to the Notes, each issue of the Debentures, and its indebtedness to Halliburton. Due to the existence of such defaults, the holders of such indebtedness could accelerate the amounts due thereunder and take action against the Company to enforce their respective rights, including



RAM00501

the possibility of a filing of an involuntary petition in bankruptcy against the Company. Further, as to the Company's secured indebtedness to Halliburton and with respect to the Notes, the holders of such indebtedness could take action to foreclose on the Company's properties securing the payment of such obligations. The Company's failure to pay such obligations is also a default under the Loan Agreement.

The Company's working capital deficit position at June 30, 1986, was $349.2 million compared to $344.9 million at December 31, 1985, which considers the accounting treatment under Financial Accounting Standards Board No. 78, "Classification of Obligations that are Callable by Creditors", whereby all of the Company's borrowings outstanding at June 30, 1986, and December 31, 1985, are classified as current liabilities in the Company's Consolidated Condensed Balance Sheets. Such decrease was primarily due to working capital being used to fund capital expenditures of $4.8 million and working capital used by operations of $1.6 million, which was partially offset by working capital provided from the sale of assets and transfers of lease and well equipment to inventory.

Because of the decline in prices of crude oil and natural gas being received by the Company in the second quarter from its proved producing crude oil and natural gas properties and the Company's lack of sufficient funds to develop its non-producing properties, the Company recorded write-downs of $10 million during the quarter ended June 30, 1986, and $174 million during the quarter ended March 31, 1986, to reduce the carrying value of the Company's proved crude oil and natural gas properties to reflect the Company's estimate of the total estimated undiscounted future net revenues from its proved producing crude oil and natural gas reserves on such dates.

Because of the Company's current troubled financial position, the Company does not believe that it will be able to continue as a going concern beyond 1986 unless it is able to restructure and reduce its outstanding indebtedness to a level at which the Company will be able to service and carry on the development drilling activities necessary to improve its future cash flow by bringing proved developed non-producing and other reserves into production. In that regard, the Company on July 10, 1986, commenced a solicitation of ballots from BTC, Halliburton, and the holders of the Notes and the Debentures for acceptance of a plan of reorganization of the Company (the "Plan") to be filed under Chapter 11 of the United States Bankruptcy Code. The solicitation of ballots for acceptance of the Plan was initially scheduled to expire on August 8, 1986, but has been extended to September 5, 1986. If the Plan is accepted by at least two-thirds in amount and more than one-half in number of the Company's creditors in each class voting on the Plan, the Company, subject to certain conditions, intends to file a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code and to seek confirmation of the Plan using the acceptances received pursuant to its solicitation to satisfy the acceptance requirements under the Bankruptcy Code for confirmation of the Plan. The Company is not currently a debtor in a case under Chapter 11 of the Bankruptcy Code. However, the Company is availing itself of the provisions of the Bankruptcy Code that permit the prepetition solicitation of acceptances of a plan of reorganization under Chapter 11 of the Bankruptcy Code.

The Plan as currently proposed provides, in general, for (i) a restructuring of approximately $51.7 million of the Company's existing secured debt to BTC and Halliburton through an exchange of such debt for an equal amount of secured debt that will be payable pursuant to an extended minimum payment schedule and/or additional payments related to the Company's future cash flow, shares of Common Stock, and warrants to purchase shares of Common Stock, (ii) a reduction and restructuring of approximately $125 million face amount of the Company's secured debt to the holders of the Notes through an exchange of such debt for new ten-year non-interest bearing convertible secured notes having a face amount of approximately $75 million, shares of Common Stock and senior convertible voting preferred stock and warrants to purchase shares of Common Stock, and (iii) the conversion of approximately $98 million face amount of the Debentures into shares of Common Stock and junior convertible voting preferred stock, and warrants to purchase shares of Common Stock.



RAM00502

The Plan, if accepted by the Company's creditors and confirmed by a Bankruptcy Court, would result in a significant amount of Common Stock of the Company and securities convertible into Common Stock of the Company being issued to the Company's creditors, with such creditors becoming the Company's primary shareholders upon the effective date of the Plan. The Company is not currently soliciting shareholders with respect to the Plan, and any such solicitation of shareholders, if required, would be undertaken only after the Company has filed a petition for reorganization under Chapter 11 of the Bankruptcy Code. While the current shareholders of the Company would undergo a substantial dilution of their equity interest in the Company under the Plan, the Plan would allow the shareholders to continue to hold the same number of shares of Common Stock in the Company that they currently hold and would give such shareholders the potential to increase their equity interest in the Company through warrants to purchase shares of Common Stock in the Company.

While many uncertainties exist as to the future of the crude oil and natural gas industry and the Company's future, the Company believes that the Plan presents at present the best opportunity for the Company to restructure and reduce its indebtedness to a serviceable level for the benefit of the Company and its creditors and shareholders. Further, the Company believes that the approval of the Plan by the Company's creditors prior to the Company's filing of a voluntary petition under Chapter 11 of the Bankruptcy Code could substantially reduce the time and expense to the Company related to such a proceeding. The Plan is subject to a number of conditions, including the requisite acceptance by the solicited creditors and confirmation by a Bankruptcy Court. Accordingly, there can be no assurance that the Plan will be effected.

**Results of Operations**

Since December 31, 1985, economic conditions in the crude oil and natural gas industry have continued to deteriorate with a resulting decrease in crude oil prices of approximately 50%. The Company's net loss from continuing operations was $203.7 million for the six months ended June 30, 1986, which included a write-down of $184 million ($10 million during the quarter ended June 30, 1986, and $174 million during the quarter ended March 31, 1986) to reduce the carrying value of the Company's crude oil and natural gas properties to reflect the prices that the Company was receiving for its crude oil and natural gas as of such dates. Additionally, the second quarter of 1986 includes an accrual of $1.2 million of expenses associated with location clean-up costs. The decline in revenues from $52.3 million for the six months ended June 30, 1985, to $30.4 million for the six months ended June 30, 1986, is primarily attributable to declines in crude oil prices and declines in volumes of crude oil and natural gas resulting from lease depletion and the inability of the Company to fund expenditures for developing proved non-producing properties.

The Company continues to be adversely impacted by the general downturn in the crude oil and natural gas industry which began in 1982. Continued downward pressure exists on both crude oil and natural gas prices, along with some curtailment by the Company's natural gas purchasers. Since December 31, 1985, as a result of actions taken by certain members of the Organization of Oil Producing Exporting Countries ("OPEC") to increase production and reduce prices of crude oil in order to achieve their target share of the world market, there has been a substantial oversupply of crude oil in the world and domestic markets and the price of crude oil has fallen significantly. While there has been recent indications that OPEC may reduce its production of crude oil, the Company is unable to predict whether, or to what extent, such reductions will be made or, if made, the effects of any such reductions. The general uncertainty surrounding the crude oil and natural gas industry makes it impossible to predict when, and if, an upturn in the industry will occur. The Company is currently receiving an average of approximately $11.50 per barrel for crude oil and $2.40 per Mcf for natural gas—a particularly significant reduction in crude oil prices from 1985 and the first quarter 1986 averages.

*Three Months Ended June 30, 1986, Compared With Three Months Ended June 30, 1985*

Operating profit attributable to crude oil and natural gas production activities decreased $8.4 million or 51% in the second quarter of 1986. Crude oil and natural gas revenues decreased $8.9 million or 41%. The sales price of crude oil and other liquefied petroleum products averaged $12.45 per barrel in the second quarter of 1986, a decrease of $12.48 per barrel, compared with the second quarter of 1985 of



RAM00503

$24.93. Natural gas prices averaged $2.34 per Mcf in the second quarter of 1986, a decrease of $.45 over the same period in 1985. Excluding the aforementioned $1.2 million of location clean-up costs, lease operating expense, including production and windfall profit taxes, decreased $1.7 million or 28%.

*Six Months Ended June 30, 1986, Compared With Six Months Ended June 30, 1985*

Operating profit attributable to crude oil and natural gas production activities decreased $16 million or 45% in the first six months of 1986. Crude oil and natural gas revenues decreased $19.1 million or 40%. The sales price of crude oil and other liquefied petroleum products averaged $15.58 per barrel in the first six months of 1986, a decrease of $9.18 per barrel, compared with the first six months of 1985 of $24.76. Natural gas prices averaged $2.37 per Mcf in the first six months of 1986, a decrease of $.47 over the same period in 1985. Excluding the aforementioned $1.2 million of location clean-up costs, lease operating expense, including production and windfall profit taxes, decreased $3.7 million or 27%. The Company is continuing its efforts to further reduce lease operating expenses by improving efficiency at each well site.

*General and Administrative Expense*

General and administrative expense for the three and six months ended June 30, 1986, includes approximately $1 million of costs relating to the Company's efforts to restructure its indebtedness, a $400 thousand negotiated settlement of a disputed contractual claim, and a payment of $266 thousand relating to a management severance and consulting agreement. With the exclusion of the aforementioned nonrecurring items, the Company was able to reduce its normal general and administrative expense by $.7 million (24.2%) for the three months ended June 30, 1986, as compared to the same period last year, and by $1.5 million (24.0%) for the six months ended June 30, 1986, as compared to the same period last year. The Company is continuing its efforts to decrease, where possible or advisable, its general and administrative expense.

## PART II: OTHER INFORMATION

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

As of the beginning of the year, the Company was not in compliance with certain of the covenants of the Loan Agreement constituting a default under such agreement. In addition, the Company's failure to pay its obligations with respect to certain of its other indebtedness discussed below constitutes a default under the Loan Agreement. As a result of such defaults, the Company's indebtedness under the Loan Agreement could be accelerated and BTC could take action to foreclose on the Company's properties securing such indebtedness. The Company is continuing its monthly payments of $1.1 million plus interest on its indebtedness under the Loan Agreement and has reduced the balance thereunder to $41.4 million.

In May 1986, the Company suspended all payments of principal and interest on its secured trade debt to Halliburton, which subsequently constituted an event of default with respect thereto. As of August 13, 1986, the outstanding principal amount on the Company's indebtedness to Halliburton was $10.3 million, and the amount of principal and interest in arrears was $3 million and $.4 million, respectively. As a result of the Company's default with respect to its indebtedness to Halliburton, such indebtedness could be accelerated and Halliburton could take action to foreclose on the Company's properties securing such indebtedness.

On April 15, 1986, the Company defaulted on a scheduled payment of interest aggregating $1.2 million on its 11¾% Convertible Subordinated Debentures due 2000, which as of August 13, 1986, had a principal balance of $20.4 million outstanding. As a result of such default, the entire amount of such indebtedness could be accelerated.

On May 1, 1986, the Company defaulted on a scheduled payment of interest aggregating $642 thousand on its 9% Convertible Subordinated Debentures due 1991, which as of August 13, 1986, had a principal balance of $14.3 million outstanding. As a result of such default, the entire amount of such indebtedness could be accelerated.



RAM00504

On June 15, 1986, the Company defaulted on a scheduled payment of interest aggregating $9.4 million on the Notes, which as of August 13, 1986, had a principal balance of $125.2 million outstanding. Further, the Company was unable as of July 15, 1986, to comply with a minimum security covenant with respect to the Notes. As a result of such defaults, the Company's indebtedness with respect to the Notes could be accelerated and the holders thereof could take action to foreclose on the Company's property securing such obligations.

On June 15, 1986, the Company defaulted on scheduled payments of interest on its 14⅛% Senior Subordinated Debentures due December 15, 1998, 12⅝% Subordinated Debentures due December 15, 2001, and 12⅝% Subordinated Debentures due June 15, 1990, aggregating $1.2 million, $1.7 million, and $487 thousand, respectively, which as of August 13, 1986, had principal balances outstanding of $16.7 million, $26.3 million and $7.7 million, respectively. As a result of such defaults, the entire principal amount of such indebtedness could be accelerated.

On July 15, 1986, the Company defaulted on a scheduled payment of interest aggregating $888 thousand on its 13¾% Subordinated Debentures due July 15, 2000, which as of August 13, 1986, had a principal balance of $12.9 million outstanding. As a result of such default, the entire principal amount of such indebtedness could be accelerated.

For additional information with respect to the above defaults and their effect on the Company's liquidity, see "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations".

## ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On July 10, 1986, the Company commenced a solicitation of ballots from BTC, Halliburton, and the holders of the Notes and Debentures for acceptance of a plan of reorganization of the Company to be filed under Chapter 11 of the United States Bankruptcy Code. The solicitation of ballots for the acceptance of the Plan was initially scheduled to expire on August 8, 1986, but has been extended to September 5, 1986. For additional information with respect to such solicitation, see "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations".

## ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit 11—Computation of Loss per Common Share

(b) Current Report on Form 8-K dated July 10, 1986, filed on July 11, 1986, pursuant to which the Company's commencement of its solicitation of acceptances of the Plan was disclosed pursuant to Item 5 of such report.



RAM00505

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 13th day of August 1986.

CRYSTAL OIL COMPANY

By: /s/ J. N. AVERETT, JR.

J. N. Averett, Jr.
*President,*
*Chief Executive Officer,*
*and Director*
*(Principal Executive and Financial Officer)*

By: /s/ JAMES W. RENZ

James W. Renz
*Vice President—Accounting*
*(Principal Accounting Officer)*



RAM00506

## Solicitation of Ballots
## to
## Plan of Reorganization

Ballots (or facsimile copies thereof) should be sent or delivered by you or your broker, dealer, commercial bank or trust company to the Voting Agent at the address set forth below:

**THE VOTING AGENT IS:**

**REPUBLICBANK DALLAS, NATIONAL ASSOCIATION**

Attention:
C.D. Smith
350 North St. Paul Street
9th Floor
Dallas, Texas 75201
(214) 922-6147

**THE BALLOT SOLICITOR IS:**

**D.F. KING & CO., INC.**

60 Broad Street
New York, New York 10004
(212) 269-5550
(Call Collect)

**THIS TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE FAIRNESS OR MERITS OF SUCH TRANSACTION NOR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.**

**The date of this Supplement is August 15, 1986.**

FILED

OCT 14 1986

CLERK OF COURT
UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT of LOUISIANA

UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

| | | |
|---|---|---|
| IN RE: Crystal Oil Company, | § | Case No. 586-02834 |
| | § | |
| Debtor. | § | Chapter 11 Proceeding |

MOTION FOR DETERMINATION
ON NECESSITY TO SOLICIT SHAREHOLDERS OF
CRYSTAL OIL COMPANY

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

NOW COMES, Crystal Oil Company, debtor and debtor-in-possession in the above captioned case ("Crystal"), and moves pursuant to Rule 9013 of the Rules of Bankruptcy Procedure for the United States Bankruptcy Courts (the "Bankruptcy Rules") for an Order that Crystal is not required to solicit acceptances of its plan of reorganization dated September 29, 1986 (the "Plan") from the holders of its common stock, $.01 par value ("Common Stock"), or in the alternative for approval of the Shareholder Disclosure Statement being filed herewith and attached hereto as Exhibit A, and in support thereof would show the Court as follows:

1. On July 10, 1986, Crystal commenced a pre-petition solicitation pursuant to Section 1126(b) of the United States Bankruptcy Code (the "Bankruptcy Code") of acceptances of the Plan from its creditors holding impaired claims under the Plan.

2. On September 26, 1986, Crystal completed its pre-petition solicitation of its creditors holding impaired claims under the Plan. Pursuant to such pre-petition solicitation, Crystal received the acceptance of the Plan by more than one-half in number and at least two-thirds in amount of the claims of the holders of its publicly held debt securities who voted on the Plan. Although Crystal did not receive the acceptance of the Plan from its two most senior secured creditors, Bankers Trust Company and Halliburton Company, Crystal is continuing negotiations with such creditors. Other than Bankers Trust Company and Halliburton Company, all classes of holders of impaired claims under the Plan have accepted the Plan by the requisite vote for confirmation of the Plan under Section 1129 of the Bankruptcy Code.

3. On October 1, 1986, Crystal filed with the Court a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code, along with the Plan and Crystal's Disclosure Statement dated July 9, 1986, as supplemented by the Supplement dated August 15, 1986 (collectively, the "Disclosure Statement"), which was used by Crystal in its pre-petition solicitation. Since such filing, Crystal has operated as a debtor-in-possession in accordance with Section 1107 and 1108 of the Bankruptcy Code.

4. On October 1, 1986, the Court entered an Order setting a hearing pursuant to Bankruptcy Rule 3017 on approval



RAM00509

of the Disclosure Statement for 1:30 p.m., November 10, 1986, and set 5:00 p.m. on October 31, 1986, as the time by which objections to the Disclosure Statement must be filed.

5. Under the Plan, the holders of the Common Stock are classified in Class 15. As of October 1, 1986, there were 51,705,723 shares of Common Stock outstanding, which shares were held by approximately 7,700 holders of record. Under the Plan, each Class 15 claimant will receive on the effective date of the Plan (i) a pro rata distribution of 51,705,723 shares of New Common Stock (as defined in the Plan), (ii) $.125 Warrants (as defined in the Plan) to purchase 200,000,000 shares of New Common Stock, (iii) $.15 Warrants (as defined in the Plan) to purchase 200,000,000 shares of New Common Stock, and (iv) $.25 Warrants (as defined in the Plan) to purchase 200,000,000 shares of New Common Stock.

6. As of August 31, 1986, Crystal had unconsolidated total assets of approximately $148,000,000 and unconsolidated liabilities of approximately $435,000,000 ($69,000,000 of which represented intercompany debt). Crystal believes that if it were to be liquidated in the near future, the holders of the Common Stock would receive nothing for their interests. In addition, because Crystal's liabilities far exceed its assets, the value of the interests of the holders of the Common Stock in Crystal as a going concern is effectively nothing. If the Plan is confirmed, the Plan would give the holders of the Common Stock a continuing interest in Crystal through their



RAM00510

receipt of shares of New Common Stock and through their receipt of the $.125 Warrants, the $.15 Warrants and the $.25 Warrants.

7. Section 1129(a) of the Bankruptcy Code provides that for a plan of reorganization of a debtor to be confirmed, the plan must be accepted by all impaired classes of creditors and interest holders of the debtor. Section 1129(b) of the Bankruptcy Code, however, provides an alternative to such requirement. Under Section 1129(b), the Bankruptcy Court, on request of the proponent of a plan of reorganization, is required to confirm the proponent's plan notwithstanding the nonacceptance of an impaired class of claims or interests if the plan otherwise meets the confirmation requirements of Section 1129(a), does not discriminate unfairly, and is fair and equitable with respect to each class of claims or interests that is impaired under, and has not accepted, the plan. The Plan as currently proposed and accepted by the holders of Crystal's publicly held debt securities, will satisfy the confirmation requirements of Section 1129(b) of the Bankruptcy Code with respect to the interests of the holders of the Common Stock. First, the Plan does not "discriminate unfairly" in that there is no class of Crystal's interests holders with interests similar to those of the holders of the Common Stock who will receive more than 100% with respect to its interests. Second, the Plan is "fair and equitable" with respect to the holders of the Common Stock because there is no holder of any

interest that is junior to the interests of the holders of the Common Stock that will receive any distributions under the Plan. Accordingly, Crystal has the ability to obtain confirmation of the Plan without the prior acceptance thereof by the holders of the Common Stock. In point of fact, Crystal could obtain confirmation of a plan of reorganization which would provide for no distributions to the holders of the Common Stock because the claims of Crystal's creditors far exceed any possible valuation of Crystal's assets.

8. The Disclosure Statement contains adequate information with respect to the Plan. The Disclosure Statement was provided during Crystal's pre-petition solicitation to all known holders of record as of June 16, 1986, of impaired claims under the Plan, was filed by Crystal in July 1986 with the Securities and Exchange Commission as an Exhibit to a Current Report on Form 8-K and was filed with this Court upon the commencement of this case. Crystal's pre-petition solicitation of creditors and the terms of the Plan were also discussed in Crystal's Quarterly Report on Form 10-Q for the quarter ended June 30, 1986, which report was filed with the Securities and Exchange Commission on August 14, 1986. In addition, reports as to the status of Crystal's pre-petition solicitation were regularly made by Crystal by press release and reported in The Wall Street Journal, The Shreveport Journal and The Shreveport Times. Accordingly, any creditor or shareholder of Crystal or any other party in interest in this case has had and will



RAM00512

continue to have throughout the remainder of this case an opportunity to review the Plan and Crystal's description thereof in the Disclosure Statement.

9. If Crystal is required to solicit the holders of the Common Stock, the cost to Crystal's estate would likely be substantial. Because the Plan can be confirmed without the acceptances of the holders of the Common Stock pursuant to the alternative confirmation provisions of Section 1129(b) of the Bankruptcy Code and because the Plan will provide the holders of the Common Stock with substantially greater distributions than they would receive under other circumstances, the incurrence of the costs of a solicitation of shareholders where the outcome of such solicitation would, in effect, be meaningless and would not be in the best interests of Crystal, Crystal's estate or any other party in interest in this case.

10. The granting of an Order allowing Crystal to utilize the alternative confirmation provisions of Section 1129(b) of the Bankruptcy Code in lieu of a solicitation of shareholders would not prohibit any party in interest from objecting to confirmation of the Plan based on such provisions. Such objections, however, are best reserved for the hearing on confirmation of the Plan.

11. If Crystal is required to solicit the holders of the Common Stock, the Shareholder Disclosure Statement would provide adequate information to enable a hypothetical



RAM00513

reasonable investor typical of the holders of the Common Stock to make an informed judgment about the Plan.

12. The Shareholder Disclosure Statement is basically a perfunctory document which incorporates by reference an enclosed copy of the Disclosure Statement. There is no information in the Shareholder Disclosure Statement that is contrary to or inconsistent with the information in the Disclosure Statement and the only information in the Shareholder Disclosure Statement that is not included in the Disclosure Statement is that which relates to the results of Crystal's pre-petition solicitation of creditors and its filing for reorganization. If a hearing on the Shareholder Disclosure Statement is required, the time and date for such a hearing and the time and the date by which any objections to the Shareholder Disclosure Statement must be made should be the same as those for the Disclosure Statement because the issues relating to the adequacy of the Disclosure Statement will be substantially the same as the issues with respect to the adequacy of the Shareholder Disclosure Statement. The setting of such times and dates so as to coincide with those with respect to the Disclosure Statement would not prejudice any shareholder or other party in interest because notice of the hearing on and objections to the approval of the Disclosure Statement was given to all required parties on or before October 6, 1986.



RAM00514

WHEREFORE, PREMISES CONSIDERED, Crystal respectfully prays that the Court

(1) Enter an Order (the "Shareholder Solicitation Order") stating that Crystal may utilize the alternative confirmation provisions of Section 1129(b) of the Bankruptcy Code in lieu of a solicitation of acceptances of the Plan from the holders of the Common Stock;

(2) If the Court determines that Crystal may not utilize the alternative confirmation provisions of Section 1129(b) of the Bankruptcy Code in lieu of a solicitation of acceptances of the holders of the Common Stock, approve the Shareholder Disclosure Statement attached hereto as Exhibit A as containing adequate information for a holder of the Common Stock to make an informed judgment about the Plan;

(3) Set a hearing (the "Hearing") at 1:30 p.m. on November 10, 1986, for consideration of the Shareholder Solicitation Order and, if the Shareholder Solicitation Order is not granted, for approval pursuant to Bankruptcy Rule 3017 of the Shareholder Disclosure Statement;

(4) Set the time by which objections, if any, to the Shareholder Solicitation Order and the approval of the Shareholder Disclosure Statement must be filed with the Court and served on Crystal's counsel at 5:00 p.m., October 31, 1986;

(5) Specify that the Notice of the above actions attached hereto as Exhibit B is adequate, and

(6) Specify that the mailing of the Notice, postage prepaid by first class mail to (i) all holders of record of the Common Stock as of October 1, 1986, the Unsecured Creditors Committee (to the extent its members are currently known), the Securities and Exchange Commission and all other parties in interest and equity security holders who or which have made an official appearance in this case no later than October 16, 1986, and (ii) any additional member of the Unsecured Creditors Committee who may be appointed thereto after the date hereof no later than three business days after the date such member is appointed, shall be adequate notice of the above actions.

Dated October 14, 1986.

Respectfully submitted,

FULBRIGHT & JAWORSKI

By _____
John L. King
Curtis W. Huff
1301 McKinney Street, 51st Floor
Houston, Texas 77010
(713) 651-5350

COOK, YANCEY, KING & GALLOWAY

By _____
James Robert Jeter
Suite 400 American Tower
401 Market Street
Shreveport, Louisiana 71101
(318) 221-6277

COUNSEL FOR CRYSTAL OIL COMPANY

61990

RAM00516

Exhibit A

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE WESTERN DISTRICT OF LOUISIANA

SHREVEPORT DIVISION

| | | |
|---|---|---|
| In re | § | |
| CRYSTAL OIL COMPANY, | § | Case No. 586-02834 |
| | § | (Chapter 11 Proceeding) |
| Debtor. | § | |

---

# SHAREHOLDER DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE WITH RESPECT TO CRYSTAL OIL COMPANY'S PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

---

**The date of this Shareholder Disclosure Statement is November __, 1986.**

This Shareholder Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan of Reorganization (the "Plan") of Crystal Oil Company (the "Company"), and nothing contained herein shall be deemed advice on the tax or other legal effects of the Plan on holders of the common stock, $.01 par value ("Common Stock"), of the Company. Certain of the information contained in this Shareholder Disclosure Statement and the accompanying Disclosure Statement dated July 9, 1986, as supplemented by the Supplement dated August 15, 1986 (collectively, the "Pre-Petition Disclosure Statement"), by its nature, is forward looking, contains estimates and assumptions which may prove not to have been the case, and contains financial projections which may be materially different from actual future experiences.

The securities to be issued pursuant to the Plan have not been registered with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933 or under any state securities act or similar state law in reliance upon an exemption from registration provided by Section 1145 of the United States Bankruptcy Code. Further such securities have not been approved by the Commission or any state securities commission or similar authority. Neither the Commission nor any state commission has passed upon the accuracy or adequacy of the information contained in this Shareholder Disclosure Statement, the Pre-Petition Disclosure Statement or upon the merits of the Plan. Any representation to the contrary is unlawful.

The Plan contemplates the issuance of a substantial number of new shares, and rights to receive new shares, of the reorganized Company's common stock and voting preferred stock. In that regard, if the Plan is confirmed, the percentage of ownership of the Company's common stock held by the current holders of the Common Stock, and percentage of the total voting power with respect thereto, will be reduced to approximately 36% and 17%, respectively, which interest could be further reduced to as low as approximately 11% and 8%, respectively, if certain new convertible securities are converted into shares of the common stock of the reorganized Company and certain warrants to purchase shares of common stock of the reorganized Company are exercised. Such dilution, however, assumes that none of the warrants issued to the holders of the Common Stock to purchase shares of common stock of the reorganized Company are exercised. See "PURPOSE AND EFFECTS OF THE PLAN--CERTAIN CONSIDERATIONS--Effects on Ownership of Common Stock" and "PURPOSE AND EFFECTS OF THE PLAN--CERTAIN CONSIDERATIONS--Effects on Voting Power" in the Pre-Petition Disclosure Statement.



RAM00518

TABLE OF CONTENTS


| | Page No. |
|---|---|
| Introduction | 1 |
| Background of the Company's Chapter 11 Reorganization | 3 |
| Prior Acceptance of the Plan by Certain Impaired Creditors | 4 |
| The Plan | 5 |
| Recent Developments | 6 |
| Cash Collateral Order | 6 |
| Formation of Official Committee of Unsecured Creditors | 7 |
| Voting Procedures and Requirements | 7 |
| Classes Entitled to Vote on the Plan and Vote Required for Acceptance | 7 |
| Ballot and Voting Deadline | 8 |
| Beneficial Holders | 9 |
| Confirmation of the Plan | 9 |
| Requirements for Confirmation of the Plan | 9 |
| Effect of Confirmation | 10 |

## INTRODUCTION

Crystal Oil Company, a Louisiana corporation (the "Company), submits this Shareholder Disclosure Statement (this "Shareholder Disclosure Statement"), together with the enclosed Disclosure Statement dated July 9, 1986, and Supplement dated August 15, 1986 (collectively, the "Pre-Petition Disclosure Statement"), pursuant to Section 1125 of the United States Bankruptcy Code (the "Bankruptcy Code") to all the Company's known shareholders of record as of _____, 1986, in connection with the Company's solicitation of ballots for acceptance of its Plan of Reorganization dated September 29, 1986 (the "Plan"). Such materials are being provided to the Company's shareholders to enable such shareholders to make an informed decision in exercising their rights to accept or reject the Plan.

This Shareholder Disclosure Statement and the Pre-Petition Disclosure Statement describe various transactions contemplated under the Plan. This Shareholder Disclosure Statement should be read in conjunction with the Pre-Petition Disclosure Statement and the Annexes and Exhibits thereto, which are hereby incorporated herein by reference and made a part of this Shareholder Disclosure Statement. A copy of the Plan is attached as Exhibit A to the Pre-Petition Disclosure Statement. Unless the context otherwise requires, capitalized terms used herein shall have the meanings ascribed to them in the Glossary of Terms set forth in the Pre-Petition Disclosure Statement.

On November 10, 1986, after notice and a hearing, the United States Bankruptcy Court for the Western District of Louisiana, Shreveport Division (the "Bankruptcy Court") entered an order approving this Shareholder Disclosure Statement as containing information of a kind and in sufficient detail that would enable a reasonable, hypothetical investor typical of holders of the Common Stock to make an informed judgment whether to accept or reject the Plan. Such order also approved the Pre-Petition Disclosure Statement as containing information of a kind and in sufficient detail that would enable a reasonable, hypothetical investor typical of holders of impaired claims under the Plan to make an informed judgment whether to accept or reject the Plan. The Bankruptcy Court's approval of this Shareholder Disclosure Statement and the Pre-Petition Disclosure Statement, however, does not constitute a recommendation by the Bankruptcy Court either for or against the Plan.

Shareholders are urged to read this Shareholder Disclosure Statement and the Pre-Petition Disclosure Statement carefully before voting on the Plan. No solicitation of votes from shareholders will be made except pursuant to this Shareholder Disclosure Statement and the Pre-Petition Disclosure Statement and the Annexes and Exhibits thereto. You are urged to study the Plan in full and to consult with your legal and financial advisors about the Plan and its impact, including possible tax consequences, upon your legal rights.

Although holders of the Common Stock are being requested to vote to accept or reject the Plan, if the Plan is not accepted by the requisite vote of the holders of the Common Stock, the Company will likely seek Confirmation of the Plan pursuant to the "cram-down" provisions of Section 1129(b) of the Bankruptcy Code on the basis that the Plan does not discriminate unfairly and is fair and equitable to the holders of the Common Stock. Generally, such test will be satisfied if the Bankruptcy Court finds that the Plan does not allow for any class of creditors or interest holders to receive more than such class is legally entitled to receive on account of its claims or interests and there is no junior interest to the class that will receive property under the Plan. The Company believes that the Plan would satisfy these criteria. If the Company is required to seek Confirmation of the Plan pursuant to the cram-down provisions of the Bankruptcy Code, the distributions that would be provided to the holders of the Common Stock would be uncertain and the holders of the Common Stock could possibly receive no distributions under the Plan. Accordingly, the Company believes that the Plan is in the best interests of shareholders and recommends that all shareholders vote to accept the Plan. See "CONFIRMATION OF THE PLAN--Requirements for Confirmation of the Plan".

After carefully reviewing this Shareholder Disclosure Statement and the Pre-Petition Disclosure Statement, please indicate your vote on the enclosed ballot and return the ballot to the Company in the enclosed, postage paid return envelope by 5:00 p.m., Central Standard Time, on December __, 1986. Except to the extent allowed by the Bankruptcy Court, ballots that are received after 5:00 p.m., on December __, 1986, will not be considered in connection with the Confirmation of the Plan. See "VOTING PROCEDURES AND REQUIREMENTS".

## BACKGROUND OF THE COMPANY'S CHAPTER 11 REORGANIZATION

As is explained in the Pre-Petition Disclosure Statement, management of the Company in early 1986 concluded that in order for the Company to be able to continue as a going concern a substantial portion of the Company's outstanding indebtedness would need to be converted into equity through a reorganization of the Company under Chapter 11 of the Bankruptcy Code. Having reached such conclusion, management of the Company began exploring the possible ways in which the Company might minimize the costs and time related to such a reorganization. In that regard, management determined that such costs and time might be reduced if the Company were to seek to obtain the approval of a plan of reorganization from its creditors prior to the commencement of a case under Chapter 11 of the Bankruptcy Code. Accordingly, on July 10, 1986, the Company commenced a solicitation pursuant to Section 1126(b) of the Bankruptcy Code of acceptances of the Plan from its two major secured creditors, Bankers Trust Company (the "Bank") and Halliburton, and the holders of its outstanding publicly held debt securities. On September 26, 1986, after having received approval of the Plan from the holders of more than half in number and from 71.2% to 98.9% in amount of claims voting in each class of the four classes under the Plan comprised of the holders of the Company's publicly held debt securities, the Company concluded its pre-petition solicitation of acceptances of the Plan. While the Company had hoped to have obtained the acceptance of the Plan from the Bank and Halliburton prior to the Company's filing for reorganization, neither of such creditors accepted the Plan during the Company's pre-petition solicitation. The Company, however, is continuing negotiations with such creditors. The major issues to be resolved with respect to such creditors under the Plan relate to issues between them that do not directly affect other classes under the Plan. Prior to the setting of a hearing on Confirmation of the Plan, it will be necessary that the Company have received ballots from the Bank and Halliburton accepting the Plan. See "PRIOR ACCEPTANCE OF THE PLAN BY CERTAIN IMPAIRED CREDITORS".

On October 1, 1986, the Company filed a Voluntary Petition for Reorganization under Chapter 11 of the Bankruptcy Code and filed the Plan with the Bankruptcy Court for, what the Company hopes will be, its ultimate approval and Confirmation. The hearing on Confirmation of the Plan will be set as soon as practicable, and notice of the Confirmation Hearing will be given as required by the Bankruptcy Code and the rules thereunder. Since the Company's filing for reorganization, the



RAM00522

Company has operated as a "debtor-in-possession" in accordance with the provisions of Sections 1107 and 1108 of the Bankruptcy Code and has continued to operate its business for the benefit of its creditors and shareholders. Section 362 of the Bankruptcy Code has provided for an automatic stay of all attempts by creditors to collect pre-petition claims from the Company or otherwise interfere with the Company's property or business.

PRIOR ACCEPTANCE OF THE PLAN BY CERTAIN IMPAIRED CREDITORS

On September 26, 1986, the Company completed its pre-petition solicitation of creditors for acceptance of the Plan. Pursuant to such solicitation, the Company received the following votes for acceptance and rejection of the Plan from the holders of claims voting in the following impaired classes under the Plan:

| Class | Number and Percentage of Record Holders Voting | | Amount and Percentage of Claims Voting ($in thousands) | |
|---|---|---|---|---|
| | For | Against | For | Against |
| Class 8A--15% Senior Note Secured Claims (1) | 143 (93.46%) | 10 (6.54%) | $110,670,683 (98.85%) | $ 1,283,413 (1.15%) |
| Class 8B--15% Senior Note Unsecured Claims (1) | 140 (91.5%) | 13 (8.5%) | 110,674,597 (98.86%) | 1,279,499 (1.14%) |
| Class 12--14-7/8% Debenture Claims | 15 (55.56%) | 12 (44.44%) | 12,822,953 (91.63%) | 1,171,414 (8.37%) |
| Class 13--Subordinated Debenture Claims | 230 (73.25%) | 84 (26.75%) | 33,394,877 (71.16%) | 13,532,820 (28.84%) |
| Class 14--CEPCO Inter-Company Claims | 1 (100%) | 0 (0%) | 69,000,000 (100%) | 0 (0%) |

(1) The Company has not attempted to estimate the specific amount of the claims in either Class 8A or Class 8B because of the integral relationship between such claims and the inherent uncertainties in valuing the collateral securing the payment of the 15% Senior Notes after giving effect to the Bank's and Halliburton's prior mortgages and security interests in such collateral. See "THE PLAN--Classification and Treatment of Claims and Interests--Class 8--15% Senior Note Claims" in the Pre-Petition Disclosure Statement.



RAM00523

As described in greater detail in the Pre-Petition Disclosure Statement, a class of impaired claims will be considered to have accepted a plan of reorganization under the Bankruptcy Code if at least two-thirds in amount and more than one-half in number of Allowed Claims in such class voting to accept or reject the plan of reorganization have voted in favor of acceptance. As indicated in the above chart, more than half in number and at least two-thirds in amount of the Allowed Claims voting on the Plan in Classes 8A, 8B, 12, 13 and 14 have voted to accept the Plan. In addition, although the Bank and Halliburton, as holders of the claims in Class 6 and Class 7, respectively, did not vote to accept or reject the Plan during the Company's pre-petition solicitation, the Company is continuing to negotiate with such creditors as to their acceptance of the Plan. The primary issues to be resolved under the Plan with respect to the Bank and Halliburton relate to the Plan's allocation of Available Cash Flow for the payment of the New Bank Note and the New Halliburton Note and to what extent Halliburton will have an obligation to repay to the Bank any amounts paid to Halliburton by the Company in the future if the Company is unable to satisfy its obligations to the Bank with respect to the Letters of Credit. The resolution of these issues is not expected to affect shareholders. On November 10, 1986, the Bankruptcy Court entered an order approving the ballot report prepared by RepublicBank Dallas, National Association, the Voting Agent for the pre-petition solicitation, with respect to the results of the balloting in the pre-petition solicitation. Accordingly, the only impaired classes that have not yet approved the Plan are Class 6 (the Bank), Class 7 (Halliburton) and Class 15 (the shareholders).

## THE PLAN

A description of the Plan and its treatment of claims and interests is set forth under the heading "THE PLAN" in the Pre-Petition Disclosure Statement. As indicated in the Pre-Petition Disclosure Statement, the interests of the holders and beneficial owners of the Common Stock are classified under the Plan in Class 15. As of October 1, 1986, there were 51,705,723 shares of Common Stock outstanding. Under the Plan, each Class 15 claimant will receive on the Effective Date a Pro Rata distribution of (i) 51,705,723 shares of New Common Stock, (ii) $.125 Warrants to purchase 200,000,000 shares of the New Common Stock, (iii) $.15 Warrants to purchase 200,000,000 shares of the New Common Stock and (iv) $.25 Warrants to purchase 200,000,000 shares of New Common Stock. For a description of the New Common Stock and the Warrants, see "THE NEW SECURITIES" in the Pre-Petition Disclosure Statement.



RAM00524

Under the Plan, the interests of the current holders of the Common Stock in the Company will be reduced to approximately 36% and 17% of the New Common Stock to be outstanding and the equity voting power of the Company, respectively, on the Effective Date. Such interest will also be subject to substantial further dilution upon the conversion of certain of the New Securities and upon exercise of certain of the Warrants. See "PURPOSE AND EFFECTS OF THE PLAN--CERTAIN CONSIDERATIONS--Effects of Ownership of Common Stock" and "PURPOSE AND EFFECTS OF THE PLAN--CERTAIN CONSIDERATIONS--Effects on Voting Power". The Company, however, believes that such dilution is necessary for the success of the Plan due to the necessity that a substantial amount of the Company's pre-petition debt be converted into equity in order for the Company to survive. While the shareholders' equity interest in the Company (in terms of stock ownership) will be substantially less upon Confirmation of the Plan than it is today, the Company believes that such result is preferable to the available alternatives, in particular, liquidation. Given the significant amount of outstanding indebtedness of the Company, the Company believes that if the Company were to be liquidated in the near future, the holders of the Common Stock would not receive any distributions. See "ALTERNATIVES TO THE PLAN--Liquidation Analysis" in the Pre-Petition Disclosure Statement". On the other hand, if the Plan is approved and confirmed, the Plan would give the holders of the Common Stock a continuing interest in the Company through their receipt of shares of the New Common Stock and through the Warrants.

The Company does not believe that any more satisfactory ownership interest in the Company by the holders of the Common Stock is feasible than that proposed by the Plan. Further, as described in "CONFIRMATION OF THE PLAN", the Plan may be confirmed without the acceptance of the holders of the Common Stock, in which case the distributions that would be provided to the holders of the Common Stock would be uncertain and the holders of the Common Stock could possibly receive no distributions under the Plan. Accordingly, the Company believes the Plan is in the best interests of shareholders and recommends that all shareholders vote to accept the Plan.

## RECENT DEVELOPMENTS

### Cash Collateral Order

Section 363 of the Bankruptcy Code prohibits the use of "cash collateral" by a debtor without the consent of each entity that has an interest in such cash collateral, unless permitted by the Bankruptcy Court after notice and a hearing.

On October 1, 1986, the Bankruptcy Court entered an agreed order that had been requested by the Company and the Bank (the "Cash Collateral Order") authorizing the Company to use cash collateral of the Bank in the Company's business operations and for preservation of its assets, on the conditions contained in the Cash Collateral Order. In summary, the Cash Collateral Order provides that, subject to certain periodic reporting requirements hereinafter described, the Company wi l continue to be able to use its cash receipts in the ordinary course of its business and for the preservation of its assets.

Pursuant to the Cash Collateral Order, the Company is required to submit to the Bank a monthly budget of projected expenditures. The expenditures of cash collateral may be made by the Company only for budgeted items, unless the Bank otherwise consents. The Cash Collateral Order is on file with the Bankruptcy Court and is subject to review by the Bankruptcy Court at any time.

Formation of Official Committee of Unsecured Creditors.

On _____, 1986, the Bankruptcy Court signed an order appointing the Official Committee of Unsecured Creditors of the Company (the "Creditors' Committee"). The following creditors were appointed to serve on the Creditors' Committee:

1.
2.
3.
4.
5.
6.
7.

## VOTING PROCEDURES AND REQUIREMENTS

### Classes Entitled to Vote on the Plan and Vote Required for Acceptance

Only classes that are impaired under the Plan are entitled to vote to accept or reject the Plan. Generally, Section 1124 of the Bankruptcy Code provides that a class of claims or interests is considered to be impaired under a plan of reorganization unless the plan does not alter the legal, equitable and contractual rights of the holders of such claims or interests. In addition, such classes will be considered impaired unless all outstanding defaults, other than defaults relating to the insolvency or financial condition of the debtor or the commencement of a bankruptcy case, are to be cured and the holders of claims or interests in such classes are to be



RAM00526

compensated for any damages incurred as a result of any reasonable reliance by such holders on any contractual provisions or applicable law to demand accelerated payment. For the reasons discussed in "THE PLAN--Classification and Treatment of Claims and Interests" in the Pre-Petition Disclosure Statement and by virtue of a determination by the Bankruptcy Court that the holders of the Common Stock are an impaired class entitled to vote on the Plan, the Company has concluded that only the following classes of its creditors and interest holders will be impaired under the Plan and entitled to vote thereon:

Class 6 -- The Bank
Class 7 -- Halliburton
Class 8A -- 15% Senior Note Holders (Secured Claims)
Class 8B -- 15% Senior Note Holders (Unsecured Claims)
Class 12 -- 14-7/8% Debenture Holders
Class 13 -- Subordinated Debenture Holders
Class 14 -- CEPCO
Class 15 -- Common Stock Holders

As indicated in "PRIOR ACCEPTANCE OF THE PLAN BY CERTAIN IMPAIRED CREDITORS", each of Classes 8A, 8B, 12, 13 and 14 have already voted to accept the Plan, and the votes of the holders of claims in Classes 6 and 7 were solicited in the pre-petition solicitation pursuant to the Pre-Petition Disclosure Statement and such holders are still considering the Plan. Accordingly, only the holders of the Common Stock (Class 15) are being asked to vote on the Plan pursuant to this solicitation. Under Section 1129 of the Bankruptcy Code, the holders of the Common Stock will be determined to have accepted the Plan if the holders casting votes in favor of the Plan hold at least two-thirds in amount of the shares of Common Stock as to which votes are cast.

## Ballot and Voting Deadline

A form of ballot to be used for voting to accept or reject the Plan, together with a postage paid return envelope, is enclosed with this Disclosure Statement.

Pursuant to Rule 3018 of the Bankruptcy Rules under the Bankruptcy Code, the Bankruptcy Court has fixed the close of business on _____, 1986, as the record date for the determination of shareholders from whom acceptances or rejections of the Plan will be accepted. The solicitation period for ballots with respect to the Plan will expire at 5:00 p.m., Central Standard Time, on Friday, December ___, 1986. Ballots that are signed and returned, but not expressly voted either for acceptance or rejection of the Plan, will be



RAM00527

counted as ballots for acceptance of the Plan. Except to the extent allowed by the Bankruptcy Court, ballots that are received after December , 1986, will not be accepted in connection with the Company's request for Confirmation of the Plan or any modification thereof.

Beneficial Holders

If your interest is a result of your ownership of Common Stock held on your behalf in the name of a broker, dealer, commercial bank, trust company or other nominee, only such broker, dealer, commercial bank, trust company or other nominee may execute a ballot with respect to such interest to accept or reject the Plan. Accordingly, if you desire to accept or reject the Plan, you should contact your broker, dealer, commercial bank, trust company or other nominee for assistance in executing a ballot with respect to the Plan.

CONFIRMATION OF THE PLAN

Requirements For Confirmation of the Plan

As soon as practicable, after notice, a hearing on the Confirmation of the Plan will be held. At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of Section 1129 of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court will enter an order confirming the Plan. See "CONFIRMATION OF THE PLAN" in the Pre-Petition Disclosure Statement. Among the requirements that will be tested at the Confirmation Hearing is whether the Plan is in the "best interest" of each impaired class of creditors and interest holders and whether the Plan is "feasible", i.e., further reorganization or liquidation of the Company is not likely to be necessary following Confirmation. As discussed in the Pre-Petition Disclosure Statement under "CONFIRMATION OF THE PLAN--Requirements for Confirmation of the Plan--Best Interests Test" and "CONFIRMATION OF THE PLAN--Requirements for Confirmation of the Plan--Feasibility of the Plan", the Company believes that the Plan will satisfy the "best interest" test and will be found to be feasible.

In addition to the "best interest" test and the requirement that the Plan be feasible, subject to certain exceptions described below, the Plan must be accepted by all impaired classes of creditors and interest holders by the requisite vote for Confirmation to occur. As more fully described in the Pre-Petition Disclosure Statement, a class of impaired claims will have accepted the Plan if at least two-thirds in an amount and more than half in number of Allowed Claims in such class voting to accept or reject the Plan have



RAM00528

voted in favor of acceptance. A class of impaired interests, such as the Common Stock, will have accepted the Plan if at least two-thirds in amount of the Allowed Interests in such class voting to accept or reject the Plan have voted in favor of acceptance.

In the event that the holders of the Common Stock do not accept the Plan by the requisite vote and all other impaired classes have accepted the Plan, the Bankruptcy Court may still confirm the Plan at the request of the Company in what is commonly referred to as a "cram-down" if the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to the holders of the Common Stock as a class. As described in "CONFIRMATION OF THE PLAN--Requirements for Confirmation of the Plan--Fair and Equitable Test; 'Cram-Down'" in the Pre-Petition Disclosure Statement, such test would be satisfied with respect to the Common Stock if the Bankruptcy Court finds that the Plan does not allow for any class of creditors or interest holders to receive more than such class is legally entitled to receive on account of its claims or interests and there is no junior interest to the Common Stock that will receive property under the Plan. The Company believes that in the event the holders of the Common Stock do not accept the Plan, the cram-down provisions of the Bankruptcy Code would allow for the Plan to be confirmed because the Plan does not allow for any class of creditors or interest holders to receive more than such class is legally entitled to receive on account of its claims or interests and that there are no junior interests to the Common Stock that will receive property under the Plan. However, the ability of the Company to obtain Confirmation of the Plan pursuant to the cram-down provisions of the Bankruptcy Code is subject to the Bankruptcy Court finding that such conditions have been met, including that the proposed distributions under the Plan are proper. Therefore, if the Company is required to seek Confirmation of the Plan pursuant to the cram-down provisions of the Bankruptcy Code, the distributions that would be provided to the holders of the Common Stock would be uncertain and the holders of the Common Stock could possibly receive no distributions under the Plan.

## Effect of Confirmation

If the Bankruptcy Court orders Confirmation of the Plan, then pursuant to Section 1141(d) of the Bankruptcy Code the Company will be discharged from all pre-confirmation debts except as provided in the Plan. Confirmation makes the Plan binding upon the Company, its shareholders, all creditors and other parties, regardless of whether or not they have accepted the Plan.

Exhibit B

UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

IN RE: Crystal Oil Company, Debtor.

Case No. 586-02834
Chapter 11 Proceeding

NOTICE OF HEARING ON NECESSITY OF CRYSTAL OIL COMPANY TO SOLICIT SHAREHOLDERS, APPROVAL OF SHAREHOLDER DISCLOSURE STATEMENT AND TIMES BY WHICH CERTAIN OBJECTIONS MUST BE FILED

TO: All Parties in Interest Herein.

PLEASE TAKE NOTICE that on November 10, 1986, at 1:30 p.m., a hearing (the "Hearing") pursuant to Bankruptcy Rule 3017 will be held before the Honorable Stephen V. Callaway, United States Bankruptcy Judge, in Courtroom No. 2, Second Floor of the United States Bankruptcy Court (the "Court"), Joe D. Waggonner Federal Building, 500 Fannin Street, Shreveport, Louisiana, to (i) consider a Motion (the "Shareholder Solicitation Motion") by Crystal Oil Company, debtor and debtor-in-possession ("Crystal"), for an Order to authorize Crystal to utilize the alternative confirmation provisions of Section 1129(b) of the United States Bankruptcy Code in lieu of a solicitation of acceptances of Crystal's Plan of Reorganization dated September 29, 1986, from the holders of Crystal's common stock, $.01 par value, and (ii) if the Shareholder Solicitation Motion is denied, to approve Crystal's Shareholder Disclosure Statement which has been filed with this Court.

PLEASE TAKE FURTHER NOTICE that the Hearing may be adjourned from time to time without further notice to shareholders or other parties in interest other than by notice of such adjournment in the Court at the Hearing.

PLEASE TAKE FURTHER NOTICE that any objections to the Shareholder Solicitation Motion and any objections pursuant to Bankruptcy Rule 3017(a) to the Shareholder Disclosure Statement filed by Crystal must be filed with the Clerk of the United States Bankruptcy Court, at 229 Milam Street, Second Floor, Shreveport, Louisiana 71101 and served on Crystal's counsel, Fulbright & Jaworski, 51st Floor, 1301 McKinney Street, Houston, Texas 77010, attention: Charles H. Still, Esq. and John L. King, Esq., and Cook, Yancey, King & Galloway, Suite 400 American Tower, 401 Market Street, Shreveport, Lousiana 71101, attention: James Robert Jeter, Esq., on or before 5:00 p.m. on October 31, 1986.

PLEASE TAKE FURTHER NOTICE that any pleading relating to the Shareholder Solicitation Motion or the approval of the Shareholder Disclosure Statement shall bear in its heading the document number of such motion and request for approval, which is Document No. ___.

COPIES OF THE SHAREHOLDER DISCLOSURE STATEMENT FILED BY CRYSTAL WITH THE BANKRUPTCY COURT ARE AVAILABLE FOR INSPECTION AT THE OFFICES OF THE CLERK OF THE BANKRUPTCY COURT

AT THE ADDRESS SET FORTH ABOVE AND AT THE OFFICES OF CRYSTAL'S COUNSEL IDENTIFIED BELOW.

Dated October 14, 1986, Shreveport, Louisiana.

By Order of Stephen V. Callaway
United States Bankruptcy Judge

Fulbright & Jaworski
51st Floor
1301 McKinney Street
Houston, Texas 77010
(713) 651-5350

Cook, Yancey, King & Galloway
Suite 400 American Tower
Shreveport, Louisiana 71101
(318) 221-6277

Counsel for Crystal Oil Company

66280

FILED

OCT 14 1986

CLERK OF COURT
UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA

UNITED STATES BANKRUPTCY COUPT
FOR THE WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

| | | |
|---|---|---|
| IN RE: Crystal Oil Company, | § | Case No. 586-02834 |
| Debtor. | § | Chapter 11 Proceeding |

DEBTOR'S BRIEF IN SUPPORT OF MOTION FOR DETERMINATION OF NECESSITY TO SOLICIT SHAREHOLDERS OF CRYSTAL OIL COMPANY

This memorandum of law is respectfully submitted on behalf of Crystal Oil Company, debtor and debtor-in-possession in the above referenced case ("Crystal"), in support of its Motion For Determination of Necessity to Solicit Shareholders of Crystal Oil Company.

I.

FACTUAL STATEMENT

On October 1, 1986, Crystal filed a voluntary petition for reorganization under Chapter 11 of the United States Bankruptcy Code, Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"), together with its plan of reorganization dated September 29, 1986 (the "Plan"), and its Disclosure Statement dated July 9, 1986, as supplemented by the Supplement dated August 15, 1986 (collectively, the "Disclosure Statement"). Such filing followed Crystal's successful completion on September 26, 1986, of a pre-petition solicitation under Section 1126(b) of the Bankruptcy Code of

the holders of Crystal's publicly held debt securities ("Public Debt Securities") for acceptance of the Plan. The pre-petition solicitation was made by Crystal pursuant to the Disclosure Statement and was utilized as a means to reduce the costs and time related to Crystal's reorganization. Such pre-petition solicitation resulted in Crystal receiving acceptances of the Plan from more than one-half in number and from 71.2% to 98.9% in amount of claims of the holders in each class of the Public Debt Securities who voted on the Plan in such solicitation.

Under the Plan, a substantial amount (approximately $175,000,000) of the Public Debt Securities is to be converted into equity or rights to purchase equity in the reorganized Crystal. As a result of such conversion, the percentage of ownership of the common stock of Crystal held by the current holders of Crystal's common stock, $.01 par value ("Common Stock"), and the percentage of the total voting power with respect thereto, will be reduced to approximately 36% and 17%, respectively, which interest could be further reduced to as low as 11% and 8%, respectively, if certain new convertible securities are converted into shares of New Common Stock (as defined in the Plan) and certain Warrants (as defined in the Plan) to purchase shares of New Common Stock are exercised.

The interest of the holders of the Common Stock are classified under the Plan in Class 15. As of October 1, 1986, there were 51,705,723 shares of Common Stock, which shares were



RAM00534

held by approximately 7,700 holders of record. Under the Plan, each Class 15 claimant is to receive on the effective date of the Plan (i) a pro rata distribution of 51,705,723 shares of New Common Stock, (ii) $.125 Warrants (as defined in the Plan) to purchase 200,000,000 shares of New Common Stock, (iii) $.15 Warrants (as defined in the Plan) to purchase 200,000,000 shares of New Common Stock and (iv) $.25 Warrants (as defined in the Plan) to purchase 200,000,000 shares of New Common Stock.

As of August 31, 1986, Crystal had unconsolidated total assets of approximately $148,000,000 and unconsolidated total liabilities of approximately $435,000,000 ($69,000,000 of which represented intercompany debt). As described in "ALTERNATIVES TO THE PLAN--Liquidation Analysis" in the Disclosure Statement, Crystal believes that if it were to be liquidated in the near future, the holders of the Common Stock would receive nothing for their interests. In fact, because Crystal's liabilities far exceed any possible valuation of its assets, the value of the interests of the holders of the Common Stock in Crystal as a going concern is effectively nothing. On the other hand, if the Plan is confirmed it would give the holders of the Common Stock a continuing interest in Crystal through their receipt of shares of the New Common Stock and through their receipt of the $.125 Warrants, the $.15 Warrants and the $.25 Warrants. Such interest is being provided to the



RAM00535

holders of the Common Stock solely by virtue of the acceptance of the Plan by Crystal's impaired creditors who are allowing the shareholders to retain an interest in Crystal in order to obtain a consensual reorganization. Such continuing interest could not be possible if any class of Crystal's unsecured creditors had not accepted the Plan. Accordingly, Crystal believes that the Plan is in the best interest of its shareholders and does not believe that under the present circumstances any more satisfactory ownership in Crystal by the holders of the Common Stock is feasible than that proposed by the Plan.

II.

DISCUSSION

Section 1129(a) of the Bankruptcy Code provides that for a plan of reorganization of a debtor to be confirmed, the plan must, among other things, be accepted by all impaired classes of creditors and interest holders of the debtor. See Section 1129(a)(8). The requirements for acceptances of a plan of reorganization are set forth in Section 1126 of the Bankruptcy Code. Section 1126(c) of the Bankruptcy Code provides that a class of impaired claims will be determined to have accepted a plan of reorganization if the holders of that class hold at least two-thirds in amount and more than one-half in number of the allowed claims in such class. Similarly, Section 1126(d) of the Bankruptcy Code provides that a class of

impaired interests under a plan of reorganization will be determined to have accepted the plan if the holders of that class hold at least two-thirds in amount of the allowed interests in such class. Finally, Sections 1126(f) and 1126(g) of the Bankruptcy Code provide for certain deemed acceptances and rejections. Section 1126(f) of the Bankruptcy Code provides that a class of claims or interests will be conclusively presumed to have accepted a plan of reorganization if such class is not impaired. Section 1126(g) of the Bankruptcy Code provides that a class of claims or interests will be deemed not to have accepted a plan of reorganization if the plan provides that the holders of claims or interests in such class will not receive or retain any property under the plan on account of their claims or interests.

Section 1124 of the Bankruptcy Code sets forth when a class of claims or interests will be considered impaired. Generally, Section 1124 provides that a class of claims or interests will be considered to be impaired under a plan of reorganization if the plan alters the legal, equitable or contractual rights of the holders of such claims or interests. A class of claims or interests will also be considered impaired unless all outstanding defaults, other than defaults relating to the debtor's insolvency or financial condition or the commencement of a bankruptcy case, are to be cured and the holders of claims or interests in such class are to be

compensated for any damages incurred as a result of any reasonable reliance by such holders on any contractual provisions or applicable law to demand accelerated payment.

Although Section 1129(a) of the Bankruptcy Code requires that all impaired classes of creditors and interests holders accept a plan of reorganization of a debtor in order for the plan to be confirmed, Section 1129(b) of the Bankruptcy Code provides an alternative to such requirement. Under Section 1129(b), the Bankruptcy Court, on request of the proponent of a plan of reorganization, is required to confirm the proponent's plan notwithstanding the non-acceptance of an impaired class of claims or interests if the plan otherwise meets the confirmation requirements of Section 1129(a), does not discriminate unfairly, and is fair and equitable with respect to each class of claims or interests that is impaired under, and has not accepted, the plan.

Generally, a plan of reorganization will be considered not to discriminate unfairly if no class senior to the objecting class receives more than that to which it is legally entitled with respect to its claims or interests. While a plan of reorganization may not provide a class of creditors with distributions greater than that to which such class is legally entitled, such requirement does not prohibit a senior class of creditors to adjust its participation under the plan for the benefit of a junior class. In fact, the legislative history to

the Bankruptcy Code indicates that Congress specifically contemplated that such adjustments would occur among creditors. See House Report No. 95-595, 95th Cong., 1st Sess. 413-418 (1977). In such a case, junior creditors, who are to be satisfied in full, or whose class has accepted the plan, may not object if, absent the "give up" by the senior class, they are to receive all that a fair and equitable plan would provide them. Thus, under Section 1129(b), senior classes may give up value to junior classes provided no dissenting intervening class receives less than the full amount of its claims or interests. If no such dissenting intervening class exists, and the only dissent is from a class junior to the class which has given up value, then the plan may be confirmed provided no senior class is to receive more than 100% with respect to its claims or interests.

Section 1129(b)(2) sets forth the standards under which a plan of reorganization will be considered "fair and equitable". With respect to a class of interests, such as the Common Stock, Section 1129(b)(2)(C) provides that a plan of reorganization will be considered "fair and equitable" if the plan provides that (i) each holder of an interest in such class receives or retains on account of such interest property of a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed

redemption price to which such holder is entitled, and the value of his interest, or (ii) the holder of any interest that is junior to the interests of such class will not receive or retain any property on account of such junior interest.

Section 1129(b) of the Bankruptcy Code is silent as to whether a class of holders of impaired claims or interests must actually vote to accept or reject a plan of reorganization prior to the proponent of the plan being entitled to utilize the alternative confirmation provisions of Section 1129(b) for confirmation of the plan. A reading of the language of Section 1129(b)(1) would indicate that a prior vote is not a condition precedent to the use of Section 1129(b). Section 1129(b)(1) states that ". . . *if all of the applicable requirements of subsection (a) of this section other than paragraph (8) [the acceptance requirement] are met with respect to a plan, the court . . . shall confirm the plan notwithstanding the requirements of such paragraph* if the plan does not discriminate unfairly, and is fair and equitable, with respect to each class of claims or interest that is impaired under, and has not accepted, the plan" (emphasis added). By providing that a plan of reorganization shall be confirmed "notwithstanding" the acceptance requirements of Section 1129(a)(8), the clear implication of Section 1129(b) is that the solicitation of acceptances of a plan of reorganization is not required from a class that is to be



RAM00540

subject tc the alternate confirmation provisions of Section 1129(b) if the conditions of Section 1129(b) are satisfied with respect to such class.

At least two reported cases have embraced the conclusion that a solicitation of holders of impaired claims or interests is not a condition precedent to the availability of the alternative confirmation provisions of Section 1129(b). In the matter of *In re Bel Air Associates, Ltd.*, 4 B.R. 168 (Bankr. W.D. Okla. 1980), the Court considered whether a debtor was required under Section 1125(b) of the Bankruptcy Code to distribute a disclosure statement to a class of equity interest holders in a limited partnership that were to be made subject to the alternative confirmation provisions of Section 1129(b). Although the Court utlimately approved the debtor's plan of reorganization as a disclosure statement pursuant to Section 1125(b), the Court stated in dicta that "nonsubmissions of disclosure statements only operate to prevent solicitations of acceptances or rejections of the plan" and where no solicitations are to be made, no disclosure statement is required. Similarly, *In the Matter of Union County Wholesale Tobacco & Candy Co., Inc.*, 8 B.R. 442 (Bankr. D.N.J. 1981), the Court addressed the issue of whether a disclosure statement pursuant to Section 1125(b) and a solicitation of creditors pursuant to Section 1126 was necessary in a case where all but one class of creditors were to be made subject to the



RAM00541

alternative confirmation provisions of Section 1129(b). The one class of creditors that was not to be subject to such provisions was left unimpaired under the debtor's plan. In that case, although the debtor had initially filed with the Court a disclosure statement for approval, the Court held that a disclosure statement and solicitation of creditors was not necessary. In reaching its conclusion, the Court cited with approval the above cited language of *Bel Air Associates* and stated:

> The legislative history makes it plain that the Congressional intent behind Section 1125(b) of the Code was to restrict the purpose of a disclosure statement in a bankruptcy proceeding to a solicitation of acceptances or rejections of a plan. . . . However, where acceptances are not required and not solicited, the need for disclosure and approval as a prerequisite to confirmation to Bankruptcy Rule 3006(b), (c) and (d) is obviated. ***Any objections to confirmation grounded in the alternative confirmation standards of §1129(b) are best reserved for the confirmation hearing.*** (emphasis added) 8 B.R. at 443-444.

While ***Bel Air Associates*** and ***Union County*** stand for the proposition that a vote of the holders of a class of impaired claims or interests is not a condition precedent to the availability of the alternative confirmation provisions of Section 1129(b), a contrary conclusion was reached in the matter of ***In re Rail King, Inc.***, 33 B.R. 4 (Bankr. N.D. Ohio 1983). ***Rail King*** involved a plan of reorganization in which all but one class of creditors and interest holders were deemed to either have accepted or rejected the debtor's plan of



RAM00542

reorganization. The debtor sought to obtain confirmation of its plan of reorganization without the distribution of a disclosure statement to any creditors or interest holders on the basis that the alternative confirmation provisions of Section 1129(b) could be used in lieu of a vote by the one class of its creditors that was neither deemed to have accepted nor rejected the proposed plan. The Court, however, rejected the debtor's argument and held that the debtor could not "attempt a cram-down [pursuant to Section 1129(b)] in lieu of allowing its creditors an opportunity to vote as such an attempt would nullify a creditor's right to vote on the plan". 33 B.R. at 5. In reaching its conclusion, the Court distinguished *Bel Air Associates* and *Union County* as cases in which the creditors and interest holders had other information available to them to make an informed judgment about the proposed plan. In making such distinction, the Court appeared to be particularly concerned about the possibility that no class of creditors or interest holders would be provided with any information prior to the confirmation hearing on the debtor's plan so as to be able to make a decision with respect to the propriety of the debtor's plan.

The holdings in *Bel Air Associates*, *Union County*, and *Rail King* cannot be easily reconciled. However, the conclusions in such cases indicate that one of the principal considerations in determining whether the holders of a class of



RAM00543

claims or interest that is to be subject to a cram-down plan should be solicited and provided a disclosure statement is whether sufficient information to determine if the debtor's plan is fair and equitable and otherwise meets the requirements for confirmation under Section 1129(a) is available to such creditors and interest holders. Where there is adequate information available to the debtor's creditors and interest holders, the conclusion should be that a disclosure statement and solicitation is not necessary. Conversely, where no information is available to the debtor's creditors and interest holders, it may be that the Court should require that some form of a disclosure statement be provided to such creditors and interest holders and, if necessary or appropriate, their votes solicited.

The present case is much more analogous to the facts of ***Bel Air Associates*** and ***Union County*** than it is to the facts of ***Rail King***. Information with respect to the Plan has been and continues to be widely available. The Disclosure Statement discussing the Plan was provided during Crystal's pre-petition solicitation to all holders of impaired claims with respect to Crystal, was filed by Crystal in July 1986 with the Securities and Exchange Commission as an Exhibit to a Current Report on Form 8-K, and was filed with this Court upon the commencement of this case. Crystal's pre-petition solicitation and the terms of the Plan were also described in



RAM00544

Crystal's Quarterly Report on Form 10-Q for the quarter ended June 30, 1986, which report was filed with the Securities and Exchange Commission on August 14, 1986. In addition, reports as to the status of Crystal's pre-petition solicitation were regularly made by Crystal by press release and reported in The Wall Street Journal, The Shreveport Journal and The Shreveport Times. Accordingly, any creditor or shareholder of Crystal or any other party in interest in this case has had an opportunity to review the Disclosure Statement and the Plan for more than three months and will continue to have the opportunity to do so throughout the remainder of this case. It should also be noted that substantially more information has been made available to creditors and interest holders in this case than was made available to creditors and interest holders in *Bel Air Associates* and *Union County*. Thus, unlike the *Rail King* reorganization in which no information appeared to be available, there has been adequate information available with respect to the Plan for any person or entity who or which has desired such information. Further, if any shareholder believes that the Disclosure Statement does not provide an adequate description of the Plan as is required under the Bankruptcy Code such holder will be given an opportunity to be heard at the November 10, 1986, hearing thereon. Finally, if any shareholder has any objections with respect to the application of Section 1129(b) to such holders interest, such objections are best reserved for the confirmation hearing.



RAM00545

There is no compelling policy reason to require Crystal to solicit acceptances of the Plan from its shareholders. The Plan, as currently proposed and accepted by holders of the Public Debt Securities, will easily satisfy the alternative confirmation requirements of Section 1129(b) of the Bankruptcy Code. First, the Plan does not "discriminate unfairly" in that there is no class of interest holders with interests similar to those of the holders of the Common Stock who will receive more than 100% with respect to its claims. Although the Plan provides that certain classes of Crystal's creditors are to receive a greater distribution than they would otherwise be entitled to receive if Crystal were to be liquidated or if a detailed valuation analysis of Crystal's assets as a going concern were to be made and the matter fully litigated, such additional payments are the result of senior creditors agreeing to "give up" value to the junior classes in order to obtain a consensual agreement among all parties with respect to the Plan. Second, the Plan is "fair and equitable" with respect to the holders of the Common Stock because there is no holder of any interest that is junior to the interest of the holders of the Common Stock that will receive any distributions under the Plan. In point of fact, Crystal could obtain confirmation of a plan of reorganization which would provide for no distributions to the holders of the Common Stock because the claims of Crystal's creditors far exceed any

possible valuation of Crystal's assets. Thus, because the Plan should easily satisfy the alternative confirmation requirements of Section 1129(b) with respect to the holders of the Common Stock and because the Plan will provide such holders with substantially greater distributions than they would receive under other circumstances, any solicitation of Crystal's shareholders would, in effect, be meaningless and would result in an unnecessary delay and a waste of Crystal's assets. Such an inefficient use of time and money would be to no benefit to any party in interest in this case.

## III.

## CONCLUSION

In conclusion, because Crystal does have the ability pursuant to Section 1129(b) of the Bankruptcy Code to seek confirmation of the Plan without the acceptance of the holders of the Common Stock and because adequate information with respect to the Plan has been provided to all of Crystal's impaired creditors and is and has been available for any shareholder or other party in interest to review, Crystal should be allowed to seek confirmation of the Plan without first soliciting the acceptance of the holders of the Common Stock. If any shareholder believes that the Plan will not meet the confirmation requirements of Section 1129(b), which is highly unlikely, the appropriate time for such objection to be raised is at the confirmation hearing. Accordingly, Crystal

requests that this Court approve Crystal's Motion that it need not solicit the holders of the Common Stock with respect to the acceptance of the Plan and enter an Order to that effect.

Respectfully submitted,

FULBRIGHT & JAWORSKI

By _____
John L. King
Curtis W. Huff
1301 McKinney Street, 51st Floor
Houston, Texas 77010
(713) 651-5350

COOK, YANCEY, KING & GALLOWAY

By _____
James Robert Jeter
Suite 400 American Tower
401 Market Street
Shreveport, Louisiana 71101
(318) 221-6277

COUNSEL FOR CRYSTAL OIL COMPANY

66010

FILED
NOV 10 1986
... CLERK
UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT of LOUISIANA

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

IN RE: CRYSTAL OIL COMPANY, Debtor

CASE NO. 586-02834
Chapter 11 Proceeding

ORDER APPROVING DISCLOSURE STATEMENTS AND § 1126(b) SOLICITATION; FIXING A TIME FOR FILING AND SERVICE OF ANY OBJECTIONS TO CONFIRMATION; FIXING A TIME FOR FILING ACCEPTANCES OR REJECTIONS OF PLAN BY HOLDERS OF COMMON STOCK; SETTING A HEARING ON CONFIRMATION; AND SPECIFYING FORM AND MANNER OF NOTICE - DOCKET REFERENCE NUMBERS 14 AND 95

Crystal Oil Company ("Crystal") having filed with the Court (i) on October 1, 1986, its voluntary petition under Chapter 11 of the Bankruptcy Code, its plan of reorganization dated September 29, 1986 (the "Plan"), and its Disclosure Statement dated July 9, 1986, as supplemented by its Supplement dated August 15, 1986 (the "Disclosure Statement"), pursuant to which the acceptance of the Plan was solicited pursuant to Section 1126(b) of the Bankruptcy Code from the holders of impaired claims under the Plan prior to the commencement of this reorganization case, and (ii) on October 14, 1986, a proposed Shareholder Disclosure Statement (the "Shareholder Disclosure Statement"), and the Court having held a hearing on the adequacy of the Disclosure Statement and the Shareholder Disclosure Statement on November 10, 1986 (the "Disclosure Statement

Hearing"), pursuant to the Court's Orders dated October 1, 1986, and October 14, 1986, and upon notice which the Court finds was given pursuant to the requirements of such Orders, and the Court having considered the comments of counsel, the evidence and the authorities cited at the Disclosure Statement Hearing, and it appearing that the Disclosure Statement and the Shareholder Disclosure Statement contain "adequate information" as defined in Section 1125 of the Bankruptcy Code, and that Crystal's solicitation of the holders of its publicly held debt securities prior to the commencement of this case and the acceptance of the Plan by such holders in such solicitation was in compliance with all applicable non-bankruptcy laws, rules, and regulations governing the adequacy of disclosure as required by Section 1126(b) of the Bankruptcy Code and that "adequate information" as defined in Section 1125 of the Bankruptcy Code was provided in such solicitation, and the Court having found that at least two-thirds in amount and more than one-half in number of the holders of claims in each of Classes 8A, 8B, 12, 13 and 14 under the Plan who voted on the Plan in the pre-petition solicitation have accepted the Plan, it is

ORDERED, that the Disclosure Statement is approved, and the Plan is found to have been accepted by Classes 8A, 8B, 12, 13, and 14 under the Plan pursuant to a solicitation complying with



RAM00550

the provisions of Section 1126(b) of the Bankruptcy Code. It is further

ORDERED, that a hearing on confirmation of the Plan, as it may be modified pursuant to Bankruptcy Rule 3019, shall be held before the undersigned beginning at 9:00 a.m. on December 18, 1986, in Courtroom No. 2, Second Floor, Joe D. Waggonner Federal Building, 500 Fannin Street, Shreveport, Louisiana. Such hearing may be continued from time to time without further notice except as announced by the Court at the hearing. It is further

ORDERED, that any objections to confirmation of the Plan shall be filed with the Clerk of the Bankruptcy Court and served on Crystal's counsel and the Unsecured Creditors Committee together with a memorandum supporting such objections no later than 5:00 p.m. on December 12, 1986. It is further

ORDERED that the Shareholder Disclosure Statement is approved and Crystal shall cause to be mailed to each holder of record of its common stock, $.01 par value (the "Common Stock"), as of November 10, 1986, a ballot to accept or reject the Plan and a copy of the Shareholder Disclosure Statement (which includes a copy of the Plan), with such changes and additions thereto as may be necessary or advisable to reflect the changes and additions thereto approved by the Court at the Disclosure Statement Hearing. It is further

ORDERED, that the ballots of the holders of the Common Stock desiring to vote on the Plan must be returned to RepublicBank Dallas, National Association, the transfer agent for the Common Stock, whose address is 350 North St. Paul Street, 9th Floor, Dallas, Texas 75201, on or before 5:00 p.m., December 15, 1986. It is further

ORDERED, that Crystal shall give notice of this Order to all persons and entities known by it to have or assert any claim against or interest in Crystal by mailing to each such claimant or interest holder a copy of the form of Notice attached hereto and made a part hereof as Exhibit "A", by depositing same in the United States mail, postage prepaid, no later than November 17, 1986, and by publishing the attached Notice in the national edition of The Wall Street Journal on one business day of two weeks ending no later than December 12, 1986. It is further

ORDERED, that the form of Notice attached hereto, mailed, and published in the manner above required constitutes proper notice of such actions.

Dated November 10, 1986, Shreveport, Louisiana.

STEPHEN V. CALLAWAY
UNITED STATES BANKRUPTCY JUDGE



RAM00552

EXHIBIT A

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE WESTERN DISTRICT OF LOUISIANA

SHREVEPORT DIVISION

IN RE: CRYSTAL OIL COMPANY, Debtor — CASE NO. 586-02834 Chapter 11 Proceeding

NOTICE OF ORDER APPROVING DISCLOSURE STATEMENTS, SETTING A DECEMBER 18, 1986, HEARING ON CONFIRMATION OF CRYSTAL'S PLAN OF REORGANIZATION AND SETTING TIMES BY WHICH OBJECTIONS MUST BE FILED AND FOR FILING ACCEPTANCES OR REJECTIONS OF PLAN BY HOLDERS OF COMMON STOCK

TO: (1) The Creditors of Crystal Oil Company and Any Person who Asserts a Claim Against the Above-named Debtor; and

(2) Shareholders of Crystal Oil Company

PLEASE TAKE NOTICE THAT THE DISCLOSURE STATEMENT DATED JULY 9, 1986, AS SUPPLEMENTED BY THE SUPPLEMENT DATED AUGUST 15, 1986, FILED BY CRYSTAL OIL COMPANY, DEBTOR AND DEBTOR-IN-POSSESSION ("CRYSTAL"), WITH THE UNITED STATES BANKRUPTCY COURT FOR THE WESTERN DISTRICT OF LOUISIANA, SHREVEPORT DIVISION (THE "BANKRUPTCY COURT"), IN THE ABOVE REFERENCED CASE ON OCTOBER 1, 1986, WAS APPROVED BY THE BANKRUPTCY COURT AFTER NOTICE AND HEARING ON NOVEMBER 10, 1986, AND THAT CRYSTAL'S PLAN OF REORGANIZATION DATED SEPTEMBER 29, 1986 (THE "PLAN"), WAS DETERMINED TO HAVE BEEN ACCEPTED BY ALL CLASSES OF CRYSTAL'S PUBLICLY HELD DEBT SECURITIES (CLASSES 8A, 8B, 12 and 13)

PURSUANT TO A SOLICITATION CONDUCTED PURSUANT TO SECTION 1126(b) OF THE UNITED STATES BANKRUPTCY CODE.

NOTICE IS FURTHER GIVEN THAT THE SHAREHOLDER DISCLOSURE STATEMENT FILED BY CRYSTAL WITH THE BANKRUPTCY COURT ON OCTOBER 14, 1986, WAS APPROVED BY THE BANKRUPTCY COURT AFTER NOTICE AND HEARING ON NOVEMBER 10, 1986, AND THAT A BALLOT TO ACCEPT OR REJECT THE PLAN AND A COPY OF THE SHAREHOLDER DISCLOSURE STATEMENT (WHICH INCLUDES A COPY OF THE PLAN) IS BEING MAILED TO EACH HOLDER OF RECORD OF CRYSTAL'S COMMON STOCK, $.01 PAR VALUE (THE "COMMON STOCK"), AS OF NOVEMBER 10, 1986, AND THAT HOLDERS OF THE COMMON STOCK DESIRING TO VOTE ON THE PLAN MUST EXECUTE AND RETURN SUCH BALLOT TO REPUBLICBANK DALLAS, NATIONAL ASSOCIATION, 350 NORTH ST. PAUL STREET, 9TH FLOOR, DALLAS, TEXAS 75201, ON OR BEFORE 5:00 P.M., CENTRAL STANDARD TIME, DECEMBER 15, 1986.

NOTICE IS FURTHER GIVEN THAT A HEARING ON THE CONFIRMATION OF THE PLAN, AS THE SAME MAY BE MODIFIED PURSUANT TO BANKRUPTCY RULE 3019, WILL BE HELD AT 9:00 A.M., CENTRAL STANDARD TIME, DECEMBER 18, 1986, IN COURTROOM NUMBER 2, SECOND FLOOR, JOE D. WAGGONNER FEDERAL BUILDING, 500 FANNIN STREET, SHREVEPORT, LOUISIANA. SUCH HEARING MAY BE CONTINUED FROM TIME TO TIME WITHOUT FURTHER NOTICE EXCEPT AS ANNOUNCED BY THE BANKRUPTCY COURT AT THE HEARING. ANY OBJECTIONS TO THE CONFIRMATION OF THE PLAN MUST BE FILED WITH THE CLERK OF THE BANKRUPTCY COURT,

229 MILAM STREET, SECOND FLOOR, SHREVEPORT, LOUISIANA 71101, AND SERVED UPON EACH OF CRYSTAL'S COUNSEL, FULBRIGHT & JAWORSKI, 51ST FLOOR, 1301 MCKINNEY STREET, HOUSTON, TEXAS 77010, ATTENTION: CHARLES H. STILL, ESQ. AND JOHN L. KING, ESQ., AND COOK, YANCEY, KING & GALLOWAY, SUITE 400, AMERICAN TOWER, 401 MARKET STREET, SHREVEPORT, LOUISIANA 71101, ATTENTION: JAMES ROBERT JETER, ESQ., TOGETHER WITH A MEMORANDUM SUPPORTING SUCH OBJECTION, NO LATER THAN 5:00 P.M., CENTRAL STANDARD TIME, DECEMBER 12, 1986.

PLEASE TAKE FURTHER NOTICE THAT ANY PLEADING RELATING TO THE CONFIRMATION OF THE PLAN SHALL BEAR IN ITS HEADING THE DOCUMENT NUMBER OF THE ORDER SETTING THE DATE AND TIME FOR THE CONFIRMATION HEARING, WHICH IS DOCUMENT NUMBER 540.

NOVEMBER 10, 1986

BY ORDER OF STEPHEN V. CALLAWAY,
UNITED STATES BANKRUPTCY JUDGE

FULBRIGHT & JAWORSKI
51st Floor
1301 McKinney Street
Houston, TX 77010
(713) 651-5350

COOK, YANCEY, KING & GALLOWAY
Suite 400 American Tower
401 Market Street
Shreveport, LA 71101
(318) 221-6277

COUNSEL FOR CRYSTAL OIL COMPANY



RAM00555

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

| | |
|---|---|
| In re<br>CRYSTAL OIL COMPANY,<br>Debtor. | Case No. 586-02834<br>(Chapter 11 Proceeding) |

# SHAREHOLDER DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE WITH RESPECT TO CRYSTAL OIL COMPANY'S PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

**The date of this Shareholder Disclosure Statement is November 10, 1986.**

This Shareholder Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan of Reorganization (the "Plan") of Crystal Oil Company (the "Company"), and nothing contained herein shall be deemed advice on the tax or other legal effects of the Plan on holders of the common stock, $.01 par value ("Common Stock"), of the Company. Certain of the information contained in this Shareholder Disclosure Statement and the accompanying Disclosure Statement dated July 9, 1986, as supplemented by the Supplement dated August 15, 1986 (collectively, the "Pre-Petition Disclosure Statement"), by its nature, is forward looking, contains estimates and assumptions which may prove not to have been the case, and contains financial projections which may be materially different from actual future experiences.

The securities to be issued pursuant to the Plan have not been registered with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933 or under any state securities act or similar state law in reliance upon an exemption from registration provided by Section 1145 of the United States Bankruptcy Code. Further, such securities have not been approved by the Commission or any state securities commission or similar authority. Neither the Commission nor any state commission has passed upon the accuracy or adequacy of the information contained in this Shareholder Disclosure Statement, the Pre-Petition Disclosure Statement or upon the merits of the Plan. Any representation to the contrary is unlawful.

The Plan contemplates the issuance of a substantial number of new shares, and rights to receive new shares, of the reorganized Company's common stock and voting preferred stock. In that regard, if the Plan is confirmed, the percentage of ownership of the Company's common stock held by the current holders of the Common Stock, and percentage of the total voting power with respect thereto, will be reduced to approximately 36% and 17%, respectively, which interest could be further reduced to as low as approximately 11% and 8%, respectively, if certain new convertible securities are converted into shares of the common stock of the reorganized Company and certain warrants to purchase shares of common stock of the reorganized Company are exercised. Such dilution, however, assumes that none of the warrants issued to the holders of the Common Stock to purchase shares of common stock of the reorganized Company are exercised. See "PURPOSE AND EFFECTS OF THE PLAN—CERTAIN CONSIDERATIONS—Effects on Ownership of Common Stock" and "PURPOSE AND EFFECTS OF THE PLAN—CERTAIN CONSIDERATIONS—Effects on Voting Power" in the Pre-Petition Disclosure Statement.

## TABLE OF CONTENTS


| | Page No. |
|---|---|
| Introduction | 1 |
| Background of the Company's Chapter 11 Reorganization | 2 |
| Prior Acceptance of the Plan by Certain Impaired Creditors | 3 |
| The Plan | 4 |
| Recent Developments | 4 |
| Cash Collateral Order | 4 |
| Formation of Official Committee of Unsecured Creditors | 5 |
| Voting Procedures and Requirements | 5 |
| Classes Entitled to Vote on the Plan and Vote Required for Acceptance | 5 |
| Ballot and Voting Deadline | 6 |
| Beneficial Holders | 6 |
| Confirmation of the Plan | 6 |
| Requirements for Confirmation of the Plan | 6 |
| Effect of Confirmation | 7 |

## INTRODUCTION

Crystal Oil Company, a Louisiana corporation (the "Company"), submits this Shareholder Disclosure Statement (this "Shareholder Disclosure Statement"), together with the enclosed Disclosure Statement dated July 9, 1986, and Supplement dated August 15, 1986 (collectively, the "Pre-Petition Disclosure Statement"), pursuant to Section 1125 of the United States Bankruptcy Code (the "Bankruptcy Code") to all known holders of record of the Company's Common Stock, $.01 par value ("Common Stock"), as of November 10, 1986, in connection with the Company's solicitation of ballots for acceptance of its Plan of Reorganization dated September 29, 1986 (the "Plan"). Such materials are being provided to the Company's shareholders to enable such shareholders to make an informed decision in exercising their rights to accept or reject the Plan.

This Shareholder Disclosure Statement and the Pre-Petition Disclosure Statement describe various transactions contemplated under the Plan. This Shareholder Disclosure Statement should be read in conjunction with the enclosed Pre-Petition Disclosure Statement and the Annexes and Exhibits thereto, which are hereby incorporated herein by reference and made a part of this Shareholder Disclosure Statement. A copy of the Plan is attached as Exhibit A to the Pre-Petition Disclosure Statement. Unless the context otherwise requires, capitalized terms used herein shall have the meanings ascribed to them in the Glossary of Terms set forth in the Pre-Petition Disclosure Statement.

On November 10, 1986, after notice and a hearing, the United States Bankruptcy Court for the Western District of Louisiana, Shreveport Division (the "Bankruptcy Court"), entered an order approving this Shareholder Disclosure Statement as containing information of a kind and in sufficient detail that would enable a reasonable, hypothetical investor typical of holders of the Common Stock to make an informed judgment whether to accept or reject the Plan. Such order also approved the Pre-Petition Disclosure Statement as containing information of a kind and in sufficient detail that would enable a reasonable, hypothetical investor typical of holders of impaired claims under the Plan to make an informed judgment whether to accept or reject the Plan. The Bankruptcy Court's approval of this Shareholder Disclosure Statement and the Pre-Petition Disclosure Statement, however, does not constitute a recommendation by the Bankruptcy Court either for or against the Plan.

**Shareholders are urged to read this Shareholder Disclosure Statement and the Pre-Petition Disclosure Statement carefully before voting on the Plan. No solicitation of votes from shareholders will be made except pursuant to this Shareholder Disclosure Statement and the Pre-Petition Disclosure Statement and the Annexes and Exhibits thereto. You are urged to study the Plan in full and to consult with your legal and financial advisors about the Plan and its impact, including possible tax consequences, upon your legal rights.**

**Although holders of the Common Stock are being requested to vote to accept or reject the Plan, if the Plan is not accepted by the requisite vote of the holders of the Common Stock, the Company will likely seek Confirmation of the Plan pursuant to the "cram-down" provisions of Section 1129(b) of the Bankruptcy Code on the basis that the Plan does not discriminate unfairly and is fair and equitable to the holders of the Common Stock. Generally, such test will be satisfied if the Bankruptcy Court finds that the Plan does not allow for any class of creditors or interest holders to receive more than such class is legally entitled to receive on account of its claims or interests and there is no junior interest to the class that will receive property under the Plan. The Company believes that the Plan would satisfy these criteria. If the Company is required to seek Confirmation of the Plan pursuant to the cram-down provisions of the Bankruptcy Code, the distributions that would be provided to the holders of the Common Stock would be uncertain and the holders of the Common Stock could possibly receive no distributions under the Plan. Accordingly, the Company believes that the Plan is in the best interests of shareholders and recommends that all shareholders vote to accept the Plan. See "CONFIRMATION OF THE PLAN—Requirements for Confirmation of the Plan".**

On November 10, 1986, the Bankruptcy Court entered an order fixing December 18, 1986, at 9:00 a.m., Central Standard Time, Shreveport, Louisiana, as the date, time and place for a hearing on Confirmation of the Plan (the "Confirmation Hearing"), and fixing December 12, 1986, as the last date



RAM00559

for the filing of any objection to the Confirmation of the Plan. At the Confirmation Hearing, the Bankruptcy Court will consider whether the Plan satisfies various requirements of the Bankruptcy Code, including whether the Plan is feasible and whether the Plan is in the best interest of the holders of claims against and interest in the Company. The Bankruptcy Court will also receive and consider a ballot report prepared by RepublicBank Dallas, National Association, the Voting Agent for this solicitation, concerning the votes for acceptance or rejection of the Plan by the holders of the Common Stock. The Confirmation Hearing may be adjourned from time to time without further notice, except for an announcement made at the Confirmation Hearing.

After carefully reviewing this Shareholder Disclosure Statement and the Pre-Petition Disclosure Statement, please indicate your vote on the enclosed ballot and return the ballot to RepublicBank Dallas, National Association, 350 North St. Paul Street, 9th Floor, Dallas, Texas 75201, Attention: C. D. Smith, in the enclosed, postage paid return envelope by 5:00 p.m., Central Standard Time, on December 15, 1986. Except to the extent allowed by the Bankruptcy Court, ballots that are received after 5:00 p.m., on December 15, 1986, will not be considered in connection with the Confirmation of the Plan. See "VOTING PROCEDURES AND REQUIREMENTS".

## BACKGROUND OF THE COMPANY'S CHAPTER 11 REORGANIZATION

As is explained in the Pre-Petition Disclosure Statement, management of the Company in early 1986 concluded that in order for the Company to be able to continue as a going concern a substantial portion of the Company's outstanding indebtedness would need to be converted into equity through a reorganization of the Company under Chapter 11 of the Bankruptcy Code. Having reached such conclusion, management of the Company began exploring the possible ways in which the Company might minimize the costs and time related to such a reorganization. In that regard, management determined that such costs and time might be reduced if the Company were to seek to obtain the approval of a plan of reorganization from its creditors prior to the commencement of a case under Chapter 11 of the Bankruptcy Code. Accordingly, on July 10, 1986, the Company commenced a solicitation pursuant to Section 1126(b) of the Bankruptcy Code of acceptances of the Plan from its two major secured creditors, Bankers Trust Company (the "Bank") and Halliburton, and the holders of its outstanding publicly held debt securities. On September 26, 1986, after having received approval of the Plan from the holders of more than one-half in number and from 71.2% to 98.9% in amount of claims voting in each class of the four classes under the Plan comprised of the holders of the Company's publicly held debt securities, the Company concluded its pre-petition solicitation of acceptances of the Plan. While the Company had hoped to have obtained the acceptance of the Plan from the Bank and Halliburton prior to the Company's filing for reorganization, neither of such creditors accepted the Plan during the Company's pre-petition solicitation. The Company, however, is continuing negotiations with such creditors. The major issues to be resolved with respect to such creditors under the Plan relate to issues between them that do not directly affect other classes under the Plan. See "PRIOR ACCEPTANCE OF THE PLAN BY CERTAIN IMPAIRED CREDITORS".

On October 1, 1986, the Company filed a Voluntary Petition for Reorganization under Chapter 11 of the Bankruptcy Code and filed the Plan with the Bankruptcy Court for, what the Company hopes will be, its ultimate approval and Confirmation. The hearing on Confirmation of the Plan is scheduled for December 18, 1986. Since the Company's filing for reorganization, the Company has operated as a "debtor-in-possession" in accordance with the provisions of Sections 1107 and 1108 of the Bankruptcy Code and has continued to operate its business for the benefit of its creditors and shareholders. Section 362 of the Bankruptcy Code has provided for an automatic stay of all attempts by creditors to collect pre-petition claims from the Company or otherwise interfere with the Company's property or business.

## PRIOR ACCEPTANCE OF THE PLAN BY CERTAIN IMPAIRED CREDITORS

On September 26, 1986, the Company completed its pre-petition solicitation of creditors for acceptance of the Plan. Pursuant to such solicitation, the Company received the following votes for acceptance and rejection of the Plan from the holders of claims voting in the following impaired classes under the Plan:

| Class | Number and Percentage of Record Holders Voting | | Amount and Percentage of Claims Voting | |
|---|---|---|---|---|
| | For | Against | For | Against |
| Class 8A—15% Senior Note Secured Claims(1) | 143 | 10 | $110,670,683 | $ 1,283,413 |
| | (93.46%) | (6.54%) | (98.85%) | (1.15%) |
| Class 8B—15% Senior Note Unsecured Claims(1) | 140 | 13 | 110,674,597 | 1,279,499 |
| | (91.5%) | (8.5%) | (98.86%) | (1.14%) |
| Class 12—14⅛% Debenture Claims | 15 | 12 | 12,822,953 | 1,171,414 |
| | (55.56%) | (44.44%) | (91.63%) | (8.37%) |
| Class 13—Subordinated Debenture Claims | 232 | 84 | 33,394,877 | 13,532,820 |
| | (73.42%) | (26.58%) | (71.16%) | (28.84%) |
| Class 14—CEPCO Inter-Company Claims | 1 | 0 | 69,000,000 | 0 |
| | (100%) | (0%) | (100%) | (0%) |

(1) The Company has not attempted to estimate the specific amount of the claims in either Class 8A or Class 8B because of the integral relationship between such claims and the inherent uncertainties in valuing the collateral securing the payment of the 15% Senior Notes after giving effect to the Bank's and Halliburton's prior mortgages and security interests in such collateral. See "THE PLAN—Classification and Treatment of Claims and Interests—Class 8—15% Senior Note Claims" in the Pre-Petition Disclosure Statement.

As described in greater detail in the Pre-Petition Disclosure Statement, a class of impaired claims will be considered to have accepted a plan of reorganization under the Bankruptcy Code if at least two-thirds in amount and more than one-half in number of Allowed Claims in such class voting to accept or reject the plan of reorganization have voted in favor of acceptance. As indicated in the above chart, more than one-half in number and at least two-thirds in amount of the Allowed Claims voting on the Plan in Classes 8A, 8B, 12, 13 and 14 have voted to accept the Plan. In addition, although the Bank and Halliburton, as holders of the claims in Class 6 and Class 7, respectively, did not vote to accept or reject the Plan during the Company's pre-petition solicitation, the Company is continuing to negotiate with such creditors as to their acceptance of the Plan. The primary issues to be resolved under the Plan with respect to the Bank and Halliburton relate to the Plan's allocation of Available Cash Flow for the payment of the New Bank Note and the New Halliburton Note and to what extent Halliburton will have an obligation to repay to the Bank any amounts paid to Halliburton by the Company in the future if the Company is unable to satisfy its obligations to the Bank with respect to the Letters of Credit. The resolution of these issues is not expected to materially affect shareholders or the classes of creditors that have already accepted the Plan. On November 10, 1986, the Bankruptcy Court entered an order approving the ballot report prepared by RepublicBank Dallas, National Association, the Voting Agent for the pre-petition solicitation, with respect to the results of the balloting in the pre-petition solicitation. Accordingly, the only impaired classes that have not yet approved the Plan are Class 6 (the Bank), Class 7 (Halliburton) and Class 15 (the shareholders).



RAM00561

## THE PLAN

A description of the Plan and its treatment of claims and interests is set forth under the heading "THE PLAN" in the Pre-Petition Disclosure Statement. As indicated in the Pre-Petition Disclosure Statement, the interests of the holders and beneficial owners of the Common Stock are classified under the Plan in Class 15. As of October 1, 1986, there were 51,705,723 shares of Common Stock outstanding. Under the Plan, each Class 15 claimant will receive on the Effective Date a Pro Rata distribution of (i) 51,705,723 shares of the New Common Stock, (ii) $.125 Warrants to purchase 200,000,000 shares of the New Common Stock, (iii) $.15 Warrants to purchase 200,000,000 shares of the New Common Stock and (iv) $.25 Warrants to purchase 200,000,000 shares of the New Common Stock. For a description of the New Common Stock and the Warrants, see "THE NEW SECURITIES" in the Pre-Petition Disclosure Statement.

Under the Plan, the interests of the current holders of the Common Stock in the Company will be reduced to approximately 36% and 17% of the New Common Stock to be outstanding and the equity voting power of the Company, respectively, on the Effective Date. Such interest will also be subject to substantial further dilution upon the conversion of certain of the New Securities and upon exercise of certain of the Warrants. See "PURPOSE AND EFFECTS OF THE PLAN—CERTAIN CONSIDERATIONS—Effects of Ownership of Common Stock" and "PURPOSE AND EFFECTS OF THE PLAN—CERTAIN CONSIDERATIONS—Effects on Voting Power". The Company, however, believes that such dilution is necessary for the success of the Plan due to the necessity that a substantial amount of the Company's pre-petition debt be converted into equity in order for the Company to survive. While the shareholders' equity interest in the Company (in terms of stock ownership) will be substantially less upon Confirmation of the Plan than it is today, the Company believes that such result is preferable to the available alternatives, in particular, liquidation. Given the significant amount of outstanding indebtedness of the Company, the Company believes that if the Company were to be liquidated in the near future, the holders of the Common Stock would not receive any distributions. See "ALTERNATIVES TO THE PLAN—Liquidation Analysis" in the Pre-Petition Disclosure Statement. On the other hand, if the Plan is approved and confirmed, the Plan would give the holders of the Common Stock a continuing interest in the Company through their receipt of shares of the New Common Stock and through the Warrants.

**The Company does not believe that any more satisfactory ownership interest in the Company by the holders of the Common Stock is feasible than that proposed by the Plan. Further, as described in "CONFIRMATION OF THE PLAN", the Plan may be confirmed without the acceptance of the holders of the Common Stock, in which case the distributions that would be provided to the holders of the Common Stock would be uncertain and the holders of the Common Stock could possibly receive no distributions under the Plan. Accordingly, the Company believes the Plan is in the best interests of shareholders and recommends that all shareholders vote to accept the Plan.**

## RECENT DEVELOPMENTS

### Cash Collateral Order

Section 363 of the Bankruptcy Code prohibits the use of "cash collateral" by a debtor without the consent of each entity that has an interest in such cash collateral, unless permitted by the Bankruptcy Court after notice and a hearing. On October 1, 1986, the Bankruptcy Court entered an agreed order that had been requested by the Company and the Bank (the "Cash Collateral Order") authorizing the Company to use cash collateral of the Bank in the Company's business operations and for preservation of its assets, on the conditions contained in the Cash Collateral Order. In summary, the Cash Collateral Order provides that, subject to certain periodic reporting requirements hereinafter described, the Company will continue to be able to use its cash receipts in the ordinary course of its business and for the preservation of its assets.

Pursuant to the Cash Collateral Order, the Company is required to submit to the Bank a monthly budget of projected expenditures. The expenditures of cash collateral may be made by the Company only for budgeted items, unless the Bank otherwise consents. The Cash Collateral Order is on file with the Bankruptcy Court and is subject to review by the Bankruptcy Court at any time.



RAM00562

**Formation of Official Committee of Unsecured Creditors**

On October 21, 1986, the Bankruptcy Court signed an order appointing the Official Committee of Unsecured Creditors of the Company (the "Creditors' Committee"). The following creditors were appointed to serve on the Creditors' Committee:

1. Samuel Siedman (Chairman)—Representative of Quantum Overseas, N.V. and Quantum Overseas II, N.V.

2. J. D. Francis—Representative of The Equitable Company of Texas

3. Donald E. Garrett

4. George P. Giard—Representative of Oil & Gas Finance Ltd.

5. Donald Housely

6. Marshall I. Kass—Representative of Louart Corp.

7. Kevin Matthews—Representative of Southmark Financial Corporation

8. Producers Gas Company

9. Oliver Richard, III—Representative of Tenngasco Corporation (Tenngasco Corporation has filed a Motion requesting to be removed from the Creditors' Committee)

## VOTING PROCEDURES AND REQUIREMENTS

**Classes Entitled to Vote on the Plan and Vote Required for Acceptance**

Only classes that are impaired under the Plan are entitled to vote to accept or reject the Plan. Generally, Section 1124 of the Bankruptcy Code provides that a class of claims or interests is considered to be impaired under a plan of reorganization unless the plan does not alter the legal, equitable and contractual rights of the holders of such claims or interests. In addition, such classes will be considered impaired unless all outstanding defaults, other than defaults relating to the insolvency or financial condition of the debtor or the commencement of a bankruptcy case, are to be cured and the holders of claims or interests in such classes are to be compensated for any damages incurred as a result of any reasonable reliance by such holders on any contractual provisions or applicable law to demand accelerated payment. For the reasons discussed in "THE PLAN—Classification and Treatment of Claims and Interests" in the Pre-Petition Disclosure Statement and by virtue of a determination by the Bankruptcy Court that the holders of the Common Stock are an impaired class entitled to vote on the Plan, the Company has concluded that only the following classes of its creditors and interest holders will be impaired under the Plan and entitled to vote thereon:

Class 6—The Bank

Class 7—Halliburton

Class 8A—15% Senior Note Holders (Secured Claims)

Class 8B—15% Senior Note Holders (Unsecured Claims)

Class 12—14⅞% Debenture Holders

Class 13—Subordinated Debenture Holders

Class 14—CEPCO

Class 15—Common Stock Holders

As indicated in "PRIOR ACCEPTANCE OF THE PLAN BY CERTAIN IMPAIRED CREDITORS", each of Classes 8A, 8B, 12, 13 and 14 have already voted to accept the Plan, and the votes of the holders of claims in Classes 6 and 7 were solicited in the pre-petition solicitation pursuant to the



RAM00563

Pre-Petition Disclosure Statement and such holders are still considering the Plan. Accordingly, only the holders of the Common Stock (Class 15) are being asked to vote on the Plan pursuant to this solicitation. Under Section 1129 of the Bankruptcy Code, the holders of the Common Stock will be determined to have accepted the Plan if the holders casting votes in favor of the Plan hold at least two-thirds in amount of the shares of Common Stock as to which votes are cast.

**Ballot and Voting Deadline**

A form of ballot to be used for voting to accept or reject the Plan, together with a postage paid return envelope, is enclosed with this Shareholder Disclosure Statement.

Pursuant to Rule 3018 of the Bankruptcy Rules under the Bankruptcy Code, the Bankruptcy Court has fixed the close of business on November 10, 1986, as the record date for the determination of shareholders from whom acceptances or rejections of the Plan will be accepted. The solicitation period for ballots with respect to the Plan will expire at 5:00 p.m., Central Standard Time, on Monday, December 15, 1986. *Ballots that are signed and returned, but not expressly voted either for acceptance or rejection of the Plan, will be counted as ballots for acceptance of the Plan. Except to the extent allowed by the Bankruptcy Court, ballots that are received after 5:00 p.m., Central Standard Time, on December 15, 1986, will not be accepted in connection with the Company's request for Confirmation of the Plan or any modification thereof.*

**Beneficial Holders**

If your interest is a result of your ownership of Common Stock held on your behalf in the name of a broker, dealer, commercial bank, trust company or other nominee, only such broker, dealer, commercial bank, trust company or other nominee may execute a ballot with respect to such interest to accept or reject the Plan. Accordingly, if you desire to accept or reject the Plan, you should contact your broker, dealer, commercial bank, trust company or other nominee for assistance in executing a ballot with respect to the Plan.

## CONFIRMATION OF THE PLAN

**Requirements for Confirmation of the Plan**

The Confirmation Hearing is scheduled for December 18, 1986. At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of Section 1129 of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court will enter an order confirming the Plan. See "CONFIRMATION OF THE PLAN" in the Pre-Petition Disclosure Statement. Among the requirements that will be tested at the Confirmation Hearing is whether the Plan is in the "best interest" of each impaired class of creditors and interest holders and whether the Plan is "feasible", i.e., further reorganization or liquidation of the Company is not likely to be necessary following Confirmation. As discussed in the Pre-Petition Disclosure Statement under "CONFIRMATION OF THE PLAN—Requirements for Confirmation of the Plan—Best Interests Test" and "CONFIRMATION OF THE PLAN—Requirements for Confirmation of the Plan—Feasibility of the Plan", the Company believes that the Plan will satisfy the "best interest" test and will be found to be feasible.

In addition to the "best interest" test and the requirement that the Plan be feasible, subject to certain exceptions described below, the Plan must be accepted by all impaired classes of creditors and interest holders by the requisite vote for Confirmation to occur. As more fully described in the Pre-Petition Disclosure Statement, a class of impaired claims will have accepted the Plan if at least two-thirds in an amount and more than one-half in number of Allowed Claims in such class voting to accept or reject the Plan have voted in favor of acceptance. A class of impaired interests, such as the Common Stock, will have accepted the Plan if at least two-thirds in amount of the Allowed Interests in such class voting to accept or reject the Plan have voted in favor of acceptance.

In the event that the holders of the Common Stock do not accept the Plan by the requisite vote and all other impaired classes have accepted the Plan, the Bankruptcy Court may still confirm the Plan at the request of the Company in what is commonly referred to as a "cram-down" if the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to the holders of the Common Stock as a class. As described in "CONFIRMATION OF THE PLAN—Requirements for Confirmation of the Plan—Fair and Equitable Test: 'Cram-Down' " in the Pre-Petition Disclosure Statement, such test would be satisfied with respect to the Common Stock if the Bankruptcy Court finds that the Plan does not allow for any class of creditors or interest holders to receive more than such class is legally entitled to receive on account of its claims or interests and there is no junior interest to the Common Stock that will receive property under the Plan. The Company believes that in the event the holders of the Common Stock do not accept the Plan, the cram-down provisions of the Bankruptcy Code would allow for the Plan to be confirmed because the Plan does not allow for any class of creditors or interest holders to receive more than such class is legally entitled to receive on account of its claims or interests and that there are no junior interests to the Common Stock that will receive property under the Plan. However, the ability of the Company to obtain Confirmation of the Plan pursuant to the cram-down provisions of the Bankruptcy Code is subject to the Bankruptcy Court finding that such conditions have been met, including that the proposed distributions under the Plan are proper. **Therefore, if the Company is required to seek Confirmation of the Plan pursuant to the cram-down provisions of the Bankruptcy Code, the distributions that would be provided to the holders of the Common Stock would be uncertain and the holders of the Common Stock could possibly receive no distributions under the Plan.**

**Effect of Confirmation**

If the Bankruptcy Court orders Confirmation of the Plan, then pursuant to Section 1141(d) of the Bankruptcy Code the Company will be discharged from all pre-confirmation debts except as provided in the Plan. Confirmation makes the Plan binding upon the Company, its shareholders, all creditors and other parties, regardless of whether or not they have accepted the Plan.



RAM00565

# IN THE UNITED STATES BANKRUPTCY COURT
# FOR THE WESTERN DISTRICT OF LOUISIANA
# SHREVEPORT DIVISION

| | |
|---|---|
| IN RE:<br>CRYSTAL OIL COMPANY,<br>DEBTOR | CASE NO. 586-02834<br>CHAPTER 11 PROCEEDING |

## NOTICE OF ORDER APPROVING DISCLOSURE STATEMENTS, SETTING A DECEMBER 18, 1986, HEARING ON CONFIRMATION OF CRYSTAL'S PLAN OF REORGANIZATION AND SETTING TIMES BY WHICH OBJECTIONS MUST BE FILED AND FOR FILING ACCEPTANCES OR REJECTIONS OF PLAN BY HOLDERS OF COMMON STOCK

TO: (1) The Creditors of Crystal Oil Company and Any Person who Asserts a Claim Against the Above-named Debtor; and

(2) Shareholders of Crystal Oil Company

PLEASE TAKE NOTICE that the Disclosure Statement dated July 9, 1986, as supplemented by the Supplement dated August 15, 1986, filed by Crystal Oil Company, debtor and debtor-in-possession ("Crystal"), with the United States Bankruptcy Court for the Western District of Louisiana, Shreveport Division (the "Bankruptcy Court"), in the above referenced case on October 1, 1986, was approved by the Bankruptcy Court after notice and hearing on November 10, 1986, and that Crystal's Plan of Reorganization dated September 29, 1986 (the "Plan"), was determined to have been accepted by all classes of Crystal's publicly held debt securities (Classes 8A, 8B, 12 and 13) pursuant to a solicitation conducted pursuant to Section 1126(b) of the United States Bankruptcy Code.

NOTICE IS FURTHER GIVEN that the Shareholder Disclosure Statement filed by Crystal with the Bankruptcy Court on October 14, 1986, was approved by the Bankruptcy Court after notice and hearing on November 10, 1986, and that a ballot to accept or reject the Plan and a copy of the Shareholder Disclosure Statement (which includes a copy of the Plan) is being mailed to each holder of record of Crystal's common stock, $.01 par value (the "Common Stock"), as of November 10, 1986, and that holders of the Common Stock desiring to vote on the Plan must execute and return such ballot to RepublicBank Dallas, National Association, 350 North St. Paul Street, 9th Floor, Dallas, Texas 75201, on or before 5:00 p.m., Central Standard Time, December 15, 1986.

NOTICE IS FURTHER GIVEN that a hearing on the confirmation of the Plan, as the same may be modified pursuant to Bankruptcy Rule 3019, will be held at 9:00 a.m., Central Standard Time, December 18, 1986, in Courtroom Number 2, Second Floor, Joe D. Waggonner Federal Building, 500 Fannin Street, Shreveport, Louisiana. Such hearing may be continued from time to time without further notice except as announced by the Bankruptcy Court at the hearing. Any objections to the confirmation of the Plan must be filed with the Clerk of the Bankruptcy Court, 229 Milam Street, Second Floor, Shreveport, Louisiana 71101, and served upon each of Crystal's counsel, Fulbright & Jaworski, 51st Floor, 1301 McKinney Street, Houston, Texas 77010, Attention: Charles H. Still, Esq. and John L. King, Esq., and Cook, Yancey, King & Galloway, Suite 400, American Tower, 401 Market Street, Shreveport, Louisiana 71101, Attention: James Robert Jeter, Esq., together with a memorandum supporting such objection, no later than 5:00 p.m., Central Standard Time, December 12, 1986.

PLEASE TAKE FURTHER NOTICE that any pleading relating to the confirmation of the Plan shall bear in its heading the document number of the order setting the date and time for the Confirmation Hearing, which is Document Number 540.

November 10, 1986

BY ORDER OF STEPHEN V. CALLAWAY
UNITED STATES BANKRUPTCY JUDGE

FULBRIGHT & JAWORSKI
51st Floor
1301 McKinney Street
Houston, TX 77010
(713) 651-5350

COOK, YANCEY, KING & GALLOWAY
Suite 400, American Tower
401 Market Street
Shreveport, LA 71101
(318) 221-6277

COUNSEL FOR CRYSTAL OIL COMPANY

**IN THE UNITED STATES BANKRUPTCY COURT**
**FOR THE WESTERN DISTRICT OF LOUISIANA**
**SHREVEPORT DIVISION**

| | |
|---|---|
| IN RE: | |
| CRYSTAL OIL COMPANY, | CASE NO. 586-02834 |
| DEBTOR | CHAPTER 11 PROCEEDING |

**NOTICE OF ORDER APPROVING DISCLOSURE STATEMENTS, SETTING A DECEMBER 18, 1986, HEARING ON CONFIRMATION OF CRYSTAL'S PLAN OF REORGANIZATION AND SETTING TIMES BY WHICH OBJECTIONS MUST BE FILED AND FOR FILING ACCEPTANCES OR REJECTIONS OF PLAN BY HOLDERS OF COMMON STOCK**

TO: (1) The Creditors of Crystal Oil Company and Any Person who Asserts a Claim Against the Above-named Debtor; and

(2) Shareholders of Crystal Oil Company

PLEASE TAKE NOTICE that the Disclosure Statement dated July 9, 1986, as supplemented by the Supplement dated August 15, 1986, filed by Crystal Oil Company, debtor and debtor-in-possession ("Crystal"), with the United States Bankruptcy Court for the Western District of Louisiana, Shreveport Division (the "Bankruptcy Court"), in the above referenced case on October 1, 1986, was approved by the Bankruptcy Court after notice and hearing on November 10, 1986, and that Crystal's Plan of Reorganization dated September 29, 1986 (the "Plan"), was determined to have been accepted by all classes of Crystal's publicly held debt securities (Classes 8A, 8B, 12 and 13) pursuant to a solicitation conducted pursuant to Section 1126(b) of the United States Bankruptcy Code.

NOTICE IS FURTHER GIVEN that the Shareholder Disclosure Statement filed by Crystal with the Bankruptcy Court on October 14, 1986, was approved by the Bankruptcy Court after notice and hearing on November 10, 1986, and that a ballot to accept or reject the Plan and a copy of the Shareholder Disclosure Statement (which includes a copy of the Plan) is being mailed to each holder of record of Crystal's common stock, $.01 par value (the "Common Stock"), as of November 10, 1986, and that holders of the Common Stock desiring to vote on the Plan must execute and return such ballot to RepublicBank Dallas, National Association, 350 North St. Paul Street, 9th Floor, Dallas, Texas 75201, on or before 5:00 p.m., Central Standard Time, December 15, 1986.

NOTICE IS FURTHER GIVEN that a hearing on the confirmation of the Plan, as the same may be modified pursuant to Bankruptcy Rule 3019, will be held at 9:00 a.m., Central Standard Time, December 18, 1986, in Courtroom Number 2, Second Floor, Joe D. Waggonner Federal Building, 500 Fannin Street, Shreveport, Louisiana. Such hearing may be continued from time to time without further notice except as announced by the Bankruptcy Court at the hearing. Any objections to the confirmation of the Plan must be filed with the Clerk of the Bankruptcy Court, 229 Milam Street, Second Floor, Shreveport, Louisiana 71101, and served upon each of Crystal's counsel, Fulbright & Jaworski, 51st Floor, 1301 McKinney Street, Houston, Texas 77010, Attention: Charles H. Still, Esq. and John L. King, Esq., and Cook, Yancey, King & Galloway, Suite 400, American Tower, 401 Market Street, Shreveport, Louisiana 71101, Attention: James Robert Jeter, Esq., together with a memorandum supporting such objection, no later than 5:00 p.m., Central Standard Time, December 12, 1986.

PLEASE TAKE FURTHER NOTICE that any pleading relating to the confirmation of the Plan shall bear in its heading the document number of the order setting the date and time for the Confirmation Hearing, which is Document Number 540.

November 10, 1986

BY ORDER OF STEPHEN V. CALLAWAY
UNITED STATES BANKRUPTCY JUDGE

FULBRIGHT & JAWORSKI
51st Floor
1301 McKinney Street
Houston, TX 77010
(713) 651-5350

COOK, YANCEY, KING & GALLOWAY
Suite 400, American Tower
401 Market Street
Shreveport, LA 71101
(318) 221-6277

COUNSEL FOR CRYSTAL OIL COMPANY

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



Bx #1 Fld 1

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 10-01-86 | 1 | | PETITION (DIP) Voluntary Petition Under Chapter Eleven |
| 10-01-86 | 2 | | DECLARATION (DIP) Unsworn on behalf of the Corporation |
| 10-01-86 | 3 | | EXHIBIT (DIP) "A" Ex 001 Bx 5 |
| 10-01-86 | 4 | | RESOLUTION (DIP) Corporate |
| 10-01-86 | 5 | | PLAN (DIP) Of Reorganization Exh 001 Bx 5 |
| 10-01-86 | 6 | | COVER SHEET (DIP) |
| 10-01-86 | 7 | | LIST (DIP) Creditors Holding 20 Largest Unsecured Claims |
| 10-01-86 | 8 | | ORDER (DIP) Number 1 |
| 10-01-86 | 9 | | ORDER (DIP) For Compensation of Deputy Clerk of Court |
| 10-01-86 | 10 | | ORDER (DIP) For Establishment of Bank Account |
| 10-01-86 | 11 | | ORDER (DIP) To Debtor-In-Possession |
| 10-01-86 | 12 | | MOTION (DIP) To Enroll Pro Hac Vice & to Designate resident Attorney |
| 10-01-86 | 13 | 12 | ORDER (DIP) Enrolling Attorney John King & Fulbright & Jaworski |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 10-01-86 | 14 | | MOTION (DIP) Application for order fixing a meeting of creditors; on 10-31-86, General Bar date & 11-15-86, Tax Claim Bar Date; a 11-10-86, Hearing on Disclosure Statement; Times by which certain objections must be filed; & specifying form & manner of notice<br>EXHIBIT "A" (DIP) Disclosure Statement<br>EXHIBIT "A"-1 (DIP) Supplement to Disclosure Statement<br>EXHIBIT "B" (DIP) Notice of Order fixing meeting of Creditors, an 10-31-86, General Bar Date; & 11-15-86, Tax Claim Bar Date; a 11-10-86, Hearing on Disclosure Statement; Times by which certain objections must be filed; & specifying form & manner of notice |
| 10-01-86<br>EX 001<br>BX 5 | 15 | 14 | ORDER (DIP) Granting Motion #14<br>EXHIBIT "A" (DIP) Notice of Order fixing meeting of Creditors; on 10-31-86, General Bar Date; & 11-15-86, Tax Claim Bar Date; a 11-10-86, Hearing On Disclosure Statement; Times by which certain objections must be filed; & specifying form & manner of notice |
| 10-01-86 | 16 | 14 | NOTICE (DIP) Fixing meeting of Creditors & fixing a 10-31-86 General Bar Date & a Tax Bar Date for 11-15-86 & a 11-10-86 Hearing on Disclosure Statement<br>CALENDAR Meeting of Creditors on 11-3-86, at 10:00 A.M, 2nd floor courtroom (CJH)<br>CALENDAR Hearing on Disclosure Statement on 11-10-86, at 1:30 P. M. (CJH) |
| 10-01-86 | 17 | | MOTION (DIP) Authorizing DIP to establish & maintain banking deposits &/or investments |
| 10-01-86 | 18 | 17 | ORDER (DIP) Granting Motion #17 |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 10-01-86 | 19 | | ORDER (DIP) Agreed order regarding use of cash collateral |
| 10-01-86 | 20 | | APPLICATION (DIP) To Employ Attorney |
| 10-01-86 | 21 | 20 | ORDER (DIP) Authorizing Retention of Attorney |
| 10-01-86 | 22 | | MOTION (DIP) To employ Attorneys under Section 327 (e) of Bankruptcy code |
| 10-01-86 | 23 | 22 | ORDER (DIP) Granting Motion #22 |
| Bk. 2 Fld 2 10-01-86 | 24 | | MOTION (DIP) To employ Accountants |
| 10-01-86 | 25 | 24 | ORDER (DIP) Granting Motion #24 |
| 10-01-86 | 26 | | DECLARATION By Attorneys - King & Jeter |
| 10-01-86 | 27 | | DECLARATION By Attorney, Dicharry |
| 10-01-86 | 28 | | DECLARATION By Attorney, Klotz |
| 10-01-86 | 29 | | DECLARATION By Attorney, Steedman |
| 10-01-86 | 30 | | DECLARATION By Attorney, Anderson |
| 10-01-86 | 31 | | DECLARATION By Attorney, Wynne |
| 10-01-86 | 32 | | DECLARATION By Attorney, Pomeroy |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 10-01-86 | 33 | | DECLARATION By Attorney, Mayo |
| 10-01-86 | 34 | | DECLARATION By Attorney, Hubbard |
| 10-01-86 | 35 | | DECLARATION By Attorney, Hyman |
| 10-01-86 | 36 | | DECLARATION By Attorney, Ederer |
| 10-01-86 | 37 | | DECLARATION By Attorney, Gallagher |
| 10-01-86 | 38 | | DECLARATION By Attorneys Miller & Chevalier |
| 10-01-86 | 39 | | DECLARATION By Attorney, Dunn |
| 10-01-86 | 40 | | DECLARATION By Attorney, McClerkin |
| 10-01-86 | 41 | | DECLARATION By Attorney, Smith |
| 10-01-86 | 42 | | DECLARATION By Attorney, Roland |
| 10-01-86 | 43 | | MATRIX (DIP) Mailing List<br>EXHIBIT List of Secured Holders of Crystal Oil Company 14-7/8% Senior dated September 19, 1986 by,<br>Texas American Bank/Dallas<br>P. O. Box 35207<br>Dallas, Texas 75235<br>EXHIBIT J. Henry Schroder Bank & Trust Company<br>Trustee for Holders of the 15% Senior Subordinate Secured Notes<br>Due 6-15-95<br>One State Street |

Ex 002 thru Ex 003
Bx 5

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | New York, New York 10015<br><br>and<br><br>List of Security Holders of Crystal Oil Company 15% Senior Subordinate Secured Note Due 1995 dated 9-19-86 |
| | | | EXHIBIT List of Security Holders of Crystal Oil Company dated 9-22-86 by, Texas Commerce Bank, N.A. P. O. Box 2558 Houston, Texas 77001 |
| | | | EXHIBIT List of Division of Interest Owners |
| 10-01-86 | 44 | 43 | MATRIX (DIP) MAILING LIST |
| EX. OC 4 Bx 6 | | | EXHIBIT List of Securities Holders of Crystal Oil Company Common Stock |
| 10-01-86 | 45 | 1 | CERTIFICATE (Clerk) NOE Documents 1,2,3 & 5, District Director of IRS, Secretary of the Treasury, Securities & Exchange Commission |
| 10-03-86 | 46 | 14 | CERTIFICATE (DIP) 341 Notice to List of Security Holders of Crystal Oil Company 14 7/8% Senior |
| 10-03-86 | 47 | 10 | ORDER Amending Order for Establishment of Bank Account |
| 10-06-86 | 48 | 14 | CERTIFICATE (DIP) 341 Notice to List of Security Holders of Crystal Oil Company 15% Senior; 14-7/8% Senior Due 12/15/98; 5 Additional Issues of Subordinated Debentures (Junior) |
| 10-06-86 | 49 | 14 | CERTIFICATE (DIP) 341 Notice to List of Security Holders of Crystal Oil Company Common Stock |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 10-06-86 | 50 | 14 | CERTIFICATE (DIP) 341 Notice to List of Security Holders 15% Senior Subordinate Secured Note Due 1995 |
| 10-06-86 | 51 | 14 | CERTIFICATE (DIP) 341 Notice to List of Brokers/Nominees Not Served by IECA (Including all Secured Notes and Debentures Except the 9% Convertible Subordinated Debentures) |
| 10-06-86<br>Ex CCS<br>BX 6 | 52 | 43 | MATRIX (DIP) Compliance with General Order Number 1 Relating to Captioned Case and Local Rule 2(b) - Update of Lists.<br>EXHIBIT — J. Henry Schroder Bank & Trust Company, Trustee, List of Holders of the 15% Senior Subordinate Secured Notes dated October 1, 1986, Due 6-15-95 One State Street New York, New York 10015<br>EXHIBIT — List of Secured Holders of Crystal Oil Company 14-7/8% Senior dated October 1, 1986 by, Texas American Bank/Dallas P. O. Box 35207 Dallas, Texas 75235 |
| 10-06-86 | 53 | | MOTION (BTC) Request for Notice Pursuant to Bankruptcy Rule 2002 |
| 10-06-86 | 54 | | MOTION (BTC) Motion for Order Permitting Appearance Pro Hac Vice |
| 10-06-86 | 55 | 54 | ORDER (BTC) Authorizing Employment and Appearance of Attorneys Pro Hac Vice |
| 10-06-86 | 56 | 53 | ORDER (BTC) Granting Motion #53 |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 10-06-86 | 57 | 14 | CERTIFICATE (DIP) 341 Notice of Lists of Division of Interest Owners, Lease Operators, Trade Payables and Miscellaneous Creditors |
| 10-06-86 | 58 | 43 | REQUEST (RepublicBank Dallas) Notice of Appearance & Request for Service of Papers |
| 10-07-86 | 59 | | LETTER (Clerk) Solicitation for Unsecured Creditor's Committee |
| 10-08-86 | 60 | 43 | MATRIX (Clerk) To DIP Adding Attorneys to Notice of List & Mailing Matrices |
| 10-09-86 | 62 | 15 | CERTIFICATE (DIP) 341 Notice to IRS, North Dakota & Louisiana |
| 10-09-86<br>EX. 005<br>BX 6 | 63 | 43 | MATRIX (DIP) Compliance with Gen. Ord. No. 1, Updated List<br>EXHIBIT — Security Holders of Crystal Oil Company dated 10-01-86, by Texas Commerce Bank, N.A. P. O. Box 2558 Houston, TX 77001<br>EXHIBIT — Certified List of Security Holders of Crystal Oil Company Common Stock as of opening of business 10-01-86, by Republic Bank Dallas, N.A. 350 St. Paul, P. O. Box 2964 Dallas, TX 75221 |
| 10-09-86 | 65 | 24 | MOTION (DIP) Amendment to Application to employ Accountants |
| 10-09-86 | 66 | 24 | ORDER (DIP) Approving Employment of Accountants |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

... RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| Bx #1 Fld #3 | | | |
| 10-10-86 | 70 | 59 | ORDER (DIP) Increasing Membership of the Unsecured Creditor's Committee |
| 10-10-86 | 71 | 59 | LETTER (Clerk) Additional Solicitation for Unsecured Creditor's Committee |
| 10-14-86 | 88 | 59 | LETTER (Southmark Corporation) Accepting Appointment to Unsecured Creditor's Committee - Telecopy |
| 10-14-86 | 89 | 59 | LETTER (Equitable Company of Texas) Accepting Appointment to Unsecured Creditor's Committee |
| .0-14-86 | 90 | 59 | LETTER (Tenngasco) Accepting Appointment to Unsecured Creditor's Committee |
| 10-14-86 | 91 | 59 | LETTER (Housley) Accepting Appointment to Unsecured Creditor's Committee |
| 10-14-86<br>Ex. 006<br>Bx 6 | 95 | | MOTION (DIP) Determination on necessity to solicit shareholders<br>EXHIBIT Shareholder Disclosure Statement in three parts<br>EXHIBIT Notice of Hearing on Necessity of DIP to solicit shareholders, approval of Shareholder Disclosure Statement and times by which certain objections must be filed |
| 10-14-86 | 96 | 95 | MEMO (DIP) Brief in support of Motion for determination of necessity to solicit shareholders |
| 10-14-86 | 97 | 95 | ORDER (DIP) Fixing 11-10-86 Hearing on Shareholders Disclosure Statement and fixing 10-31-86 as time for which any objections to the order must be filed |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 10-15-86 | 98 | 59 | LETTER (Oil & Gas Finance Ltd.) Accepting Appointment to Unsecured Creditor's Committee |
| 10-14-86 | 99 | 59 | LETTER (Louart) Accepting Appointment to Unsecured Creditor's Committee |
| 10-15-86<br>Ex. 006<br>Bx 6 | 100 | 95 | EXHIBIT (DIP) Shareholder Disclosure Statement<br>EXHIBIT Disclosure Statement & Supplemental Disclosure Statement |
| 10-15-86 | 103 | | MOTION (Enstar, et al) For relief from stay. Clerk's letter to Movant and Notice attached.<br>CALENDAR Hearing on Motion (Enstar, et al) set for 11-07-86 (CJH) |
| 10-15-86 | 104 | 3 | EXHIBIT (DIP) Revised Exhibit "A" |
| Ex. 007 Bx 6 10-15-86 | 105 | | SCHEDULE (DIP) Current Income & Current Expenditures of a Corporation or Partnership, Unconsolidated Financial Statements |
| 10-15-86 | 106 | | SCHEDULE (DIP) Schedule A - All Liabilities of Debtor; Schedule A-1 - Creditors having priority |
| x 008 Bx 6 10-15-86 | 107 | | SCHEDULE (DIP) Schedule A - Statement of all Liabilities of Debtor; Schedule A-2 - Creditors Holding Security |
| 10-15-86 | 108 | | SCHEDULE (DIP) Schedule A - Statement of all Liabilities of Debtor; Schedule A-3 - Creditors having Unsecured Claims Without Priority |
| 009 x 7 10-15-86 | 109 | | SCHEDULE (DIP) Schedule B - Statement of all Property of Debtor; Schedule B-1 - Real Property |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 10-15-86 | 110 | | SCHEDULE (DIP) Schedule B - Statement of all Property of Debtor; Schedule B-2 - Personal Property |
| 10-15-86 | 111 | | SCHEDULE (DIP) Schedule B - Statement of all Property of Debtor; Schedule B-3 - Property not Otherwise Scheduled |
| 10-15-86 | 112 | | SCHEDULE (DIP) Summary of Debts and Property |
| 10-15-86 | 113 | | SCHEDULE (DIP) Statement of Executory Contracts |
| 10-15-86 | 114 | | SCHEDULE (DIP) Statement of Financial Affairs for Debtor Engaged In Business |
| 10-15-86 | 115 | 95 | CERTIFICATE (DIP) Notice of Hearing to Solicit Shareholders, Approval of Shareholder's Disclosure Statement & Times by Which Certain Objections Must Be Filed |
| 10-16-86 | 116 | 59 | LETTER (Southmark Corp.) Accepting Appointment to Unsecured Creditor's Committee |
| 10-16-86 | 123 | 95 | CERTIFICATE (DIP) Affidavit of Mailing of Notice of Hearing on Necessity of CCC to Solicit Shareholders; to List of Creditors who have offered to serve on unsecured creditors Committee and; List of Attorneys & other parties in interest |
| 10-16-86 | 124 | 1 | CERTIFICATE (Clerk) Schedules, Statement of Financial Affairs sent to IRS and Secretary of Treasury. Exhibit A sent to IRS, Secretary of Treasury and SEC |
| 0-14-86 | 125 | 43 | REQUEST (Sheinfeld, et al) Notice of Request for Service of Papers |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

... RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 10-17-86 | 134 | 103 | CERTIFICATE (Enstar, et al) Certification of Service 10-16-86 to King, Jeter and Wynne by Clegg |
| 10-17-86 | 137 | 43 | MATRIX (Clerk) To DIP adding Hunt Petroleum Corporation and Hassie Hunt Exploration Company, ATTN: Walter G. Bauch, Attorney to notice of list and Mailing Matrices |
| 10-17-86 | 138 | 43 | MATRIX (Clerk) To DIP adding Attorneys, Sheinfeld, Maley & Kay to Notice of List and Mailing Matrices |
| 10-17-86 | 139 | 17 | MOTION (DIP) For Amendment to Order Authorizing DIP to Establish & Maintain Banking Deposits and/or Investments |
| 10-17-86 | 140 | 17 | ORDER (DIP) Granting Motion 139 |
| 10-17-86 | 141 | 95 | CERTIFICATE (DIP) Affidavit of Mailing of Notice of Hearing on Necessity of Crystal Oil Company to Solicit Shareholders, Approval of Shareholder Disclosure Statement & Times By Which Certain Objections Must Be Filed |
| 10-20-86 | 143 | 59 | LETTER (Seidman) Accepting Appointment to Unsecured Creditor's Committee |
| 10-20-86 | 154 | 43 | MATRIX (Clerk) To DIP adding, Attn: Larry J. Bridgefarmer, to Gardere & Wynne Address for Notice of List and Mailing Matrices |
| 10-20-86 | 155 | 59 | LETTER (Blank) Subject to stipulation that the Unsecured Creditor's Committee will be reimbursed for out-of-pocket expenses; accepts appointment to same |
| 10-20-86 | 156 | 95 | CERTIFICATE (DIP) Affidavit of Mailing to the SEC at |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | 450 Fifth Street, N.W., Washington, D.C. 20549 and 219 S. Dearborn Street, Chicago, Ill. 60604 a Notice of Hearing on Necessity of CCC to solicit Shareholders, Approval of Shareholder Disclosure Statement and Times by which certain objections must be filed |
| 10-20-86 | 157 | 95 | CERTIFICATE (DIP) Affidavit of Mailing to all people listed on the Supplement to Lists of Trade Payables & Supplement to Lists of Misc. Creditor's & a Notice of Hearing on Necessity of CCC to Solicit Shareholders, Approval of Shareholder Disclosure Statement & Times by which certain objections must be filed |
| 10-21-86 | 169 | | LETTER (Allyson) Re: Providing buy/sell market for properties |
| 10-21-86 | 174 | | MOTION (Hughes) For Relief From Stay. Clerk's letter to Movant and Notice Attached.<br>CALENDAR Hearing on Motion (Hughes) set for 11-07-86 (CJH) |
| 10-21-86 | 175 | 59 | LETTER (Seidman) Confirmation Letter accepting appointment to Unsecured Creditor's Committee |
| 10-21-86 | 176 | 59 | ORDER (DIP) Appointment of Unsecured Creditor's Committee, Clerks Letter to DIP for Distribution to those Requesting Notice |
| 10-22-86 | 182 | 19 | REPORT (DIP) Compliance With Cash Collateral Order, Proposed November, 1986 Budget |
| 10-22-86 | 183 | 95 | CERTIFICATE (DIP) Affidavit of Mailing to all Members of the Unsecured Creditor's Committee to the addresses indicated on the attached list, the Shareholder Disclosure Statement, Disclosure Statement & Supplement, & Notice of Hearing |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

... RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 10-24-86 | 207 | 59 | LETTER (Garrett) Accepting Appointment to Unsecured Creditors Committee |
| 10-27-86 | 239 | 174 | CERTIFICATE (Hughes) Affidavit of Mailing of Notice To Creditors And Other Parties In Interest reflected on the attached list |
| 10-27-86 | 241 | 59 | CERTIFICATE (DIP) Affidavit of Mailing of Order Appointing Committee of Unsecured Creditors to List of Attorneys & Other Parties in Interest per attached Exhibit A, & copy of Order attached as Exhibit B |
| 10-28-86 | 255 | 95 | CERTIFICATE (DIP) Affidavit of Mailing to the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 a Notice of Order Fixing a Meeting of Creditors; an 10-31-86, General Bar Date & 11-15-86, Tax Claim Bar Date; a 11-10-86, Hearing on Disclosure Statement; Times by Which Certain Objections must Be Filed; & Specifying Form & Manner of Notice, a Disclosure Statement & Notice of Hearing on Necessity of COC to solicit Shareholders Approval of Shareholder Disclosure Statement & Times by which certain objections must be filed |
| 10-29-86 | 268 | 43 | REQUEST (MBank Houston) Notice of Appearance & Request For Copies of all Documents |
| 10-29-86 | 269 | 43 | REQUEST (Greenberg) Notice of Request for Personal Notice |
| 10-29-86 | 270 | | MOTION (Goodman) To enroll Pro Hac Vice Attorneys, Molleston & Thomason |
| 10-29-86 | 271 | 270 | MOTION (Goodman) For Relief From Stay. Clerk's letter to Movant and Notice Attached.<br>CALENDAR Hearing on Motion (Goodman) set for 11-21-86 (CJH) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| Bk 1 Fld 5 | | | |
| 10-29-86 | 280 | | MOTION (DIP) To Continue Employment of Copeland, Wickersham, Wiley & Co., Inc. as Financial Advisor |
| 10-29-86 | 281 | 280 | ORDER (DIP) Setting a 11-21-86, Hearing On the Continued Employment By CCC of Copeland, Wickersham, Wiley & Co., Inc. as Financial Advisor. Notice by DIP limited to the members of the Unsecured Creditors Committee & to all parties in interest & equity security holders who or which have filed requests for notice to be mailed to them; notice attached as Exhibit A; Objections, if any shall be filed with the clerk no later than 5:00 P.M., 11-14-86<br>CALENDAR Hearing Set for 10:00 A.M., 11-21-86 (CJH) |
| 10-29-86 | 297 | 43 | MATRIX (Clerk) To DIP Adding Attorneys, Winstead, McGuire, Sechrest & Minick and Jesse E. Neyman to Notice of List & Mailing Matrices |
| 10-29-86 | 298 | 43 | MATRIX (Clerk) To DIP Adding Attorney, Herbert Leslie Greenberg to Notice of List & Mailing Matrices |
| 10-29-86 | 304 | 43 | REQUEST (National Supply Co.) Notice of Request for Service of Papers |
| 10-29-86 | 305 | 43 | MATRIX (Clerk) To DIP adding National Supply Company to Notice of List and Mailing Matrices |
| 10-29-86 | 306 | 280 | CERTIFICATE (DIP) Affidavit of Mailing of Notice of Hearing on the continued Employment by CCC of Copeland, Wickersham, Wiley & Co., Inc. as Financial Advisor; to list of attorneys and other parties in interest and to the members of the Unsecured Creditors Committee |
| 10-29-86 | 307 | 3 | SCHEDULE (DIP) First Amendment to Schedule of Assets |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| Bx #1 Fld 6 | | | and Liabilities and Statement of Financial Affairs |
| 10-30-86 | 326 | 59 | LETTER (Lear Petroleum) Confirmation Letter Accepting Appointment to Unsecured Creditor's Committee and Request for Service of Papers |
| 10-30-86 | 349 | | LETTER (TransAmerican) Advising that Gasland Inc., a/k/a GHR Energy Corp. is now known as TransAmerican Gas Corporation (TransAmerican). Correspondence should be addressed to Franklin D. Dodge |
| 10-30-86 | 351 | 43 | MATRIX (Clerk) To DIP adding Lear Petroleum to Notice of List and Mailing Matrices |
| 10-31-86 | 374 | | MOTION (DIP) For Authority To Extend Time To Assume Executory Contracts |
| 10-31-86 | 375 | 374 | ORDER (DIP) Setting an 11-21-86 Hearing on Motion 374. Notice by DIP limited to the members of the Unsecured Creditors Committee & to all parties who have filed a request that notices be sent to them; Clerk's Letter to Movant and Notice Attached.<br>CALENDAR Hearing set for 10:00 A.M., 11-21-86 (CJH) |
| 10-31-86 | 376 | | MOTION (DIP) To Compromise Controversy and For Authority to Assume Executory Compromise Agreement |
| 10-31-86 | 377 | 376 | ORDER (DIP) Setting an 11-21-86 Hearing on Motion 376. Notice by DIP limited to the members of the Unsecured Creditors Committee & to all parties who have filed a request that notices be sent to them. Clerk's Letter to Movant and Notice Attached<br>CALENDAR Hearing set for 10:00 A.M., 11-21-86 (CJH) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 10-31-86 | 378 | | MOTION (DIP) To Compromise Class of Controversies |
| 10-31-86 | 379 | 378 | ORDER (DIP) Setting an 11-21-86 Hearing on Motion 378. Notice by DIP limited to the members of the Unsecured Creditors Committee & to all parties who have filed a request that Notices be sent to them. Clerk's Letter to Movant & Notice Attached<br>CALENDAR Hearing set for 10:00 A.M., 11-21-86 (CJH) |
| 10-31-86 | 380 | | REPORT (DIP) Under Bankruptcy Rule 5008; Opening of Bank Accounts, Initial Deposits and other Banking Requirements |
| 10-31-86 | 381 | | MOTION (DIP) To Extend Time To File Objections to Disclosure Statement for Halliburton & Otis until 11-5-86 |
| 10-31-86 | 382 | 381 | ORDER (DIP) Granting Motion 381 |
| 10-31-86 | 383 | | MOTION (DIP) To Amend Order to DIP; Amending IRS address & method of filing financial information |
| 10-31-86 | 384 | 383 | ORDER (DIP) Granting Motion 383 |
| 10-31-86 | 385 | 43 | REQUEST (Texas American Bank/Dallas) Notice of Request for Service of Papers; William B. Finkelstein & David Weitman |
| 10-31-86 | 386 | | STATEMENT (Texas American Bank/Dallas) Verified Statement of Representation of Creditor Debentureholders in Chapter 11 Reorganization Case - Rule 2019 |
| 10-31-86 | 397 | | CERTIFICATE (Laski) Proof of Mailing of Proof of Claims, Document 395 & 396 |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 10-31-86 | 398 | | MOTION (Downs) For Extension of Time to File Proof of Claim and/or Right to Supplement Proof of Claim |
| 10-31-86 | 399 | 398 | ORDER (Unsigned) Proposed, Submitted to Judge Callaway |
| 10-31-86 | 400 | | MOTION (Buehler) To Modify Stay, Personal Injury Suit, Clerk's letter to Movant & Notice Attached<br>CALENDAR Hearing on Motion set for 11-21-86 (CJH) |
| 10-31-86 | 401 | 43 | REQUEST (Schroder Bank, et al) Notice of Request for Service of Papers & Notice of Appearance |
| Bx #1 Fld 7 | | | |
| 10-31-86 | 403 | | STATEMENT (Texas Commerce Bank) Affidavit Under Rule 2019 of Representation of Creditor Debentureholders - 12 5/8% due 2001 |
| Ex 016 Bx 9 | | | |
| 10-31-86 | 406 | | STATEMENT (Texas Commerce Bank) Affidavit Under Rule 2019 of Representation of Creditor Debentureholders - 9% Conv. due 1991 |
| Ex 017 Bx 9 | | | |
| 10-31-86 | 408 | | STATEMENT (Texas Commerce Bank) Affidavit Under Rule 2019 of Representation of Creditor Debentureholders - 11 3/8% Conv. due 2000 |
| Ex 017 Bx 9 | | | |
| 10-31-86 | 409 | | STATEMENT (Texas Commerce Bank) Affidavit Under Rule 2019 of Representation of Creditor Debentureholders - 12 5/8% due 1990 |
| Ex 017 Bx 9 | | | |
| 10-31-86 | 410 | | STATEMENT (Texas Commerce Bank) Affidavit Under Rule 2019 of Representation of Creditor Debentureholders - 13 3/4% due 2000 |
| Ex 017 Bx 9 | | | |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 10-31-86 | 427 | | MOTION (Committee of Unsecured Creditors) Application of Committee of Unsecured Creditors for Employment of Attorneys Smith, Gambrell & Russell, Atlanta, Georgia Proposed Order Submitted to Judge Callaway |
| 10-31-86 | 458 | 43 | MATRIX (Clerk) To DIP adding Attorneys Roseman Colin Freund Lewis & Cohen to Notice of List & Mailing Matrices |
| 10-31-86 | 459 | 43 | MATRIX (Clerk) To DIP adding Attorneys Finkelstein & Weitman and Texas American Bank/Dallas to Notice of List & Mailing Matrices |
| 10-31-86<br>Ex C 19<br>Bx 9 | 464 | 3 | SCHEDULE (DIP) Replacement to List of Suspense Interest Owners, Replacement of List of Trade Payables, List of Lease Operators with List of Trade Payables and Lease Operators, Replacement of List of Miscellaneous Creditors. To bring all lists current to October 1, 1986 |
| 10-31-86 | 466 | | COMPLAINT (Arkla Energy Resources) Adversary Proceedings Number 586-0444. Complaint for Declaratory Judgement and Allowance of Recoupment. Summons Number 529 issued, replacing Summons Number 499.<br>CALENDAR — Pre-Trial Conference set for 1:30 P.M., 11-21-86 (CJH) Hearing set for 10:00 A.M., 12-12-86 (CJH)<br>CALENDAR — HEARING CHANGED TO 12-12-86, 3:00 P.M. (CJH)<br>CALENDAR — Pre-Trial Conference Continued to 01-23-87, 10:00 A.M., Third Floor (CJH)<br>CALENDAR — Pre-Trial Conference Continued to 5-29-87, 1:30 P.M., Third Floor (CJH) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 10-31-86 | 467 | | COMPLAINT (Arkla Released Gas Company) Adversary Proceedings No. 586-0445. Complaint for Declaratory Judgement on the right of plaintiff to recoup overpayment. Summons Number 530 issued, replacing Summons Number 500. |
| | | | CALENDAR — Pre-Trial Conference set for 1:30 P.M., 11-21-86 (CJH) Hearing set for 10:00 A.M., 12-12-86 (CJH) |
| | | | CALENDAR — HEARING CHANGED TO 12-12-86, 3:00 P.M. (CJH) |
| | | | CALENDAR — Pre-Trial Conference Continued to 01-23-87, 10:00 A.M., Third Floor (CJH) |
| | | | CALENDAR — Pre-Trial Conference Continued to 5-29-87, 1:30 P.M., Third Floor (CJH) |
| 10-31-86 | 469 | | CERTIFICATE (DIP) Affidavit of Mailing to List of Attorneys and other Parties in Interest filing Notice of Appearance and Request for Service of Papers and to the Unsecured Creditors Committee; Motions and Orders Document Numbered 374, 375, 376, 377, 378 & 379 |
| 10-31-86 | 470 | | CERTIFICATE (DIP) Affidavit of Mailing to each entity having a claim that was deleted, added or otherwise affected by Debtors 1st Amendment to Schedule of Assets and liabilities and Statement of Financial Affairs and to each entity whose cliam was added to Debtors Schedules by the 1st Amendment. Exhibits A & B attached |
| 10-31-86 | 473 | 3 | SCHEDULE (DIP) Second Amendment to Schedules of Assets and Liabilities |

EX C19
Bx 9

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 11-03-86 | 476 | 43 | REQUEST (Phelps, Dunbar, et al; & Thompson & King, et al) Notice of Request for Service of Papers of Notice of Appearance; Attn: Messrs. Preaus, Meyers, Neary, Jones & Bennett |
| 10-31-86 | 489 | 43 | REQUEST (Walls) Notice of Request for Service of Papers and Notice of Appearance |
| 11-03-86 | 490 | 427 | ORDER (Comm. Unsecured Creditors) Approving Motion 427, Application to employ attorneys |
| 11-03-86 | 491 | 43 | MATRIX (Clerk) To DIP adding Attorneys Phelps, Dunbar, Marks, Claverie & Sims, Attn: Preaus & Meyers; and Thompson & Knight, Attn: Neary & Jones to Notice of List & Mailing Matrices |
| 11-03-86 | 492 | 43 | MATRIX (CLERK) To DIP adding Attorney Robert E. Walls to Notice of List & Mailing Matrices |
| 11-03-86 | 493 | 398 | ORDER (Downs) Extending Time for Filing Proof of Claim |
| 11-03-86 | 494 | 270 | ORDER (Goodman) For Appearance Pro Hac Vice, Attorneys Molleston & Thomason |
| 11-03-86 | 495 | | MINUTES (341 Meeting) Proceeding Memo - Meeting of Creditors held 11-03-86. Appearance List Attached |
| 11-03-86 | 496 | 1 | CERTIFICATE (Clerk) Letter mailing District Director of IRS, 500 Camp Street, New Orleans, LA, 70130, Attn: Special Procedures, Stop 31 & Secretary of the Treasury, U.S.A., Washington, D.C., 20220, copies of amended Schedules pursuant to Rule 1002 |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 11-03-86 | 497 | .271 | CERTIFICATE (Goodman) Affidavit of Mailing of Notice to Creditors and other Parties in Interest Reflected on the Attached List |
| 11-04-86 | 498 | | CERTIFICATE (DIP) Affidavit of Mailing to List of Attorneys & Other Parties Filing Notice of Appearance & Request for Service of Papers; Motions & Orders Document Numbered 374, 375, 376, 377, 378 & 379 |
| 11-04-86 | 516 | | CERTIFICATE (DIP) Affidavit of Mailing to each Entity having a claim that was deleted, added, or otherwise affected by Debtor's Second Amendment to Schedule of Assets & Liabilities, Notice attached as Exhibit A and each Entity whose claim was added to Debtor's Schedules by the Second Amendment, a Notice of Order Fixing a Meeting of Creditors, an 10-1-86 General Bar Date, a 11-15-86, Tax Claim Bar Date; a 11-10-86 Hearing on Disclosure Statement & Times by which certain objections must be filed, Notice attached as Exhibit B |
| 11-05-86 | 517 | 14 | OBJECTION (Halliburton) To Disclosure Statement |
| 11-04-86 | 518 | 103 | ORDER (Enstar, et al) Modifying Stay |
| 11-05-86 | 520 | 59 | MOTION (Tenngasco) Withdrawing as Member of Committee of Unsecured Creditors, Certificate of Service Attached |
| Bk 1 Fld 8 | | | |
| 11-05-86 | 522 | 427 | APPLICATION (Committee of Unsecured Creditors) For Appointment of Attorney for Unsecured Creditors' Committee |
| 11-07-86 | 527 | 400 | CERTIFICATE (Buehler) Affidavit of Mailing of Notice to all parties on attached list |
| 11-07-86 | 528 | 174 | ORDER (Hughes) For Relief from Stay |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 11-10-86 | 531 | 14 | CERTIFICATE (DIP) Affidavit of Mailing of Notice of Order Fixing a Meeting of Creditors; an 10-31-86, General Bar Date and 11-15-86, Tax Claim Bar Date; a 11-10-86, Hearing on Disclosure Statement; Times by Which Certain Objections Must be Filed; and specifying form & manner of Notice ("Notice"), published in the Wall Street Journal on 10-6-86 & 10-13-86 |
| 11-10-86 | 532 | 14 | RESPONSE (DIP) In Opposition to Halliburton Company's Objection to Disclosure Statement |
| 11-10-86 | 534 | 14 | RESPONSE (BTC) Bankers Trust Company's Response to Halliburton Company's Objections to Disclosure Statement Bearing Document No. 517 |
| 11-10-86 | 535 | 14 | MOTION (BTC) Motion of Bankers Trust Company to Strike Objections to Disclosure Statement of Halliburton Services (Document No. 517) CALENDAR TO BE SET AT A LATER DATE |
| 11-10-86 | 536 | 14 | RESPONSE (BTC) Memorandum in Support of Motion of Bankers Trust Company to Strike Objections to Disclosure Statement of Halliburton Services (Document No. 517) |
| 11-10-86 | 537 | 14 | OBJECTION (Walsh) To Disclosure Statement |
| 11-10-86 | 538 | 59 | MOTION (Walsh) For Appointment of Anthony Ben Walsh To The Creditors Committee |
| 11-10-86 | 540 | 14 | ORDER (DIP) Approving Disclosure Statements & Section 1126 (b) Solicitation; Fixing a Time for Filing & Service of any objections to Confirmation (12-12-86); Fixing a Time for Filing Acceptances or Rejections of Plan by Holders of Common Stock (12-15-86); Setting a |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Hearing on Confirmation (12-18-86); & Specifying Form & Manner of Notice - Docket Reference Numbers 14 & 95 |
| | | | CALENDAR Hearing set on Confirmation of Plan on 12-18-86 at 9:00 A.M., (CJH) Courtroom No. 2, 2nd Floor. Courtroom reserved for 12-19-86 if required (CJH) |
| 11-10-86 | 545 | 59 | ORDER (Walsh) Requiring notice of proposed increase or change in the membership of the Unsecured Creditors Committee & setting a hearing date for same |
| | | | CALENDAR Hearing Set for 11-21-86 at 10:00 A.M. (CJH) |
| | | | CALENDAR Hearing Continued to 12-1-86 at 3:00 P.M. (CJH) |
| 11-10-86 | 546 | 59 | ORDER (Tenngasco) Withdrawing as Member of Committee of Unsecured Creditors |
| Bx 21 Fld 9 | | | |
| 11-12-86 | 548 | | CERTIFICATE (DIP) Affidavit of Mailing to list of Attorneys & other parties in interest filing Notice of Appearance & Request for Service of Papers, & to members of the Unsecured Creditors Committee, the Order approving Disclosure Statements & Section 1126 (b) Solicitation; Fixing a Time for Filing & Service of any objections to or rejections of plan by holders of common stock; setting a hearing on confirmation; & specifying form & manner of Notice - Docket Reference Numbers 14 & 95 |
| 11-13-86 | 552 | 43 | REQUEST (Walsh) Notice of Appearance & Request Pursuant To Rule 2002 For Service of Papers to Attorneys, Stutzman & Bromberg, Attn: Sander L. Esserman |
| 11-13-86 | 553 | 11 | OBJECTION (Walsh) To Officers' Compensation At Prefiling Rates, Clerk's Letter & Notice Attached |
| | | | CALENDAR Hearing set for 12-12-86, at 10:00 A.M. (CJH) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 11-13-86 | 554 | 280 | OBJECTION (Walsh) To Continuation of Employment of Copeland, Wickersham, Wiley & Co. ("Copeland") As Financial Advisor & Objection To Its Compensation<br>CALENDAR Hearing set for 11-21-86, 10:00 A.M. (CJH) |
| 11-13-86 | 555 | 43 | MATRIX (Clerk) To DIP adding Attorneys Stutzman & Bromberg, Attn: Sander L. Esserman, to Notice of List & Mailing Matrices |
| 11-13-86 | 556 | 280 | MOTION (Committee of Unsecured Creditors) To Extend Period to Object To Officer & Director Compensation & Compensation of Copeland, Wickersham, Wiley & Company |
| 11-14-86 | 557 | 59 | NOTICE (Walsh) Notice of Hearing on Motion for Appointment to Creditors Committee |
| 11-14-86 | 558 | | CERTIFICATE (DIP) Affidavit of Mailing to all Creditors & Equity Security Holders of record, Notice of Order Approving Disclosure Statements, setting a 12-18-86, hearing on confirmation of Plan of Reorganization & setting times by which objections must be filed (12-12-86) & for filing acceptances & rejection of Plan by holders of common stock (12-15-86) |
| 11-14-86 | 559 | | OBJECTION (Halliburton) To Bankers Trust Company Proof of Claim. CALENDAR TO BE SET AT LATER DATE<br>CALENDAR Hearing Set For 12-12-86, at 10:00 A.M. (CJH) |
| 11-14-86 | 560 | 280 | OBJECTION (Halliburton) To Debtor's Application to Continue Employment of Copeland, Wickersham, Wiley & Co., Inc. as Financial Advisor<br>CALENDAR Hearing set for 11-21-86, 10:00 A.M. (CJH) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 11-14-86 | 561 | 14 | CERTIFICATE (DIP) Affidavit of Mailing to Appointed Committee of Unsecured Creditors, Attorneys & Other Parties In Interest Filing Notice of Allowance & Request for Service of Papers, Creditors Scheduled on A-2 filed as document #107 on 10-15-86, Creditors Filing Proofs of Claim Within the Bar Date & shown on the proof of claim register not otherwise included in the Lists & Schedules previously filed by Debtor, Creditors filing proofs of claim after bar date not otherwise included on the lists & schedules previously filed by debtor, & Indenture Trustees, a Notice of Order Approving Disclosure Statements, Setting a 12-18-86, Hearing on Confirmation of Crystal's Plan of Reorganization & setting times by which objections must be filed (12-12-86) & for filing acceptances or rejections of plan by holders of common stock (12-15-86), copy of Notice attached |
| 11-14-86 | 562 | 400 | OBJECTION (DIP) To Motion To Lift Stay for William Robert Buehler<br>CALENDAR Hearing Set for 11-21-86 at 10:00 A.M. (CJH) |
| 11-17-86 | 572 | 522 | ORDER (Committee of Unsecured Creditors) Authorizing Creditors' Committee To Retain An Attorney |
| 11-17-86 | 575 | 19 | REPORT (DIP) Compliance With Cash Collateral Order, Proposed December, 1986 Budget |
| 11-17-86 | 576 | 14 | CERTIFICATE (Texas American Bank/Dallas) Affidavit of Mailing to all People Listed on the List of Security Holders of COC 14 7/8% Senior dated 10-1-86, a Notice of Order Approving Disclosure Statements, setting a 12-18-86, Hearing on Confirmation of Crystal's Plan of Reorganization & Setting Times by Which Objections Must be Filed (12-12-86) & for Filing Acceptances or Rejections of Plan by Holders of Common Stock (12-15-86) |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 11-17-86 | 577 | 14 | CERTIFICATE (DIP) Affidavit of Mailing to Securities & Exchange Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 & Room 12-4, Everett McKinley Dirksen Building, 219 South Dearborn Street, Chicago, Illinois 60604, a Notice of Order Approving Disclosure Statements, Setting a 12-18-86, Hearing on Confirmation of Crystal's Plan of Reorganization & Setting Times by Which Objections Must be Filed (12-12-86) & for Filing Acceptances or Rejections of Plan by Holders of Common Stock (12-15-86) |
| 11-17-86 | 578 | 14 | CERTIFICATE (Direct Mail Marketing, Inc.) Affidavit of Mailing to List of Division of Interest Owners filed 10-1-86, Replacement to List of Suspense Interest Owners filed as Document 464 on 10-31-86, Replacement to List of Trade Payables & List of Lease Operators styled "List of Trade Payables & Lease Operators" filed as document 464 on 10-31-86, Replacement to List of Miscellaneous Creditors filed as document 464 on 10-31-86 & the Portion of the List of Miscellaneous Creditors filed 10-1-86, Representing Escheat Balances, a Notice of Order Approving Disclosure Statements, setting a 12-18-86, Hearing on Confirmation of Crystal's Plan of Reorganization & Setting Times by Which Objections must be filed (12-12-86 & for Filing Acceptances or Rejections of Plan By Holders of Common Stock (12-15-86) |
| 11-17-86 | 579 | 14 | CERTIFICATE (DIP) Affidavit of Mailing to all people included on the List of Safe Harbor Lease Contracts, a Notice of Order Approving Disclosure Statements, setting a 12-18-86, Hearing on Confirmation of Crystal's Plan of Reorganization & Setting Times By Which Objections Must Be Filed (12-12-86) & For Filing Acceptances Or Rejections of Plan By Holders of Common Stock (12-15-86) |
| 11-17-86 | 580 | 3 | SCHEDULE (DIP) Third Amendment to Schedule of Assets and Liabilities |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 11-19-86 | 583 | 14 | CERTIFICATE (Texas Commerce Bank) Affidavit of Mailing to all people listed on the List of Security Holders of COC dated 10-1-86 a Notice of order approving Disclosure Statements, setting a 12-18-86, hearing on confirmation of Crystal's Plan of Reorganization & setting times by which objections must be filed (12-12-86) & for filing acceptances & rejections of Plan by holders of common stock (12-15-86) |
| 11-19-86<br>Ex. 020<br>Bx 9 | 584 | 14 | CERTIFICATE (Republic Bank Dallas) Affidavit of Mailing to all people listed on the List of Security Holders of COC Common Stock dated 10-1-86 the Order Approving Disclosure Statements & Section 1126(b) Solicitation; Fixing A Time for Filing & Service of Any Objections By Holders of Common Stock (12-15-86); Setting a Hearing on Confirmation (12-18-86); & Specifying Form & Manner of Notice & to all people listed on the List of Security Holders of COC Common Stock dated 11-10-86, the Ballot (with instructions & return envelope), Shareholder Disclosure Statements & Notice |
| Bx #1 Fld 10 | | | |
| 11-19-86 | 585 | | MOTION (Cities Service Oil & Gas Corp./DIP) To Limit Notice of Hearing |
| 11-19-86 | 586 | 587 | NOTICE (Cities Service Oil & Gas Corp./DIP) Notice of Hearing On Motion For Authority To Farm Out Oil, Gas And Mineral Lease |
| 11-19-86 | 587 | | MOTION (Cities Service Oil & Gas Corp./DIP) For Authority To Farm Out Oil, Gas And Mineral Lease, Farmout Agreement Attached<br>CALENDAR Hearing Set For 12-12-86, 3:00 P.M., (CJH) |
| 11-19-86 | 588 | 585 | ORDER (Cities Service Oil & Gas Corp./DIP) Limiting Notice |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 11-20-86 | 589 | 14 | APPEAL (Walsh) Notice of Appeal of Order Approving Disclosure Statements & Section 1126(b) Solicitation; Fixing a Time for Filing & Service of Any Objections to Confirmation; Fixing a Time for Filing Acceptances or Rejections of Plan by Holders of Common Stock; Setting a Hearing on Confirmation; & Specifying Form & Manner of Notice - Docket Reference Numbers 14 & 95 signed by Judge Stephen V. Callaway & entered by the Bankruptcy Court on 11-10-86 |
| 11-20-86 | 590 | 559 | ORDER (HAL, BTC, DIP) Agreed Order Regarding Objection of Halliburton to Proof of Claim Filed By Bankers Trust<br>CALENDAR Hearing Set for 12-12-86, 10:00 A.M., (CJH)<br>CLERKS NOTICE TO BE SENT AFTER FORM APPROVED<br>NOTICE MAILED ON 11-24-86 |
| 11-20-86 | 591 | | CERTIFICATE (DIP) Affidavit of Mailing to all people included on the List of Parties Giving Formal Notice of Address Change (attached as Exhibit A) a Notice of Order Approving Disclosure Statements, Setting A 12-18-86, Hearing on Confirmation on Crystal's Plan Of Reorganization & Setting Times By Which Objections Must Be Filed (12-12-86) & For Filing Acceptances or Rejections of Plan By Holders of Common Stock (12-15-86) |
| 11-21-86 | 592 | 14 | CERTIFICATE (J. Henry Schroder Bank & Trust) Affidavit of Mailing To All People Listed on the List of Security Holders of COC 15% Senior Subordinate Secured Note Due 1995, dated 10-1-86 a Notice Of Order Approving Disclosure Statements, Setting a 12-18-86, Hearing On Confirmation of Crystal's Plan of Reorganization & Setting Times by Which Objections Must be Filed (12-12-86) & for Filing Acceptances or Rejections of Plan By Holders of Common Stock (12-15-86) |
| 11-21-86 | 593 | 11 | MOTION (Committee of Unsecured Creditors) To Extend The Period To Object To Officer & Director |

Box 21, FID 1
CV-87-0023

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Compensation |
| 11-21-86 | 594 | 59 | OBJECTION (Committee of Unsecured Creditors) To Application of Anthony Ben Walsh To Serve As Member of The Official Committee of Unsecured Creditors |
| 11-21-86 | 595 | | REQUEST (Committee of Unsecured Creditors) Notice of Appearance & Request For Service of Papers To Attorneys, Smith, Gambrell & Russell, Attn: P. Steven Kratsch & Simon, Fitzgerald, Cooke, Reed & Welch, Attn: Paul M. Cooke |
| 11-21-86 | 597 | 59 | OBJECTION (DIP) To Motion of Anthony Ben Walsh For Appointment To Creditors Committee |
| 11-21-86 | 599 | | MOTION (Breckenridge Gasoline Co.) For Relief From Automatic Stay<br>CALENDAR Hearing Set For 12-12-86 at 10:00 A.M. (CJH) |
| 11-21-86 | 600 | 599 | MEMO (Breckenridge Gasoline Co.) Memorandum In Support Of Motion To Modify Stay |
| 11-21-86 | 601 | 11 | ORDER (DIP) Agreed Order Extending Time To Object To Officer & Director Compensation up to and including 12-12-86 |
| 11-21-86 | 602 | 374 | MOTION (DIP) To Amend Motion For Authority To Extend Time To Assume Executory Contracts |
| 11-21-86 | 603 | 376 | MOTION (DIP) For Continuance of Hearing On Motion To Compromise Controversy & For Authority To Assume Executory Compromise Agreement<br>CALENDAR Hearing Set For 1-8-87, 10:00 A.M. (CJH) |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 11-21-86 | 604 | 271 | ORDER (Goodman) Modifying Stay |
| 11-24-86 | 606 | | REQUEST (Myrtle Daniels) Entry of Appearance & Request For Notice of Hearings, Eugene C. Fitzhugh, Attorney |
| 11-24-86 | 608 | 43 | MATRIX (Clerk) To DIP adding Attorney, Eugene C. Fitzhugh, to Notice of List & Mailing Matrices |
| 11-24-86 | 609 | 14 | CERTIFICATE (DIP) Affidavit of Mailing to each entity having a claim that was deleted, added, or otherwise affected by Debtor's Third Amendment to Schedule of Assets & Liabilities, a notice in the form attached as Exhibit A properly completed for each recipient; & to each entity whose claim was added to Debtor's Schedules by the Third Amendment a 1) Notice of Order Fixing a Meeting of Creditors; An 10-1-86, General Bar Date & 11-15-86, Tax Claim Bar Date; a 11-10-86, Hearing on Disclosure Statement; Times By Which Certain Objections Must Be Filed: & Specifying Form & Manner of Notice in the form attached hereto as Exhibit B, 2) Notice of Hearing on Necessity of Crystal Oil Company to Solicit Shareholders, Approval of Shareholder Disclosure Statement & Times By Which Certain Objections Must be Filed, dated 10-14-86 in the form attached as Exhibit C, and 3) Notice of Order Approving Disclosure Statements, Setting a 12-18-86, Hearing on Confirmation of Crystal's Plan of Reorganization & Setting Times By Which Objections Must Be filed & for filing Acceptances or Rejections of Plan By Holders of Common Stock, dated 11-10-86 in the form attached as Exhibit D |
| 11-25-86 | 611 | 376 | ORDER (DIP) Granting Continuance of Hearing on Motion To Compromise Controversy & for Authority to Assume Executory Compromise Agreement<br>CALENDAR Hearing Set For 1-8-87, 10:00 A.M. (CJH) |
| 11-25-86 | 612 | 378 | ORDER (DIP) That without further notice or hearing |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | pursuant to Bankruptcy Rule 9019(B), Debtor may compromise or settle any Site Restoration & Damage Obligations it deems in its best interest to compromise or settle up to a maximum amount of $20,000.00 for each single Site Restoration or Damage Obligation |
| 11-25-86 | 613 | 374 | ORDER (DIP) That COC shall have an extension of time to the date of confirmation of its Plan of Reorganization within which to assume or reject any executory contracts or unexpired leases that might be classified as unexpired leases of nonresidential real property |
| 11-26-86 | 614 | 280 | ORDER (Committee of Unsecured Creditors) Agreed Order Extending Time To Object To Officer & Director Compensation & Compensation Of Copeland, Wickersham, Wiley & Company, on or before 11-21-86 |
| 11-26-86 | 615 | 59 | NOTICE (DIP) Of Intention To Take Deposition Upon Oral Examination & Subpoena Duces Tecum of Anthony Ben Walsh |
| 12-01-86<br>Ex 021<br>Bx 10 | 617 | 559 | MEMO (HAL) Brief in Support of Objection to BTC's Proof of Claim |
| 12-01-86 | 618 | 14 | MEMO (Walsh) Designation of Items to be included in the Record and Issues on Appeal |
| 12-01-86 | 619 | 59 | MEMO (Committee of Unsecured Creditors) In Support of Objection of Unsecured Creditors' Committee to Application of Anthony Ben Walsh to Serve As a Member of The Unsecured Creditors' Committee |
| Bx 1 Fld. 11 | | | |
| 12-01-86 | 620 | 11 | REPORT (DIP) Financial Information Covering October, 1986 Operations |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 12-01-86 | 621 | 59 | MEMO (DIP) Debtor's Memorandum of Law in Support of Objection to Motion of Anthony Ben Walsh for Appointment to Creditors Committee |
| 12-01-86 Ex. 021 Bx 10 | 622 | 5 | PLAN (DIP) First Amended & Restated Plan of Reorganization |
| 12-01-86 Ex. 021 Bx 10 | 623 | 5 | PLAN (DIP) First Amended & Restated Plan of Reorganization - Marked Copy |
| 12-02-86 | 626 | | REQUEST (Exxon Company, U.S.A.) Notice of Request for Service of Papers |
| 12-02-86 | 628 | 43 | MATRIX (Clerk) To DIP adding Exxon Company, U.S.A., Attn: Credit Manager, to Notice of List & Mailing Matrices |
| 12-03-86 Ex. 021 Bx 10 | 629 | 59 | MEMO (Walsh) Deposition of Anthony B. Walsh of 12-1-86 Prior to the Hearing Requesting his Appointment to Committee of Unsecured Creditors |
| 12-03-86 | 630 | 59 | CERTIFICATE (DIP) Certificate of Service of CCC's Objection To Motion of Anthony Ben Walsh for Appointment To Creditors Committee hand delivered to Sander L. Esserman of Stutzman & Bromberg, and P. Steven Kratch of Smith, Gambrell & Russell & mailed to parties set forth in attached Schedule A |
| 12-03-86 | 631 | 14 | CERTIFICATE (DIP) Affidavit of Mailing stating Notice of Order Approving Disclosure Statements, Setting a 12-18-86, Hearing on Confirmation of Crystal's Plan of Reorganization & Setting Times By Which Objections Must Be Filed & For Filing Acceptances or Rejections of Plan By Holders of Common Stock was Published in the Wall Street Journal on 11-14-86 & 11-21-86 |
| 12-03-86 | 632 | 5 | CERTIFICATE (DIP) Affidavit of Mailing to Securities |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | & Exchange Commission at 450 Fifth Street, N.W., Washington, D.C. 2-549, & 219 South Dearborn Street, Chicago, Illinois 60604, a copy of COC's First Amended Plan of Reorganization as filed with the Bankruptcy Court on 12-1-86, together with an additional copy of such First Amended Plan of Reorganization marked to Reflect the changes from COC's Plan of Reorganization as filed with the Bankruptcy Court on 10-1-86 |
| 12-03-86<br>Ex. 021<br>Bx. 10 | 633 | 14 | CERTIFICATE (Pandick Press Houston, Inc.) Affidavit of Mailing of Order Approving Disclosure Statements & Section 1126(b) Solicitation; Fixing a Time for Filing and Service of any Objections to Confirmation; Fixing a Time for Filing Acceptances or Rejections of Plan by Holders of Common Stock; Setting a Hearing on Confirmation; and Specifying Form & Manner of Notice, sent to Various "Street Name" Entities in varying quantities |
| 12-03-86 | 634 | 14 | MEMO (DIP) Designation of Items; to be Included in the Record & Issues on Appeal by Anthony Ben Walsh; by the Appellee |
| 12-03-86 | 635 | 14 | LETTER (DIP) To Clerk, Robert H. Shemwell, Requesting Transcripts per Bankruptcy Rule 8006 |
| 12-03-86 | 636 | 5 | CERTIFICATE (DIP) Affidavit of Mailing to Persons listed on The List of Attorneys & Other Parties In Interest Filing Notice of Appearance & Request For Service of Papers & to Members of the Unsecured Creditors Committee shown on attached list copies of 1) First Amended & Restated Plan of Reorganization; 2) First Amended & Restated Plan of Reorganization marked to show changes; 3) Debtor's memorandum of law in support of Objection to Motion of Anthony Ben Walsh for Appointment to Creditors Committee; & 4) Financial information covering October, 1986 operations of the Debtor |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 12-04-86 | 637 | 59 | ORDER (Walsh) Denial of Motion Requesting Appointment of Anthony Ben Walsh to Unsecured Creditors Committee; EOD 4 Dec 1986; NOE to Messrs. King, Jeter, Esserman, Kratsch, and Cook at their respective firms (12-04-86 CJH) |
| 12-05-86 | 638 | 5 | MOTION (DIP) For Determination that COC's First Amended Plan of Reorganization does not adversely change the treatment of the Claims of the Classes of Creditors or Interest Holders which have accepted COC's Plan of Reorganization |
| 12-05-86 | 639 | 5 | ORDER (DIP) Fixing a 12-18-86, Hearing On COC's Motion For Determination that COC's First Amended Plan of Reorganization does not adversely change the treatment of Claims of the Classes of Creditors or Interest Holders which have accepted COC's Plan of Reorganization; Any Objections to be filed by 12-15-86<br>CALENDAR Hearing Set for 12-18-86, 9:00 A.M, Courtroom No. 2, 2nd Floor (CJH) |
| 12-05-86 | 644 | | CERTIFICATE (DIP) Affidavit of Secretary of COC Outlining COC's Certain Voting Activities Between 6-11-86 & 11-10-86 |
| 12-05-86 | 645 | | MOTION (DIP, BTC) Request For Stenographic Recording Of Proceedings |
| 12-05-86 | 646 | 645 | ORDER (DIP, BTC) Approving Motion Number 645 |
| 12-05-86 | 647 | 5 | CERTIFICATE (DIP) Affidavit of Mailing to List of Attorneys & Other Parties in Interest filing Notice of Appearance & Request for Service of Papers & to the Members of the Unsecured Creditors Committee, a copy of the Notice of Hearing on Motion For Determination that COC's First Amended Plan of Reorganization Does Not Adversely Change the |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Treatment of Claims of the Classes of Creditors or Interest Holders Which have Accepted COC's Plan of Reorganization |
| 12-08-86 | 649 | 5 | CERTIFICATE (DIP) Affidavit of Mailing to Securities & Exchange Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, & 219 South Dearborn Street, Chicago, Illinois 60604, a copy of the Notice of Hearing on Motion for Determination that COC's First Amended Plan of Reorganization Does Not Adversely Change the Treatment of Claims of the Classes of Creditors or Interest Holders Which Have Accepted COC's Plan of Reorganization |
| 12-08-86 Ex #022 Bx 10 | 650 | 14 | MEMO (DIP) Transcript of Hearing on Approval of Disclosure Statement on 11-10-86 |
| 12-09-86 Ex #022 Bx 10 | 651 | 559 | MEMO (BTC) Memorandum In Response To Halliburton's Objection To Proof Of Claim of Bankers Trust Company |
| Bx #1 Fld. 12 | | | |
| 12-09-86 | 652 | 5 | OBJECTION (IRS) To Plan of Reorganization |
| 12-10-86 | 653 | 400 | ORDER (Buehler) Granting Relief From Stay of Suit Against Debtor |
| 12-10-86 | 654 | | REQUEST (Gasland, Inc., n/k/a TransAmerican Natural Gas Corp.) Notice of Appearance & Request For Notice Pursuant To Bankruptcy Rule 2002, to Attorneys Liddell, Sapp & Zivley, Attn: Karen M. Zuckerman |
| 12-10-86 | 656 | 599 | ORDER (Breckenridge Gasoline Co.) Terminating Relief From Automatic Stay |
| 12-10-86 | 657 | 43 | MATRIX (Clerk) To DIP adding Attorneys Liddell, Sapp & Zivley, Attn: Karen M. Zuckerman, to Notice of List & Mailing Matrices |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 12-12-86 | 658 | 5 | OBJECTION (Walsh) To Plan of Reorganization & Memorandum In Support Thereof |
| 12-12-86 | 659 | 5 | MEMO (Walsh) Brief In Support of Objections To Plan of Reorganization |
| 12-12-86 | 660 | 559 | MEMO (Committee of Unsecured Creditors) Memorandum of Points & Authorities |
| 12-12-86 | 661 | 5 | OBJECTION (Cushner, et al) To Disclosure Statement & Plan of Reorganization by Letter dated 12-9-86 to Judge Stephen J. Callaway |
| 12-12-86 | 662 | 17 | MOTION (DIP) For Second Amendment To Order Authorizing DIP To Establish & Maintain Banking Deposits &/or Investments |
| 12-12-86 | 663 | 17 | ORDER (DIP) Granting Motion #662 |
| 12-12-86 | 664 | 559 | MEMO (HAL) Reply Brief In Support of Halliburton's Objection To Bankers Trust Company's Proof of Claim |
| 12-15-86 | 667 | 587 | CERTIFICATE (Cities Service Oil & Gas Corp.) That No Objections Have Been Timely Filed |
| 12-15-86 | 668 | 587 | CERTIFICATE (Cities Service Oil & Gas Corp.) Affidavit of Mailing of Notice of Hearing on Motion For Authority To Farm Out Oil, Gas & Mineral Lease to all parties on the list attached as Exhibit II, or through their attorneys of record |
| 12-15-86 | 669 | 5 | OBJECTION (Donald E. Garrett) To Confirmation of Components of Crystal's Plan of Reorganization |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 12-15-86 | 670 | 11 | ORDER (Walsh) Ordering that the compensation set forth in the Schedule of Compensation is hereby approved except that approval of the bonus compensation described in footnote 1 of the Schedule of Compensations is deferred until a hearing to be set post-confirmation after notice thereof & that a copy of this order together with the Schedule of Compensation shall be sent to all members of the Unsecured Creditors Committee & all attorneys or persons who have appeared & requested that all notices be mailed to them together with a notice that a hearing will be set for 1-8-87, at 10:00 a.m. to reconsider this order if & only if any objections are filed with the clerk of the United States Bankruptcy Court by 5:00 p.m. on 1-5-87, Clerks letter to DIP & Notice attached (NOE sent to Sander Esserman, Unsecured Creditors Committee & Mailing Matrix of those requesting service of papers 12-15-86) CALENDAR Hearing Set for 10:00 A.M., 1-8-87 (if required, CJH) |
| 12-15-86 | 671 | 19 | REPORT (DIP) Compliance With Cash Collateral Order, Proposed January, 1986 Budget |
| 12-16-86 Ex # 023 Bx 10 | 672 | 14 | MINUTES (Judge Stephen V. Callaway) November 10, 1986 Hearing Approving Disclosure Statement, Halliburton Objection denied, Judge's Notes Attached |
| 12-16-86 Ex # 024 Bx 10 | 673 | 59 | MINUTES (Judge Stephen V. Callaway) December 1, 1986 Hearing denying Mr. Anthony Ben Walsh from Unsecured Creditors Committee, Judge's Notes Attached |
| 12-16-86 | 674 | | REQUEST (Gordon, Arata, McCollam, Stuart & Duplantis) Notice of Appearance & Request for Service of Notices & Pleadings, Attn: F. Neelis Roberts |
| 12-15-86 Ex. # 024 Bx 10 | 675 | 559 | MEMO (BTC) Transcript of Hearing on Bankers Trust Company's Proof of Claim on 12-12-86 |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 12-16-86 | 677 | 43 | MATRIX (Clerk) To DIP adding Attorneys Gordon, Arata, McCollam, Stuart & Duplantis, Attn: F. Neelis Roberts, to Notice of List & Mailing Matrices |
| 12-16-86 | 678 | 5 | ORDER (COC, BTC, HAL) Order that Halliburton and the Bank be given until 5:00 P.M. on Wednesday, December 17, 1986 to File any Objection to the DIP's Second Amended Plan of Reorganization and BTC and HAL be Permitted an Indefinite Extension Within which to Cast their Respective Ballots in Connection with the Plan |
| 12-16-86 | 679 | | CERTIFICATE (DIP) Affidavit of Mailing to List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of Papers, January 1987 Budget, Motion for Second Amendment to Order Authorizing Debtor-in-Possession to Establish and Maintain Banking Deposits and/or Investments, Order Regarding Louisiana Bank & Trust Account, Order Regarding Executive Compensation, Schedule of Compensation and Notice to Creditors |
| 12-16-86 | 680 | | OBJECTION (DIP) Objection to Proofs of Claim of Paid Division Interest Owners with Disputed Suspense Amounts; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 1-23-87 (CJH) |
| 12-16-86 | 681 | | OBJECTION (DIP) Objection to Proof of Claim of Paul A. Kern, Jr.; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 1-23-87 (CJH) |
| 12-16-86 | 682 | | OBJECTION (DIP) Objection to Proof of Claim of Carl Oil & Gas Co.; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 1-23-87 (CJH) |
| 12-16-86 | 683 | | OBJECTION (DIP) Objection to Proof of Claim of Carl |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Oil & Gas, Ltd.-J, A Texas Limited Partnership, and a Partnership in Commendam in Louisiana under the name of William E. Carl-J; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 1-23-87 (CJH) |
| 12-16-86 | 684 | | OBJECTION (DIP) Objection to Proof of Claim of Burleigh Oxford (Document Number 370); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 1-23-87 (CJH) |
| 12-16-86 | 685 | | OBJECTION (DIP) Objection to Proof of Claim of MGF Newsub, Inc. (Document Number 357); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 1-23-87 (CJH) |
| 12-16-86 | 686 | | OBJECTION (DIP) Objection to Proof of Claim of Loomis International Inc. (Document Number 172); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 1-23-87 (CJH) |
| 12-16-86 | 687 | | OBJECTION (DIP) Objection to Proof of Claim of Elizabeth Ann Nipper Farrar (Document Number 416); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 1-23-87 (CJH) |
| Bx#1 Fld 13 | | | |
| 12-16-86 | 688 | | OBJECTION (DIP) Objection to Proof of Claim of 100,000 Auto Parts, a Division of Strafco, Inc. (Document Number 574); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 1-23-87 (CJH) |
| 12-16-86 | 689 | | OBJECTION (DIP) Objection to Proof of Claim of Entex |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Energy Operating, LTD. (Document Number 507); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 1-23-87 (CJH) |
| 12-16-86 | 690 | | OBJECTION (DIP) Objection to Proof of Claim of B & B Oil Tools, Inc. (Document Numbers 131 and 211); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 1-23-87 (CJH) |
| 12-16-86 | 691 | | OBJECTION (DIP) Objection to Proofs of Claim of Arkla Released Gas Company, a Division of Arkla Energy Marketing Company (Document No. 481) and Arkla Energy Resources, A Division of Arkla, Inc. (Document No. 482); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 1-23-87 (CJH) |
| 12-16-86 | 692 | | OBJECTION (DIP) Objection to Proofs of Claim of Division Interest Owners Improperly Filed Against Debtor; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 1-23-87 (CJH) |
| 12-16-86 | 693 | | OBJECTION (DIP) Objection to Proofs of Claim of Disputed Suspense Amounts; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 1-23-87 (CJH) |
| 12-16-86 | 694 | | OBJECTION (DIP) Objection to Proofs of Claim of Paid Division Interest Owners; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 1-23-87 (CJH) |
| 2-16-86 | 695 | | OBJECTION (DIP) Objection to Proofs of Claim of Paid Pre Petition Division Interest Owners and Nothing Due |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Post Petition; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M.<br>1-23-87 (CJH) |
| 12-16-86 | 696 | | OBJECTION (DIP) Objection to Proof of Claim of Cities Service Oil and Gas Corp. (Document Number 440); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M.<br>1-23-87 (CJH) |
| 12-17-86 | 697 | | OBJECTION (DIP) Objection to Proof of Claim of The Aetna Casualty & Surety Company (Document No. 360); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M.<br>1-23-87 (CJH) |
| 12-17-86 | 698 | | OBJECTION (DIP) Objection to Proof of Claim of Edward J. Assiter, D/B/A Bob J. Ivy Company; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M.<br>1-23-87 (CJH) |
| 12-17-86 | 699 | | OBJECTION (DIP) Objection to Proof of Claim of Parey P. Branton; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M.<br>1-23-87 (CJH) |
| 12-17-86 | 700 | | OBJECTION (DIP) Objection to Proof of Claim of Gary R. Boucher (Document No. 422); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M.<br>1-23-87 (CJH) |
| 12-17-86 | 701 | | OBJECTION (DIP) Objection to Proof of Claim of Hubberd H. Boucher and Velma H. Boucher (Document No. 414); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M.<br>1-23-87 (CJH) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 12-17-86 | 702 | | OBJECTION (DIP) Objection to Proof of Claim of J. Scott Boucher (Document No. 418); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 1-23-87 (CJH) |
| 12-17-86 | 703 | | OBJECTION (DIP) Objection to Proof of Claim of William Robert Buehler (Document No. 400); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 1-23-87 (CJH) |
| 12-17-86 | 704 | | OBJECTION (DIP) Objection to Proof of Claim of Buttes Resources Company; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 1-23-87 (CJH) |
| 12-17-86 | 705 | | OBJECTION (DIP) Objection to Proof of Claim Carl E. Calendar and Janas K. Calendar; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-6-87 (CJH) |
| 12-17-86 | 706 | | OBJECTION (DIP) Objection to Proof of Claim of Cora Lee Catchings, Leslie Horn, Bailey Lathem, Joe Lee, Sid B. Lee, Mrs. Willie Maud Rodgers, and Mrs. Florence Swinney; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-6-87 (CJH) |
| 12-17-86 | 707 | | OBJECTION (DIP) Objection to Proof of Claim of Cities Service Oil and Gas Corp.; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-6-87 (CJH) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 12-17-86 | 708 | | OBJECTION (DIP) Objection to Proof of Claim of Cities Service Oil and Gas Corporation; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-6-87 (CJH) |
| 12-17-86 | 709 | | OBJECTION (DIP) Objection to Proof of Claim of Cities Service Oil and Gas Corporation; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-6-87 (CJH) |
| 12-17-86 | 710 | | OBJECTION (DIP) Objection to Proof of Claim of Coastal States Crude Gathering Company; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-6-87 (CJH) |
| 12-17-86 | 711 | | OBJECTION (DIP) Objection to Proof of Claim of Columbia Gas Transmission Corporation; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-6-87 (CJH) |
| 12-17-86 | 712 | | OBJECTION (DIP) Objection to Proof of Claim of Public Debt and Common Stock Holders Not Of Record; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-6-87 (CJH) |
| 12-17-86 | 713 | | OBJECTION (DIP) Objection to Proof of Claim of Enstar Corporation; TXO Producing Properties Corp.; Louis Gerstley, Jr.; G. F. Bauerdorf; W. P. Prentiss; Charlton M. Lyons, Jr.; Hal M. Lyons; C. H. Lyons, Trustee; M. Ascher; Audrey M. Pyburn Estate; Atlantic Richfield Company; Lillian E. Taubel; Gulf Oil Corporation; and Placid Oil Corporation; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-6-87 (CJH) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| Bx 1 Fld 14 | | | |
| 12-17-86 | 714 | | OBJECTION (DIP) Objection to Proof of Claim of Emma B. Flarity; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-6-87 (CJH) |
| 12-17-86 | 715 | | OBJECTION (DIP) Objection to Proof of Claim of Michael Goodman; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-6-87 (CJH) |
| 12-17-86 | 716 | | OBJECTION (DIP) Objection to Proof of Claim of Mrs. Gaye Oxford Gould (Document No. 484); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-6-87 (CJH) |
| 12-17-86 | 717 | | OBJECTION (DIP) Objection to Proof of Claim of Hassie Hunt Exploration Company (Document Number 314); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-6-87 (CJH) |
| 12-17-86 | 718 | | OBJECTION (DIP) Objection to Proof of Claim of Hawn Tool Company; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-6-87 (CJH) |
| 12-17-86 | 719 | | OBJECTION (DIP) Objection to Proof of Claim of Henry Harry Hanna, Jr.; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-6-87 (CJH) |
| 12-17-86 | 720 | | OBJECTION (DIP) Objection to Proof of Claim of Robert Dickey Hornbuckle; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | 2-6-87 (CJH) |
| 12-17-86 | 721 | | OBJECTION (DIP) Objection to Proof of Claim of Devin Ray Hughes; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-6-87 (CJH) |
| 12-17-86 | 722 | | OBJECTION (DIP) Objection to Proof of Claim of Louisiana Power & Light Company; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-6-87 (CJH) |
| 12-17-86 | 723 | | OBJECTION (DIP) Objection to Proof of Claim of Gwendolyn S. Martin (Document Number 367); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-6-87 (CJH) |
| 12-17-86 | 724 | | OBJECTION (DIP) Objection to Proof of Claim of Harry McConnell; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-6-87 (CJH) |
| 12-17-86 | 725 | | OBJECTION (DIP) Objection to Proof of Claim of James McConnell; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-6-87 (CJH) |
| 12-17-86 | 726 | | OBJECTION (DIP) Objection to Proof of Claim Brooksey W. McCuen and Betty H. McCuen; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-6-87 (CJH) |
| 12-17-86 | 727 | | OBJECTION (DIP) Objection to Proof of Claim of Mobil Oil Exploration & Producing Southeast, Inc.; Clerk's Notice Hand Delivered to DIP |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | CALENDAR: Hearing Set for 10:00 A.M. 2-6-87 (CJH) |
| 12-17-86 EX 024 BX. 10 | 728 | | OBJECTION (DIP) Objection to Proof of Claim of Dalton P. Morgan, Mary K. Morgan, Gary D. Morgan and Marcia Benson Morgan; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-6-87 (CJH) |
| 12-17-86 | 729 | | OBJECTION (DIP) Objection to Proof of Claim of Clyde E. Mullins and Loretta M. Mullins; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-6-87 (CJH) |
| 12-17-86 | 730 | | OBJECTION (DIP) Objection to Proof of Claim of Lisa Lake Oxford; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-18-87 (CJH) |
| 12-17-86 | 731 | | OBJECTION (DIP) Objection to Proof of Claim of Mr. and Mrs. Leon Pesnell; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-18-87 (CJH) |
| 12-17-86 | 732 | | OBJECTION (DIP) Objection to Proof of Claim of PGC Pipeline, A Division of LPC Energy, Inc.; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-18-87 (CJH) |
| 12-17-86 | 733 | | OBJECTION (DIP) Objection to Proof of Claim of PGC Pipeline, A Division of LPC Energy, Inc.; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-18-87 (CJH) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 12-17-86 | 734 | | OBJECTION (DIP) Objection to Proof of Claim of Ray B. Powers, Jr.; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-18-87 (CJH) |
| 12-17-86 | 735 | | OBJECTION (DIP) Objection to Proof of Claim of Ramsey Property Management, Inc. (Document Nos. 365 and 607); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-18-87 (CJH) |
| 12-17-86 | 736 | | OBJECTION (DIP) Objection to Proof of Claim of Ruth Dunn Redding and Clarice D. Sanders; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-18-87 (CJH) |
| 12-17-86 | 737 | | OBJECTION (DIP) Objection to Proof of Claim of Somerset Land and Cattle Company; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-18-87 (CJH) |
| 12-17-86 | 738 | | OBJECTION (DIP) Objection to Proof of Claim of Staf Sales & Equipment, Inc. (Document No. 551); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 9:00 A.M. 2-18-87 (CJH) |
| 12-17-86 | 739 | | OBJECTION (DIP) Objection to Proof of Claim of Hershel Shaver and Christene Shaver; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-18-87 (CJH) |
| 12-17-86 | 740 | | OBJECTION (DIP) Objection to Proof of Claim of Vernon Baptist Church; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-18-87 (CJH) |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 12-17-86 | 741 | | OBJECTION (DIP) Objection to Proof of Claim of Weiser-Brown Oil Company; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-18-87 (CJH) |
| 12-17-86 | 742 | | OBJECTION (DIP) Objection to Proof of Claim of The Travelers Insurance Company; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-18-87 (CJH) |
| 12-17-86 | 743 | | OBJECTION (DIP) Objection to Proof of Claim of Tammy Lana Wesley, Sheva Rene Wesley and Nani Welsey (Document No. 480); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-18-87 (CJH) |
| 12-17-86 | 744 | | OBJECTION (DIP) Objection to Proof of Claim of Texaco Producing, Inc. (Document No. 468); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-18-87 (CJH) |
| 12-17-86 | 745 | | OBJECTION (DIP) Objection to Proof of Claim of Thomas J. Williams (Document No. 526); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-18-87 (CJH) |
| 12-17-86 | 746 | | OBJECTION (DIP) Objection to Proof of Claim of Martye Jean Rodgers Stuart and Marvin Janelle Bentrop; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-18-87 (CJH) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 12-17-86 | 747 | | OBJECTION (DIP) Objection to Proof of Claim of Roy Lee Rogers, Jr., Patricia R. Rogers and Wayne L. McCann; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-18-87 (CJH) |
| Bx 1 Fld 15 | | | |
| 12-17-86 | 750 | | OBJECTION (DIP) Objection to Proof of Claim of Charter Oil Company (Document Number 551); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-18-87 (CJH) |
| 12-17-86 | 751 | | OBJECTION (DIP) Objection and Opposition to Proof of Claim and Amended Proof of Claim Filed by Breckenridge Gasoline Company; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-18-87 (CJH) |
| 12-17-86 | 752 | | OBJECTION (DIP) Objection to Proof of Claim of The Charter Company (Document Number 320); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-18-87 (CJH) |
| 12-17-86 | 753 | | OBJECTION (DIP) Objection to Proof of Claim of AGB Oil Company; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-18-87 (CJH) |
| 12-17-86 | 754 | 5 | PLAN (DIP) Second Amended and Restated Plan of Reorganization |
| 12-17-86 | 755 | 5 | PLAN (DIP) Second Amended and Restated Plan of Reorganization - Marked Copy |
| Bx 1 Fld 16 | | | |
| 12-17-86 | 756 | 5 | MEMO (DIP) Memorandum in Support of Confirmation of |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Plan of Reorganization |
| 12-17-86 | 757 | 5 | MEMO (DIP) Memorandum of Law |
| 12-17-86 | 758 | 5 | MOTION (DIP) Motion for Determination that Crystal Oil Company's Second Amended Plan of Reorganization Does Not Adversely Change the Treatment of the Claims of the Classes of Creditors or Interest Holders Which Have Accepted Crystal Oil Company's Plan of Reorganization |
| 12-17-86 | 759 | 5 | OBJECTION (HAL) Objection to Confirmation of Plan of Reorganization |
| 12-17-86 | 760 | 5 | MEMO (HAL) Memorandum in Support of Halliburton Services Objection to Confirmation of Plan of Reorganization |
| 12-17-86 | 761 | 5 | CERTIFICATE (HAL) Affidavit of Mailing to List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of Papers, Objection to Confirmation of Plan of Reorganization and Memorandum in Support of Objection to Confirmation of Plan of Reorganization |
| 12-17-86 | 763 | 587 | ORDER (Cities Service Oil & Gas Corp./DIP) Granting Motion for Authority to Farm Out Oil, Gas and Mineral Lease |
| 12-18-86 | 764 | | CERTIFICATE (DIP) Affidavit of Mailing to List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of Papers and Unsecured Creditors Committee, List of Objections to Proofs of Claims |
| 2-18-86 | 765 | | CERTIFICATE (DIP) Certificate of Service of Memorandum in Support of Confirmation of Plan of |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Reorganization, Motion for Determination that Crystal Oil Company's Second Amended Plan of Reorganization does not adversely change the treatment of the claims of the classes of creditors or interest holders which have accepted Crystal Oil Company's Plan of Reorganization and Memorandum of Law on Subordination to List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of Papers, |
| | | | Bx #1 Fld 17 |
| 12-18-86 | 766 | 669 | RESPONSE (Unsecured Creditors) Statement of Official Committee of Unsecured Creditors in Support of Plan of Reorganization and Response to Objection of Donald E. Garrett |
| 2-18-86 | 767 | 658 | MEMO (Unsecured Creditors) Memorandum in Response to Objection to Plan of Reorganization filed by Anthony Ben Walsh |
| 12-18-86 | 768 | | OBJECTION (DIP) Objection to Proofs of Claim of Texas American Bank/Dallas (Documents Numbered 372, 373, 424 and 425); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-20-87 (CJH) |
| 12-18-86 | 769 | | OBJECTION (DIP) Objection to Duplicative Proofs of Claim of Public Debt Holders and/or Proofs of Claim that Failed to Deduct Unamortized Discount; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-20-87 (CJH) |
| 12-18-86 | 770 | | OBJECTION (DIP) Objection to Proofs of Claim of Louisiana Department of Revenue and Taxation (Document Numbers 519 and 549); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-20-87 (CJH) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 12-18-86 | 771 | | OBJECTION (DIP) Objection to Proof of Claim of Phillips Petroleum Company (Document No. 431); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-20-87 (CJH) |
| 12-18-86 | 772 | | OBJECTION (DIP) Objection to Proof of Claim of Halliburton Services, A Division of Halliburton Company (Document Number 325); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-20-87 (CJH) |
| 12-18-86 | 773 | | OBJECTION (DIP) Objection to Proofs of Claim of Louisiana Department of Revenue and Taxation (Document Numbers 197 and 573); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-20-87 (CJH) |
| 12-18-86 | 774 | | OBJECTION (DIP) Objection to Proof of Claim of Louisiana Department of Revenue and Taxation (Document Number 200); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-20-87 (CJH) |
| 12-18-86 | 775 | | OBJECTION (DIP) Objection to Proof of Claim of Louisiana Department of Revenue and Taxation (Document Number 547); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-20-87 (CJH) |
| 12-18-86 | 776 | | OBJECTION (DIP) Objection to Proofs of Claim of Louisiana Department of Revenue and Taxation (Document Numbers 196 and 199); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-20-87 (CJH) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 12-18-86 | 777 | | OBJECTION (DIP) Objection to Proof of Claim of Wyoming Department of Revenue and Taxation (Document Number 224); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-20-87 (CJH) |
| 12-18-86 | 778 | | OBJECTION (DIP) Amended Objection to Proof of Claim of Bobby E. Gilliam and Margaret T. Gilliam (Document Number 266); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-20-87 (CJH) |
| 12-18-86 | 779 | | OBJECTION (DIP) Objection to Proof of Claim of Ellis S. Gilliam; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-20-87 (CJH) |
| 12-18-86 | 780 | | APPEAL (HAL) Notice of Appeal from the Final Order of the Bankruptcy Court Overruling Halliburton's Objection and Allowing the Proof of Claim of Bankers Trust Company signed on the 18th day of December, 1986. |
| 12-18-86 | 781 | 5 | BALLOT (HAL) Halliburton Company's Ballot Rejection the Amended Plan of Reorganization |
| 12-18-86 | 782 | | OBJECTION (DIP) Objection to Proof of Claim of Helen E. Bobbitt (Document Number 122); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-20-87 (CJH) |
| 12-18-86 | 783 | | OBJECTION (DIP) Objection to Proof of Claim of Birgitta M. Grosman (Document Number 256); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-20-87 (CJH) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 12-18-86 | 784 | | OBJECTION (DIP) Objection to Proof of Claim of Louis J. Polito (Document No. 222); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-20-87 (CJH) |
| 12-18-86 | 785 | | OBJECTION (DIP) Objection to Proof of Claim of Edward M. Kelly and Elizabeth R. Shelton (Document Number 67); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-20-87 (CJH) |
| 12-18-86 | 786 | | OBJECTION (DIP) Objection to Proofs of Claim of Placid Oil Company (Document Nos. 465 and 525); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-20-87 (CJH) |
| 12-18-86 | 787 | | OBJECTION (DIP) Objection to Proof of Claim of Edwin C. Simonton (Document No. 508); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-20-87 (CJH) |
| 12-18-86 | 788 | | OBJECTION (DIP) Objection to Proofs of Claim of Cities Service Oil & Gas Corporation (Document Nos. 432 and 433); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-20-87 (CJH) |
| Bx#1 Fld 18 | | | |
| 12-18-86 | 789 | 590 | ORDER (HAL) Order Overruling Halliburton Company's Objection to and Allowing Proof of Claim of Bankers Trust Company |
| 2-17-86 | 790 | 5 | ORDER (DIP) Order Fixing a December 18, 1986, Hearing on Crystal Oil Company's Motion for determination that Crystal Oil Company's Second Amended Plan of |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Reorganization does not adversely change the treatment of claims of the classes of creditors or interest holders which have accepted Crystal Oil Company's Plan of Reorganization |
| 12-19-86 | 791 | | OBJECTION (DIP) Objection to Proofs of Claim of United States of America, Department of the Treasury, Internal Revenue Service; Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-20-87 (CJH) |
| 12-19-86 | 792 | 764 | CERTIFICATE (DIP) Amendment to Affidavit of Mailing to List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of Papers and Unsecured Creditors Committee, Attached Notices to Objections to Proofs of Claim listed in Document No. 764 |
| 12-19-86 | 793 | | CERTIFICATE (DIP) Affidavit of Mailing to List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of Papers and Unsecured Creditors Committee, List of Objections to Proofs of Claim and Attached Notices to Objections to Proofs of Claim |
| 12-19-86 | 794 | | OBJECTION (DIP) Objection to Proof of Claim of Fina Oil and Chemical Company (Document No. 676); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-20-87 (CJH) |
| 12-19-86 | 795 | | OBJECTION (DIP) Objection to Proof of Claim of National Tank Company (Document No. 648); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-20-87 (CJH) |
| 12-19-86 | 796 | | OBJECTION (DIP) Objection to Proof of Claim of |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Federal Express Corporation (Document No. 665); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 2-20-87 (CJH) |
| 12-19-86 | 797 | | OBJECTION (DIP) Objection to Proof of Claim of Texas Commerce Bank National Association (Document No 412); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 3-20-87 (CJH) |
| 12-19-86 | 798 | | OBJECTION (DIP) Objection to Proof of Claim of Texas Commerce Bank National Association (Document No. 411); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 3-20-87 (CJH) |
| 12-19-86 | 799 | | OBJECTION (DIP) Objection to Proof of Claim of Texas Commerce Bank National Association (Document No. 405); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 3-20-87 (CJH) |
| 12-19-86 | 800 | | REJECTION (DIP) Rejection of Executory Contract of Breckenridge Gasoline Company |
| 12-19-86 | 801 | 800 | ASSUMPTION (DIP) Assumption of Executory Contracts and Unexpired Leases |
| 12-19-86 | 802 | | CERTIFICATE (DIP) Affidavit of Mailing to List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of Papers and Unsecured Creditors Committee, Attached Notices for Objections to Proof of Claims and List of Objections to Proof of Claims |
| 12-19-86 | 803 | | CERTIFICATE (DIP) Affidavit of Mailing to claimants in each of the objections listed below a copy of the |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | objection to the respective claimant's proof of claim together with Notice of Hearing |
| 12-19-86 | 804 | | CERTIFICATE (DIP) Affidavit of Mailing to the claimants in in each of the objections listed below a copy of the objection to the respective claimant's proof of claim together with Notice of Hearing |
| 12-19-86 | 805 | | CERTIFICATE (DIP) Affidavit of Mailing to the claimants in each of the objections listed below a copy of the objection to the respective claimant's proof of claim together with Notice of Hearing |
| 12-19-86 | 806 | 5 | BALLOT (BTC) Bankers Trust Company's Ballot Accepting the Second Amended Plan of Reorganization |
| EX.058 Bx.17-18 | | | |
| 12-23-86 | 807 | 694 | LETTER (Wiley W. Clary) Asking Court to Withdraw Proof of Claim |
| Bx 2 Fld #19 | | | |
| 12-24-86 | 809 | 780 | MEMO (HAL) Designation of Items to be Included in the Record on Appeal and Statement of Issues |
| 12-29-86 | 815 | 694 | LETTER (Owen R. Williams, Jr.) Request the Court to Withdraw Claimholder's Proof of Claim Listed as Document No. 694 |
| 12-29-86 | 816 | | OBJECTION (DIP) Objection to Proof of Claim of Halliburton Services, a Division of Halliburton Company (Document Number 324); Clerk's Notice Hand Delivered to DIP<br>CALENDAR: Hearing Set for 10:00 A.M. 3-20-87 (CJH) |
| 2-29-86 | 817 | 5 | MEMO (DIP) Letter Asking the Court to Enter Order confirming Second Amended Plan of Reorganization |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 12-29-86 | 818 | 816 | CERTIFICATE (DIP) Affidavit of Mailing to the Persons Listed on the List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of Papers of the Objection to Proof of Claim of Halliburton Services, A Division of Halliburton Company (Document 324) |
| 12-23-86 Ex. 024 Dx. 10 | 819 | 538 | MEMO (DIP) Transcript of Hearing on Motion for Appointment to the Creditors' Committee by Ben Walsh of December 1, 1986 |
| 12-30-86 | 820 | | LETTER (David K. Ranger) Letter to Insure that no Intentions were made to Duplicate his Claim |
| 12-30-86 | 821 | 769 | LETTER (Robert B. Davis) Letter Objecting as to Failing to Provide for a Deduction for Unamortized Discount when Applicable. |
| 12-30-86 | 822 | 769 | LETTER (Hubert M. McKelvy) Letter to Advise there were no Intentions of Filing a Duplicate claim |
| 12-30-86 | 823 | 780 | MEMO (BTC) Designation of Additional Items to be Included in the Record on Appeal, Submitted by Bankers Trust Company on HAL Appeal to BTC Claim |
| 12-30-86 | 824 | 780 | MEMO (DIP) Designation of Additional Items to be Included in the Record on Appeal of HAL |
| 12-30-86 | 825 | 11 | REPORT (DIP) Financial Information Covering November 1986 Operations |
| 12-30-86 | 826 | 818 | CERTIFICATE (DIP) Amendment to Affidavit of Mailing Filed December 29, 1986 to the Persons Listed on the List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of Papers, a Mailing Affidavit which Failed to |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Indicate that all Parties Referenced on Item 2 therein Received a Copy of the Notice of Hearing for the "Objection to Proof of Claim of Halliburton Services, A Division of Halliburton Company (Document #324)" |
| 12-31-86 | 827 | | ORDER (Proposed-Unsigned) Halliburton Proposed Agreed Order which was Submitted as an Attachment to Letter, Document #828. Separately Filed in Error and should have been Attached to Letter, Document No. 828 |
| 12-31-86 | 828 | 827 | LETTER (HAL) Letter Submitting Proposed Agreed Order, Document No. 827 |
| 2-31-86 | 829 | 694 | LETTER (Carolyn Williams) Letter Asking the Court to Withdraw Proof of Claim, Document No. 149 |
| 12-31-86 | 830 | 694 | LETTER (Spurgen P. Howe) Letter Asking the Court to Withdraw Proof of Claim, Document No. 179 |
| 12-31-86 | 831 | 11 | MEMO (DIP) Verification of Financial Information |
| 12-31-86 | 832 | 5 | LETTER (Kratsch) Asking Court to Confirm Second Amended Plan |
| 12-31-86 | 833 | 5 | ORDER (DIP) Confirming Plan. EOD 12-31-86. NOE sent to those on the Notice and Appearance List, Unsecured Creditors Committee, Harris (IRS), Cushner, Still and Jeter by Clerk 12-31-86 |
| 12-31-86 | 834 | | LETTER (Jackson B. Davis) Asking the Court to Withdraw Proof of Claim |
| 1-05-87 | 836 | 686 | LETTER (Loomis International Inc.) Asking the Court to Withdraw Proof of Claim |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 01-05-87 | 837 | 695 | LETTER (Earl R. Butler) Asking the Court to Withdraw Proof of Claim |
| 01-05-87 | 838 | 694 | LETTER (Leland E. Morgan) Asking the Court to Withdraw Proof of Claim |
| 01-05-87 | 839 | 5 | MEMO (DIP) Master Index of the Transcript for Hearing on Confirmation of Plan |
| 01-05-87 | 840 | 5 | MEMO (DIP) Transcript of Hearing on Confirmation of Plan, Volume IV |
| 1-05-87 | 841 | 5 | MEMO (DIP) Transcript of Hearing on Confirmation of Plan, Volume V |
| 01-05-87 | 842 | 11 | CERTIFICATE (DIP) Affidavit of Mailing to List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of Papers and members of the Unsecured Creditors Committee, the Financial Information Covering November 1986 Operations and Verification of Financial Information |
| 12-31-86 | 843 | 5 | MEMO (DIP) Transcript of Hearing on Confirmation of Plan, Volume I |
| 12-31-86 | 844 | 5 | MEMO (DIP) Transcript of Hearing on Confirmation of Plan, Volume II |
| 12-31-86 | 845 | 5 | MEMO (DIP) Transcript of Hearing on Confirmation of Plan, Volume III |
| 01-06-87 | 846 | 43 | LETTER (National Supply Company) Notifying they do not Require any Further Correspondence Concerning Crystal Oil Company |

Ex.025 Bx 10

Ex.026 Bx 10

Also Bx 20 FID 3 CV 87-0057-S

Also Bx 20, FID 3 CV. 87-0057-S

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 01-06-87 | 847 | | LETTER (Ira W. Clary) Asking the Court to Withdraw Proof of Claim |
| 01-06-87 | 848 | 780 | MEMO (HAL) Letter Requesting Transcript of 12-12-86 Hearing for inclusion in the Record on Appeal |
| 01-07-87 | 849 | 589 | LETTER, copy (Clerk) Advising Sander L. Esserman, on 01-06-87 the Notice of Appeal was transmitted to the Clerk of the United States District Court (Appeal to Disclosure Statement) |
| 01-08-87<br>Ex 027<br>Bx 11 | 852 | | MINUTES (Judge Stephen V. Callaway) Hearings Held 12-12-86, Judge's Notes Attached |
| 01-08-87<br>Ex. 028<br>Bx. 11 | 853 | | MINUTES (Judge Stephen V. Callaway) Hearing Held December 18, 19 and 20, 1986 Confirming Plan, Judge's Notes Attached |
| 01-08-87 | 854 | 776 | MEMO (copy of Amended Proof of Claim) Louisiana Department of Revenue & Taxation Amended Proof of Claim filed in Docket because of Objection Filed Against Original Proof of Claim, Document Number 196 |
| 01-08-87 | 855 | 694 | LETTER (Shield Development) Asking Court to Withdraw Proof of Claim |
| 01-08-87<br>Br 2 Fld 20 | 856 | 717 | LETTER (copy) to James R. Jeter from Hassie Hunt Exploration Company Asking to Amend Proof of Claim |
| 01-08-87 | 857 | 694 | LETTER (copy) to James R. Jeter from Hunt Petroleum Corporation Contesting Objection to the Proof of Claim |
| 01-09-87 | 858 | 376 | MOTION (DIP) for Continuance of Hearing on Motion to Compromise Controversy and for Authority to Assume |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Executory Compromise Agreement |
| 01-09-87 | 859 | 376 | ORDER (DIP) Granting Motion #858<br>CALENDAR Hearing Set for 10:00 A.M. 3-20-87 (CJH) |
| 01-09-87 | 860 | 5 | APPEAL (HAL) Notice of Appeal from the Order of Confirmation of Plan of Reorganization entered by the Bankruptcy Court on the 31st day of December, 1986 |
| Bx. 20 FID. 2 CV 87-0290 | | | |
| 01-09-87 | 861 | 5 | CERTIFICATE (DIP) Affidavit of Mailing a Notice of Entry of Order Confirming Plan of Reorganization of Crystal Oil Company to the Securities and Exchange Commission |
| 01-12-87 | 862 | 11 | ORDER (DIP) Order entered on 12-15-86, Shall Not be Reconsidered since no Objections were Filed |
| 01-12-87 | 863 | 5 | MOTION (DIP) for Order in Aid of Consummation (Issuance of Stocks, Warrant, etc.) |
| 01-12-87 | 864 | 5 | ORDER (DIP) Fixing a January 23, 1987, Hearing on Crystal Oil Company's Motion for an Order in Aid in Consummation<br>CALENDAR: Hearing Set for 10:00 A.M. 1-23-87 (CJH)<br>CALENDAR: To Be Continued for 9:00 A.M. 1-30-87 (CJH) |
| 01-12-87 | 865 | 5 | APPEAL (Walsh) Notice of Appeal from the Order Confirming Plan signed by Judge Stephen V. Callaway and entered by the Bankruptcy Court on December 31, 1986.<br>On 1-16-87, Clerk sent copy of Appeal to List of Attorneys & Other Parties Filing Notice of Appearance & Request for Service of Papers |
| Bx 20 FID. 1 CV # 87-0291 | | | |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 01-12-87 | 866 | 780 | MOTION (HAL) to Strike Additional Items to be Included in the Record on Appeal Designated by Crystal Oil Company and Bankers Trust Company |
| 01-12-87 | 867 | 694 | LETTER (Odis L. Guthrie) Asking Court to Withdraw Proof of Claim |
| 01-12-87 | 868 | 14 | MEMO (Clerk) Certificate of Transmittal of Appeal filed by Anthony Ben Walsh to District Court. Civil Number CV87-0023 Assigned |
| 01-12-87 | 869 | 753 | LETTER (AGB Oil Company) Asking Court to Withdraw Proof of Claim |
| 01-12-87 | 870 | | MINUTES (Judge Stephen V. Callaway) Hearings held 11-21-86, Judge's Notes Attached |
| 01-12-87 | 871 | 5 | CERTIFICATE (DIP) Affidavit of Mailing to all Creditors and Equity Security Holders of record of the Notice of Entry of Order Confirming Plan of Reorganization of Crystal Oil Company dated 12-31-86, |
| 01-12-87 | 872 | 5 | CERTIFICATE (Direct Mail Marketing, Inc.) Affidavit of Mailing to List of Division of Interest Owners, List of Suspense Interest Owners, List of Trade Payables, List of Lease Operators, List of Miscellaneous Creditors and List of Miscellaneous Creditors of the Notice of Entry of Order Confirming Plan of Reorganization of Crystal Oil Company dated 12-31-86. |
| 01-13-87 | 873 | 780 | MEMO (Clerk) Certificate of Transmittal of Appeal filed by Halliburton Services to District Court. Civil Number CV87-0057 Assigned (Objection to BTC's Proof of Claim) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 01-13-87 | 874 | 712 | LETTER (Robert A. Smith) Letter Amending Proof of Claim and asking Court not to disregard his legitimate claim |
| 01-13-87 | 875 | 712 | LETTER (Mrs. H. R. Foster) Letter to Advise no Duplication of Claim was made |
| 01-13-87 | 876 | 11 | CERTIFICATE (DIP) Affidavit of Mailing of the Motion for Order in Aid of Consummation and Order Fixing a January 23, 1987, Hearing on Crystal Oil Company's Motion for an Order in Aid of Consummation and copy of Items No. 1 and No. 2 attached to the List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of papers and members of the Unsecured Creditors Commitee |
| 01-13-87 | 877 | 5 | CERTIFICATE (RepublicBank Dallas, N.A.) Affidavit of Mailing of the Notice of Entry of Order Confirming Plan of Reorganization of Crystal Oil Company to the List of Security Holders of Crystal Oil Company Common Stock |
| 01-13-87 | 878 | 5 | CERTIFICATE (Texas American Bank/Dallas) Affidavit of Mailing of the Notice of Entry of Order Confirming Plan of Reorganization of Crystal Oil Company to the List of Security Holders of Crystal Oil Company 14 7/8% Senior |
| 01-13-87 | 879 | 5 | CERTIFICATE (Texas Commerce Bank, N.A.) Affidavit of Mailing of the Notice of Entry of Order Confirming Plan of Reorganization of Crystal Oil Company to the List of Security Holders of Crystal Oil Company |
| 01-14-87 | 880 | 694 | MEMO (Oliver M. Clegg) Response to Objection to Proof of Claim of Elsie Lou Keith and Oliver M. Clegg Bearing Docket No. 694 (Claim 119) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 01-14-87 | 881 | 694 | MEMO (Oliver M. Clegg) Response to Objection to Proof of Claim of Gladys K. Pickens Bearing Docket No. 694 (Claim 118) |
| 01-14-87 | 882 | 5 | CERTIFICATE (J. Henry Schroder Bank & Trust Co.) Affidavit of Mailing of the Notice of Entry of Order Confirming Plan of Reorganization of Crystal Oil Company to the List of Security Holders of Crystal Oil Company 15% Senior Subordinate Secured Note Due 1995 |
| 01-15-87<br>Ex 028<br>Bx 11 | 883 | 5 | MEMO (DIP) Draft of the Indenture of Mortgage, Deed of Trust, Assignment and Security Agreement between Crystal Oil Company and IBJ Schroder Bank & Trust Company relating to the Non-Interest Bearing Convertible Subordinated Secured Notes of Crystal to be issued pursuant to the terms of the Second Amended and Restated Plan of Reorganization of Crystal, Exhibit. Sent to the Persons Named on the Attached Distribution List |
| 01-15-87 | 884 | 19 | REPORT (DIP) Compliance with Cash Collateral Order, Proposed February, 1987 Budget |
| 01-16-87 | 885 | 5 | MOTION (HAL) Motion to Continue Hearing on Motion for an Order in Aid of Consummation Document No. 863 |
| 01-16-87<br>Bx 2 Fld 21 | 886 | 5 | MEMO (HAL) Designation of Items to be Included in the Record on Appeal and Statement of Issues |
| 01-16-87 | 887 | 694 | LETTER (William S. Brown) Asking Court to Amend Proof of Claim and Disallow the Balance of Proof of Claim No. 348 |
| 01-16-87 | 888 | | MINUTES (Judge Stephen V. Callaway) Entry of Telephone Conference Call with Messrs. Preaus, Neary, Langley, Jeter, Kratch, Cooke, Blevins, Still, Judge Callaway and Deputy Clerk Harris |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | CALENDAR: Continued Hearing Set for 9:00 A.M. 1-30-87. All parties notified during conference call. (CJH) |
| 01-16-87 | 889 | 5 | MEMO (DIP) Drafts of the Form of Warrant Certificate and the Certificates of Designation with Respect to the Issues of Preferred Stock to be Issued Pursuant to the Terms of Crystal Oil Company's Second Amended and Restated Plan of Reorganization, Sent to the Persons on the Attached Distribution List |
| 01-16-87<br>Ex. 629<br>Bx. 11 | 890 | 5 | MEMO (DIP) Drafts of the Lien Instruments, Guaranty Agreement, Letter of Credit Escrow Agreement and Supplemental Loan Agreement in Connection with the Consummation of the Bankers Trust Aspect of Crystal Oil Company's Plan of Reorganization, Sent to the Persons on the Attached Distribution List |
| 01-20-87 | 891 | 5 | LETTER (HAL) Confirming that the Transcripts of all of the Hearings to the Confirmation Order will be Included as a part of the Record on Appeal |
| 01-20-87 | 892 | 43 | REQUEST (Texas Commerce Bank National Assoc.) Notice of Request for Notice of Appearance Request for Service of Papers |
| 01-20-87 | 894 | 694 | LETTER (National Trust Company) Asking Court to Withdraw Proof of Claim |
| 01-20-87 | 895 | 690 | LETTER (B & B Oil Tools, Inc.) Asking Court to Withdraw Proof of Claim No. 131 and Take Proof of Claim No. 211 into Consideration for Payment |
| 1-20-87 | 896 | 744 | LETTER (Texaco Inc.) Asking Court to Amend Proof of Claim No. 468 |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 01-20-87 | 897 | 721 | MEMO (Devin R. Hughes) Response to Objection to Proof of Claim of Devin Ray Hughes Bearing Document No. 721 |
| 01-20-87 | 898 | 43 | MATRIX (Clerk) To DIP adding Texas Commerce Bank National Association, Attn: Melinda Snell, to Notice of List and Mailing Matrices |
| 01-20-87 | 899 | 19 | REPORT (COC) Amended Consolidated Monthly Budgeted Cash Receipts/Disbursements for the Month ended January 31, 1987 |
| 01-20-87<br>Ex. 029<br>Bx. 11 | 900 | 5 | MEMO (COC) Indenture of Mortgage, Deed of Trust, Assignment and Security Agreement between Crystal Oil Company and IBJ Schroder Bank & Trust Company, Marked copy. Sent to the Persons Named on the Attached Distribution List |
| 01-21-87 | 901 | 376 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-8-87, on Motion to Compromises Controversy & for Authority to Assume Executory Compromise Agreement (Continued from 11-21-86). Judge's Notes Attached |
| 01-21-87 | 902 | 553 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-8-87, on Officer & Director Compensation. Judges's Notes Attached |
| 01-21-87 | 903 | 694 | LETTER (Hunt Petroleum Company) Asking Court to Amend its Dollar Amount to Proof of Claim No. 313 |
| 01-21-87 | 904 | 698 | MOTION (Edward J. Assiter) Motion for Continuance of Hearing on Debtor's Objection to Mover's Proof of Claim Bearing Document No. 698. Proposed Order attached to Motion. |
| 01-21-87 | 905 | 5 | MEMO (COC) Draft copy of Halliburton Promissory Note and Exchange Agency Agreements sent to the Persons on |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | the Attached Distribution List |
| 01-21-87 | 906 | 694 | MEMO (Roy Lee Rogers, Jr., et al) Claim Holders' Opposition to Debtor's Motion Bearing Document No. 694 |
| 01-22-87 | 907 | 689 | MEMO (Entex Energy Operating, Ltd.) Response and Opposition to Crystal Oil Company's Motion Bearing Document No. 689 and Entex Energy Operating, Ltd.'s Motion to Extend Bar Date. Proposed Order Attached. |
| 01-22-87 | 908 | 681 | MEMO (Paul A. Kern, Jr.) Response to Objection to Proof of Claim of Paul A. Kern, Jr. |
| 01-22-87 | 909 | 780 | MEMO (District Court) Civil Action No. 87-0057-S. Notice that Certificate of Appeal has been filed on HAL's Objection to BTC's Proof of Claim. If Oral Argument is required Counsel will appear at 9:00 A.M., 4-17-87 (Attorneys of Record - Neary/Bennett, Jeter, Langley) |
| 01-22-87 | 910 | 777 | LETTER (State of Wyoming) Asking Court to Withdraw Proof of Claim |
| 01-22-87 | 911 | 699 | LETTER (Parey P. Branton) Asking Court to Amend Proof of Claim |
| 01-22-87 | 912 | 694 | MOTION (Edward J. Assiter) Motion for Continuance of Hearing on Debtor's Objection to Mover's Proof of Claim Bearing Document No. 694. Proposed Order Attached to Motion. |
| 01-22-87 | 913 | 694 | MOTION (Larry Wainwright, et al) Motion for Continuance of Hearing on Objection to Proof of Claim No. 694 to 3-20-87. Proposed Order Attached to Motion. |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | CALENDAR: Continued Hearing Set for 3-20-87 at 10:00 A.M. |
| Bx #2 Fld 22 | | | |
| 01-23-87 | 914 | 727 | MOTION (MOEPSI) Motion for Continuance Document No. 727 |
| 01-23-87 | 915 | 727 | MEMO (MOEPSI) Local Rule 13 Certificate Document No. 727 |
| 01-23-87 | 916 | 727 | MEMO (MOEPSI) Memorandum in Support of Motion for Continuance Document No. 727. Proposed Order Attached. |
| 01-23-87 | 920 | 694 | LETTER (Edgar K. Martin) Asking Court to Withdraw Proof of Claim |
| 01-23-87 | 921 | 719 | LETTER (Henry Harry Hanna, Jr.) Asking Court to Amend Proof of Claim |
| 01-23-87 | 922 | 694 | LETTER (Childress Royalty Company) Asking Court to Withdraw Proof of Claim |
| 01-23-87 | 923 | 691 | MOTION (DIP & ARKLA) Joint Motion to Continue until March 20, 1987 |
| | | | CALENDAR: Continued Hearing Set for 3-20-87 at 10:00 A.M. (CJH) |
| 01-23-87 | 924 | 691 | ORDER (DIP) Granting Motion 923 |
| 01-23-87 Ex.030 Bx 11 | 929 | 5 | MEMO (HAL) Drafts of various Crystal Oil-Halliburton security documents for review |
| 01-23-87 | 930 | 680 | LETTER (Miles A. Williams) Stating Crystal Oil |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Company's objection to proof of claim inaccurate |
| 01-23-87 | 931 | 5 | MEMO (DIP) Redraft of DIP's proposed form of Promissory Note payable to Halliburton |
| 01-23-87 | 932 | 5 | MEMO (DIP) Drafts of the Indenture and Revisions to BTC's documents |
| Ex. 030 Bx 11 | | | |
| 01-23-87 | 933 | 680 | ORDER (DIP) That the Creditors listed on the attached exhibit are allowed as indicated in the "Amount Scheduled" column and disallowed as indicated in the "Amount Disputed" column, except that the claim of Phillips Petroleum Company is disallowed. EOD 01-23-87. NOE sent to all parties in interest 01-27-87. |
| 01-23-87 | 934 | 681 | ORDER (DIP) That the hearing on the objection to the proof of claim of Paul A. Kern, Jr. is continued until March 20, 1987 at 10:00 A.M. EOD 01-23-87. NOE sent to all parties in interest 01-27-87. |
| | | | CALENDAR: Continued Hearing Set for 3-20-87 at 10:00 A.M. |
| 01-23-87 | 935 | 682 | ORDER (DIP) That Carl's claim evidenced by proof of claim No. 394 is allowed in the amount of $7,426.09 plus such adjustments due Carl, if any. If adjustments are not agreed by Debtor and Carl within sixty (60) days hereof, then either Carl or Debtor or both may file a motion seeking resolution by the Court of the points of disagreement. Further Ordered, that the balance of Carl's claim in the amount of $61,040.70 is disallowed. EOD 01-23-87. NOE sent to all parties in interest 01-27-87. |
| 01-23-87 | 936 | 683 | ORDER (DIP) That Carl's claim evidenced by proof of claim NO. 393 is allowed in the amount of $7,426.09 plus such adjustments due Carl, if any. If adjustments are not agreed by Debtor and Carl within |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | sixty (60) days hereof, then either Carl or Debtor may file a motion seeking resolution by the Court of the points of disagreement. Further ordered that the balance of Carl's claim in the amount of $328,467.38 is disallowed. EOD 01-23-87. NOE sent to all parties in interest 01-27-87 |
| 01-23-87 | 937 | 684 | ORDER (DIP) That Oxford's claim evidenced by proof of claim number 177 is disallowed and Oxford's claim evidenced by proof of claim 370 is allowed in the amount of $203.17. EOD 01-23-87. NOE sent to all parties in interest 01-27-87 |
| 01-23-87 | 938 | 685 | ORDER (DIP) That MGF's claim evidenced by proof of claim 357 is disallowed. EOD 01-23-87. NOE sent to all parties in interest 01-27-87 |
| 01-23-87 | 939 | 686 | ORDER (DIP) That pursuant to Bankruptcy Rule 3006, that the proof of claim of Loomis International Inc. is withdrawn. EOD 01-23-87. NOE sent to all parties in interest 01-27-87 |
| 01-23-87 | 940 | 687 | ORDER (DIP) That Farrar's claim evidenced by proof of claim 416 is allowed in the amount of $585.75 and the balance of $1,414.25 is disallowed. EOD 01-23-87. NOE sent to all parties in interest 01-27-87. |
| 01-23-87 | 941 | 688 | ORDER (DIP) That 100,000's claim evidenced by proof of claim 574 is allowed. EOD 01-23-87. NOE sent to all parties in interest 01-27-87 |
| 01-23-87 | 942 | 689 | ORDER (DIP) That Entex's claim evidenced by proof of claim 507 is disallowed in the amount of 1,894.15 and allowed for 1009.68. EOD 01-23-87. NOE sent to all parties in interest 01-27-87 |
| 01-23-87 | 943 | 690 | ORDER (DIP) That B & B's claim evidenced by proof of claim 131 is disallowed and B & B's claim evidenced |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | by proof of claim 211 is allowed in the amount of $1,638.82. EOD 01-23-87. NOE sent to all parties in interest 01-27-87. |
| 01-23-87 | 944 | 692 | ORDER (DIP) That Creditor's claims evidenced by the proofs of claim set forth on the attached exhibit are disallowed. Proof of claims numbered 364, 160 ,162, 164, 221, 479, 161, 163, 165, 316. EOD 01-23-87. NOE sent to all parties in interest 01-27-87. |
| 01-23-87 | 945 | 693 | ORDER (DIP) That the claim of Arapaho evidenced by proof of claim 358 is allowed in the amount of $3,308.69 and the balance of $21.61 is disallowed. Further that the Debtor's objection against Gilliam in Doc. No. 693 is dismissed without prejudice to Debtor's rights to object to Gilliam's claim in Doc. No. 779.<br><br>Further, that the hearing on the objection to the claim of Brown is continued until Feb. 18, 1987 at 10:00 A.M.<br><br>CALENDAR: Continued Hearing Set for 10:00 A.M. 2-18-87. (CJH)<br><br>EOD 01-23-87. NOE sent to all parties in interest 01-27-87 |
| 01-23-87 | 946 | 694 | ORDER (DIP) That the Objection does not effect any Creditor's claim being held in suspense and each paragraph set forth below is specifically made subject to this paragraph.<br>Further, that the claims of some Creditor's listed on the attached exhibit A evidenced by proofs of claim numbered as set forth thereon are disallowed.<br>Further, that the claims of Some Creditors listed on the attached Exhibit B are allowed as indicated in the "Claim Allowed" column and disallowed as indicated in the "Claim Disallowed" column, all as evidenced by proofs of claim numbered as set forth |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | thereon.<br>Further, that the claims of Some Creditors listed on the attached Exhibit C. evidenced by proofs of claim numbered as set forth thereon are withdrawn.<br>Further, that Debtor's objection to the claims of Edward J. Assiter d/b/a Bob J. Ivey Company, Bobby E. and Margaret T. Gilliam, and Roy Lee Rogers, Jr. , Patricia R. Rogers and Wayne L. McCann are dismissed without prejudice reserving all rights to Debtor to Deal with the Assiter, Gilliam and Rogers, et al claims in objections filed under Do. Nos. 698, 778 and 747 respectively.<br>Further, that the hearing on the claims of Some Creditors listed on Exhibit D evidenced by proofs of claim numbered as set forth thereon are continued until March 20, 1987 at 10:00 A.M.<br><br>CALENDAR: Continued Hearing Set for 3-20-87 at 10:00 A.M. (CJH)<br><br>EOD 01-23-87. NOE sent to all parties in interest 01-27-87. |
| 01-23-87 | 947 | 695 | ORDER (DIP) That the claims of the Creditors listed on the attached exhibit evidenced by proofs of claim numbered as set forth thereon are disallowed except that the claim of Earl. R. Butler is withdrawn. EOD 01-23-87. NOE sent to all parties in interest 01-27-87. |
| 01-23-87 | 948 | 696 | MOTION (DIP & Cities Service Oil & Gas Corp.) Agreed Motion For Continuance of Hearing on Objection filed by DIP to proof of Claim 440<br><br>CALENDAR: Continued Hearing Set for 2-6-87 at 10:00 A.M. (CJH) |
| 01-23-87 | 949 | 696 | ORDER (DIP) Allowing agreed Motion 948. EOD 01-23-87. NOE sent to all parties in interest 01-27-87 |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 01-23-87 | 950 | 697 | ORDER (DIP) That Aetna's claim is disallowed reserving all rights to Debtor and Aetna under the existing executory contracts between Debtor and Aetna. EOD 01-23-87. NOE sent to all parties in interest 01-27-87 |
| 01-23-87 | 951 | 698 | ORDER (DIP) That the hearing on the objection to the Edward J. Assiter claim is continued until March 20, 1987 at 10:00 A.M. EOD 01-23-87. NOE sent to all parties in interest 01-27-87.<br>CALENDAR: Continued Hearing Set for 3-20-87 at 10:00 A.M. |
| 01-23-87 | 952 | 699 | ORDER (DIP) That Branton's claim evidenced by proof of claim 461 is allowed in the amount of $3,279.10 and the balance of $14,833,53 is disallowed. EOD 01-23-87. NOE sent to all parties in interest 01-27-87. |
| 01-23-87 | 953 | 700 | ORDER (DIP) That the hearing on the objection to the proof of claim of Gary R. Boucher is continued until March 20, 1987 at 10:00 A.M.<br>CALENDAR: Continued Hearing Set for 3-20-87 at 10:00 A.M.<br>EOD 01-23-87. NOE sent to all parties in interest 01-27-87 |
| 01-23-87 | 954 | 701 | ORDER (DIP) That the hearing on the objection to the proof of claim of Hubberd H. Boucher and Velma H. Boucher is continued until March 20, 1987 at 10:00 A.M.<br>CALENDAR: Continued Hearing Set for 3-20-87 at 10:00 A.M.<br>EOD 01-23-87. NOE sent to all parties in interest 01-27-87 |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 01-23-87 | 955 | 702 | ORDER (DIP) That the hearing on the objection to the proof of claim of J.Scott Boucher is continued until March 20, 1987 at 10:00 A.M.<br>CALENDAR: Continued Hearing Set for 3-20-87 at 10:00 A.M.<br>EOD 01-23-87. NOE sent to all parties in interest 01-27-87 |
| 01-23-87 | 956 | 703 | ORDER (DIP) That the Buehler claim shall be allowed in the amount found to be due and owing, if any, by the U. S. District Court for the Western District of Arkansas, El Dorado Division, if such order is a final order or on the appeal thereof when such order is final provided that recovery may only be had against funds provided by Debtor's insurance carrier and no recovery may be sought from or had against any other assets of Debtor. EOD 01-23-87. NOE sent to all parties in interest 01-27-87. |
| 01-23-87 | 957 | 704 | ORDER (DIP & Buttes Resources Company) Agreed Order that Buttes Resources Company shall have an allowed claim against Debtor in the amount of $18,831.77. EOD 01-23-87. NOE sent to all parties in interest 01-27-87. |
| 01-26-87 | 958 | 770 | MEMO (Copy of Amended Proof of Claim) Louisiana Department of Revenue and Taxation Amended Proof of Claim filed in Docket because of Objection filed against Original Proof of Claim Document Number 519 and amended Proof of Claim 549 |
| 01-26-87 | 959 | 19 | CERTIFICATE (DIP) Affidavit of Mailing to List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of papers and to members of the Unsecured Creditors Committee the |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Amended CCC Consolidated Monthly Budgeted Cash Receipts/Disbursements for the Month ended January 31, 1987 |
| 01-26-87 | 960 | 19 | CERTIFICATE (DIP) Affidavit of Mailing to List of Attorneys and Other Parties in Interest filing Notice of Appearance and Request for Service of papers and to members of the Unsecured Creditors Committee a copy of the Compliance with Cash Collateral Order |
| 01-26-87 | 961 | 713 | MEMO (Enstar Corp., et al) Response to Objection to proof of claim 135 asking Court to overrule said Objection |
| 1-23-87 | 962 | 5 | ORDER (DIP) Order in Aid of Consummation. EOD 01-27-87. NOE sent to all parties in interest 02-09-87. |
| 01-28-87 | 963 | 9 | ORDER (Judge Stephen V. Callaway) Amendment to Order for Compensation of Deputy Clerk of Court |
| 01-28-87 | 964 | 751 | MEMO (Breckenridge Gasoline Company) Answer of Breckenridge Gasoline Company to Crystal Oil Company's Objection and Opposition (Document No. 751) To Proof of Claim & Amended Proof of Claim, as Filed by Breckenridge Gasoline Company |
| 01-28-87 | 965 | 694 | LETTER (Mary M. Weaver) Asking Court to Withdraw Proof of Claim |
| 01-29-87 | 967 | 712 | LETTER (Ray L. & Eileen G. Miller) Asking Court to Withdraw Proof of Claim |
| 01-29-87 | 968 | 5 | MEMO (Walsh) Designation of Items to be Included in the Record and Issues on Appeal |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| Bx 2 Fld 23 | | | |
| 01-30-87 | 969 | 5 | MOTION (COC & DIP) Supplemental Motion for Order in Aid of Consummation Approving Halliburton Documents Exhibits 1 thru 18 |
| 01-30-87 | 970 | 712 | LETTER (William Blair & Company) Confirming Beneficial Ownership and Request to Honor Proof of Claim Nos. 192, 204, 30, 203, 212 and 514 |
| 01-30-87 | 971 | 5 | ORDER (COC & DIP) Supplemental Order in Aid of Consummation |
| 01-30-87 | 972 | 5 | MEMO (Vinson & Elkins) Revised form of Collateral Assignment, Pledge, Security Agreement and Grant of Right of Compensation and Set-off, Letter of Credit Escrow Agreement, Pages 12, 14 and 15 to the Restated Renewal and Supplemental Loan Agreement between COC and BTC. Sent to all Persons on Distibution List |
| 01-30-87 | 973 | 727 | ORDER (MOEPSI) Order Granting Motion #914 for Continuance. NOE Sent 2-6-87. |
| 01-30-87 | 975 | 5 | MEMO (COC) Report of Crystal Oil Company's Efforts to Rehabilitate in December 1986 and Consummate its Plan of Reorganization in January 1987 |
| 01-30-87 | 976 | 5 | CERTIFICATE (COC) Affidavit of Mailing of the Notice of Entry of Order Confirming Plan of Reorganization of Crystal Oil Company was published on 1-9-87 and 1-16-87, in the national edition of the Wall Street Journal |
| 02-02-87 | 977 | 776 | LETTER (La. Dept. of Rev.) Asking Court to Withdraw Proof of Claim of $264.12 for Dec. 1985 La. Corp. Income Tax and $46,633.59 for Dec. 1986 La. Corp. Franchise Tax. |
| 02-03-87 | 979 | 5 | CERTIFICATE (COC) Affidavit of Mailing of Report of |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | COC's Efforts to Rehabilitate in December 1986 and Consummate its Plan of Reorganization (Doc. No. 975); to List of Attorneys and Other Parties in interest Filing Notice of Appearance and Request for Service of Papers and to Members of the Unsecured Creditors Committee |
| 02-04-87 | 980 | 722 | LETTER (Louisiana Power & Light) Asking Court to Withdraw Proof of Claim |
| 02-05-87 | 981 | 780 | MOTION (HAL) Motion to Withdraw Motion to Strike Additional Items to be Included in the Record on Appeal |
| 2-05-87 | 982 | 720 | LETTER (Robert Dickey Hornbuckle) Asking Court to Allow $8,000.00 and Disallow $22,000.00 from Proof of Claim #506 |
| 02-05-87 | 983 | 726 | LETTER (Brooksey W. & Betty H. McCuen) Asking Court to Allow $2,400.00 and Disallow $3,632.00 from Proof of Claim #259 |
| 02-05-87 | 984 | 865 | MEMO (COC) Designation of Items to be Included in the Record and Issues on Appeal |
| 02-06-87 | 985 | 725 | LETTER (James McConnell) Asking Court to Allow $2,500.00 and Disallow $47,000.00 from Proof of Claim #264 |
| 02-06-87 | 986 | 724 | LETTER (Harry McConnell) Asking Court to Allow $3,350.00 and Disallow $46,150.00 from Proof of Claim #265 |
| 02-06-87 | 987 | 705 | ORDER (DIP) That Calendar's claim evidenced by proof of claim number 311 is allowed in the amount of $425.35 and the balance of $9,574.65 is disallowed. EOD 02-07-87. NOE sent to all parties in interest |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | 02-09-87 |
| 02-06-87 | 988 | 706 | ORDER (DIP) That hearing on the objection to the proof of claim of Cora Lee Catchings, et al is continued until March 20, 1987 at 10:00 A.M. EOD 02-07-87. NOE sent to all parties in interest 02-09-87. |
| | | | CALENDAR: Continued Hearing Set for 3-20-87 at 10:00 A.M. (CJH) |
| 02-06-87 | 989 | 707 | ORDER (DIP) That Cities' claim evidenced by the proof of claim number 434 is disallowed provided that Debtor must reassign to Cities Debtor's working interest in the Clements C-1 well mistakenly assigned by Cities to Debtor effective 12-3-85 and provided further that under the terms of the farmout agreement between Debtor and Cities dated January 28, 1986, Cities may recover the balance of its drilling, completion, and operation expenses before Debtor will be entitled to a working interest. EOD 02-07-87. NOE sent to all parties in interest 02-09-87. |
| 02-06-87 | 990 | 708 | ORDER (DIP) That Cities' claim evidenced by proof of claim number 436 is allowed as amended in the amount of $101,015.52 for proceeds from the Holland B #1 Well and $0 from the Roberson #1 Well through current receipts. EOD 02-07-87. NOE sent to all parties in interest 02-09-87. |
| 02-06-87 | 991 | 709 | ORDER (DIP) That Cities' claim evidenced by the proof of claim number 438 as amended herein is allowed in the amount of $174,696.90 plus or minus all adjustments attributable to accounting for the IPCO S#1 well. EOD 02-07-87. NOE sent to all parties in interest 02-09-87. |
| 2-06-87 | 992 | 696 | ORDER (DIP) That pursuant to Bankruptcy Rule 3006, that the proof of claim of Cities' is withdrawn. EOD 02-07-87. NOE sent to all parties in interest |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | 02-09-87. |
| 02-06-87 | 993 | 710 | ORDER (DIP) That Coastal's claim evidenced by proof of claim number 485 is disallowed. EOD 02-07-87. NOE sent to all parties in interest 02-09-87. |
| 02-06-87 | 994 | 711 | ORDER (DIP) That Columbia's claim evidenced by the proof of claim number 260 is allowed in the amount of $1,772.63 and the balance of $1,772.64 is disallowed; provided further that Columbia may withhold the amount due it from the proceeds of future production otherwise due Debtor. It is further ordered that Columbia shall withdraw its intervention in those proceedings before the Federal Energy Regulatory Commission at Docket Number SA-87-5000. EOD 02-07-87. NOE sent to all parties in interest 02-09-87. |
| 02-06-87 | 995 | 712 | ORDER (DIP) That the claims of the Creditors listed on the attached lists evidenced by proofs of claim or interest numbered as set forth thereon are disallowed. EOD 02-07-87. NOE sent to all parties in interest 02-09-87. |
| 02-06-87 | 996 | 713 | ORDER (DIP) That Enstar's claim is disallowed against Debtor unless the judgment in the Suit is reversed or modified adversely to Debtor in which event Enstar's claim shall be heard before this Court at a time to be set. EOD 02-07-87. NOE sent to all parties in interest 02-09-87. |
| 02-06-87 | 997 | 714 | ORDER (DIP) That Flarity's claim shall be disallowed against Debtor but that Flarity reserves all her rights against Halliburton Services and may maintain the Suit against Debtor in name only such that Flarity may not collect from Debtor or any of Debtor's property under any judgment rendered in the Suit. EOD 02-07-87. NOE sent to all parties in interest 02-09-87. |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 02-06-87 | 998 | 715 | ORDER (DIP) That Goodman's claim number 180 is disallowed as being duplicative and Goodman's claim number 240 shall be allowed in the amount found to be due and owing, if any, by the United States District Court for the Western District of Arkansas, if such order is a final order or on the appeal thereof when such order is final provided that recovery may only be had against funds provided by Debtor's insurance carrier and no recovery may be sought from or had against any other assets of Debtor. EOD 02-07-87. NOE sent to all parties in interest 02-09-87. |
| 02-06-87 | 999 | 716 | ORDER (DIP) That Gould's claim evidenced by proof of claim number 484 is disallowed. EOD 02-07-87. NOE sent to all parties in interest 02-09-87. |
| 02-06-87 | | | SEQUENTIAL NUMBERING MACHINE MALFUNCTION. DOCUMENT NUMBERS 1000 TO 10999 ARE ENTERED IN SKIP LOG DOCUMENT AS SKIPPED NUMBERS |
| 02-06-87 | 11000 | 718 | ORDER (DIP) That Hawn's claim is disallowed against Debtor unless the trial court judgment in the Suit is reversed in which event Hawn's claim shall be allowed in the amount ultimately determined as due by final judgment in the Suit. EOD 02-07-87. NOE sent to all parties in interest 02-09-87. |
| Crystal Oil made error in numbering pleadings instead of 1000 they put 11000. | | | |
| 02-06-87 | 11001 | 719 | ORDER (DIP) That Hanna's claim evidenced by proof of claim number 344 is allowed in the amount of $4,000.00 and the balance of $2,804.00 is disallowed. EOD 02-07-87. NOE sent to all parties in interest 02-09-87. |
| 02-06-87 | 11002 | 720 | ORDER (DIP) That Hornbuckle's claim evidenced by the proof of claim 506 is allowed in the amount of $8,000.00 and the balance of $22,000.00 is disallowed. EOD 02-07-87. NOE sent to all parties in interest 02-09-87. |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 02-06-87 | 11003 | 721 | ORDER (DIP) That Hughes's claim shall be allowed in the amount found to be due and owing, if any, by the Circuit Court of Columbia County, Arkansas, if such order is a final order or on the appeal thereof when such order is final provided that recovery may only be had against funds provided by Debtor's insurance carrier and no recovery may be sought from or had against any other assets of Debtor. EOD 02-07-87. NOE sent to all parties in interest 02-09-87. |
| 02-06-87 | 11004 | 722 | ORDER (DIP) That pursuant to Bankrupcty Rule 3006, the proof of claim of Louisiana is withdrawn. EOD 02-07-87. NOE sent to all parties in interest 02-09-87. |
| 02-06-87 | 11005 | 723 | ORDER (DIP) That Martin's claim evidenced by proof of claim number 367 is allowed in the amount of $91.06 and the balance of $17.35 is disallowed. EOD 02-07-87. NOE sent to all parties in interest 02-09-87. |
| 02-06-87 | 11006 | 724 | ORDER (DIP) That H. McConnell's claim evidenced by the proof of claim number 265 is allowed in the amount of $3,350.00 plus Debtor's performance of the actions set forth in the attached letter and the balance of $46,150.00 is disallowed. EOD 02-07-87. NOE sent to all parties in interest 02-09-87. |
| 02-06-87 | 11007 | 725 | ORDER (DIP) That J. McConnell's claim evidenced by the proof of claim number 264 is allowed in the amount of $2,500.00 plus Debtor's performance of the actions set forth in the attached letter and the balance of $47,000.00 is disallowed. EOD 02-07-87. NOE sent to all parties in interest 02-09-87. |
| 02-06-87 | 11008 | 726 | ORDER (DIP) That McCuen's claim evidenced by proof of claim number 259 is allowed in the amount of $2,400.00 and the balance of $3,632.00 is disallowed. EOD 02-07-87. NOE sent to all parties in interest |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | 02-09-87. |
| 02-06-87 | 11009 | 728 | MOTION (Gary Dwight and Marcia Benson Morgan, Dalton Phillip and Mary Shadden Morgan) Joint Motion to Continue Hearing on Debtor's Motion Bearing Document No. 728 |
| 02-06-87 | 11010 | 728 | ORDER (Gary Dwight and Marcia Benson Morgan, Dalton Phillip and Mary Shadden Morgan) Granting Joint Motion #11009 to Continue Hearing on Debtor's Motion Bearing Document No. 728. EOD 02-07-87. NOE sent to all parties in interest 02-09-87.<br>CALENDAR: Continued Hearing Set for 5-14-87 at 10:00 A.M. (CJH)<br>CALENDAR: Per Order No. 11325 Hearing Changed to 4-10-87, 9:00 A.M. (CJH)<br>CALENDAR: Continued Hearing Set for 5-14-87 at 9:00 A.M. (CJH) |
| 02-06-87 | 11011 | 729 | ORDER (DIP) That Mullins' claim evidenced by proof of claim number 92 is disallowed. EOD 02-07-87. NOE sent to all parties in interest 02-09-87. |
| 02-06-87 | 11013 | 717 | ORDER (DIP) That Hunt's claim evidenced by proof of claim number 314 is allowed in the amount of $125.00 and the balance of $1,084.23 is disallowed. EOD 02-07-87. NOE sent to all parties in interest 02-09-87. |
| 02-09-87 | 11014 | 589 | MEMO (District Court) Civil Action No. 87-0023-S. Notice that Certificate of Appeal has been filed on Walsh's Appeal of Order Approving Disclosure Statement. If Oral Argument is required Counsel will appear at 9:00 A.M., 4-17-87 (Attorneys of Record - Esserman, Jeter) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 02-09-87 | 11015 | 723 | LETTER (Gwendolyn S. Martin) Asking Court to Amend Proof of Claim |
| 02-10-87 | 11016 | 5 | ORDER (Stephen V. Callaway) Due to the complexities of this case and the necessity of the Bankruptcy Court to have continuous access to the entire record; the record is hereby retained in the Bankruptcy Court pursuant to Bankruptcy Rule 8007(c) and any transmittal of this record for appellate purposes will be done in compliance with Bankruptcy Rule 8007(b). |
| 02-12-87 | 11018 | 865 | MEMO (District Court) Civil Action No. 87-0291-S. Notice that Certificate of Appeal has been filed on Walsh's Appeal from the Order of Confirmation of Plan. If Oral Argument is required Counsel will appear at 9:00 A.M., 4-17-87 (Attorneys of Record - Esserman, Jeter/King/Huff) |
| 02-12-87 | 11019 | 860 | MEMO (District Court) Civil Action No. 87-0290-S. Notice that Certificate of Appeal has been filed on HAL's Appeal from the Order of Confirmation of Plan. If Oral Argument is required Counsel will appear at 9:00 A.M., 4-17-87 (Attorneys of Record - See attached list) |
| 02-13-87 Ex.033 Bx 12 | 11020 | 863 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-23-87 on Motion for Order in Aid of Consummation, Exhibits 1-30 |
| 02-13-87 Ex.034 Bx 12 | 11021 | | MINUTES (Judge Stephen V. Callaway) Hearings held 1-23-87. Objections to Proof of Claim from Document No. 680 thru 704. Exhibit 1,2,3,4,12 were submitted for all the above-mentioned hearings |
| 2-13-87 | 11022 | 680 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-23-87 on Objection to Proofs of Claims-Paid Division Interest Owners; Disputed Suspense Amounts |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 02-13-87 | 11023 | 681 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-23-87 on Objection to Proof of Claim of Paul A. Kern, Jr. |
| 02-13-87 | 11024 | 682 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-23-87 on Objection to Proof of Claim of Carl Oil & Gas Co. |
| 02-13-87 | 11025 | 683 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-23-87 on Objection to Proof of Claim of Carl Oil & Gas Ltd.-J |
| 2-13-87 | 11026 | 684 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-23-87 on Objection to Proof of Claim of Burleigh Oxford |
| 02-13-87 | 11027 | 685 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-23-87 on Objection to Proof of Claim of MGF Newsub, Inc. |
| 02-13-87 | 11028 | 686 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-23-87 on Objection to Proof of Claim of Loomis International Inc. Exhibit 10 |
| 02-13-87 | 11029 | 687 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-23-87 on Objection to Proof of Claim of Elizabeth Ann Nipper Farrar |
| 02-13-87 | 11030 | 688 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-23-87 on Objection to Proof of Claim of 100,000 Auto Parts, A Division of Strafco, Inc. |
| 2-13-87 | 11031 | 689 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-23-87 on Objection to Proof of Claim of Entex Energy Operating, Ltd. Exhibit 5,6,7,8,9 |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 02-13-87 | 11032 | 690 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-23-87 on Objection to Proof of Claim of B & B Tools, Inc., Exhibit 11 |
| 02-13-87 | 11033 | 692 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-23-87 on Objection to Proof of Claims-Claims Against Subsidiaries not in Bankruptcy |
| 02-13-87 | 11034 | 693 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-23-87 on Objection to Proof of Claim of Arapaho Petroleum, Inc. and Ellis C. Gilliam. The George R. Brown Partnership Claim was continued to February 18, 1987. |
| Bx#2 Fld#24 | | | |
| 02-13-87 | 11035 | 694 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-23-87 on Objection to Proof of Claim of Paid Division Interest Owners. Ben D. & Shirley Vercher, Larry & Kathy Wainwright and Jay and Karen Hearnsberger were continued to March 20, 1987. Exhibits 13, 14 and 15 |
| 02-13-87 | 11036 | 695 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-23-87 on Objection to Proof of Claim of Paid Pre Petition Division Interest Owners and Nothing Due Post Petition. Exhibit 16 |
| 02-13-87 | 11037 | 697 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-23-87 on Objection to Proof of Claim of The Aetna Casualty and Surety Company |
| 02-13-87 | 11038 | 698 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-23-87 on Objection to Proof of Claim of Edward J. Assiter, D/B/A Bob J. Ivey Company was continued to March 20, 1987 |
| 02-13-87 | 11039 | 699 | MINUTES (Judge Stephen V. Callaway) Hearing held |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | 1-23-87 on Objection to Proof of Claim of Parey P. Branton |
| 02-13-87 | 11040 | 701 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-23-87 on Objection to Proof of Claim of Hubberd H. Boucher and Velma H. Boucher was continued to March 20, 1987 |
| 02-13-87 | 11041 | 702 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-23-87 on Objection to Proof of Claim of J. Scott Boucher was continued to March 20, 1987 |
| 02-13-87 | 11042 | 703 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-23-87 on Objection to Proof of Claim of William Robert Buehler |
| 02-13-87 | 11043 | 704 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-23-87 on Objection to Proof of Claim of Buttes Resources Company |
| 02-13-87 | 11044 | 700 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Gary R. Boucher continued to 3-20-87. |
| 02-13-87 | 11045 | 696 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Cities Service Oil and Gas Corp. |
| 02-13-87<br>EX. 034<br>BX 12 | 11046 | | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proofs of Claim From Documents No. 705 thru 729. Exhibits 1,2,3,4,5,6,7 were submitted for all the above-mentioned hearings |
| 02-13-87 | 11047 | 705 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Carl E. Calendar and Janas K. Calendar |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 02-13-87 | 11048 | 706 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Cora Lee Catchings, et al was continued to 3-20-87. |
| 02-13-87 | 11049 | 707 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Cities Service Oil and Gas Corp. |
| 02-13-87 | 11050 | 708 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Cities Service Oil and Gas Corp. |
| 02-13-87 | 11051 | 709 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Cities Service Oil and Gas Corp. |
| 02-13-87 | 11052 | 696 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Cities Service Oil and Gas Corp. |
| 02-13-87 | 11053 | 710 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Coastal States Crude Gathering Company |
| 02-13-87 | 11054 | 711 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Columbia Gas Transmission Corporation |
| 02-13-87<br>Ex 035<br>Bx 12 | 11055 | 712 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Public Debt and Common Stock Holders Not of Record. Exhibits 16,17,18,19,20,21,22,23,24,25,26 were submitted for all the above-mentioned hearings |
| 02-13-87 | 11056 | 713 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Enstar |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Corporation, et al. |
| 02-13-87 | 11057 | 714 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Emma B. Flarity. Exhibit 15 |
| 02-13-87 | 11058 | 717 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Hassie Hunt Exploration Company. Exhibit 6 |
| 02-13-87 | 11059 | 718 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Hawn Tool Company |
| 02-13-87 | 11060 | 719 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Henry Harry Hanna, Jr. Exhibit 9 |
| 02-13-87 | 11061 | 720 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Robert Dickey Hornbuckle. Exhibit 10 |
| 02-13-87 | 11062 | 721 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Devin Ray Hughes |
| 02-13-87 | 11063 | 722 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Louisiana Power & Light Company. Exhibit 11 |
| 02-13-87 | 11064 | 723 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Gwendolyn S. Martin |
| 02-13-87 | 11065 | 724 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Harry |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | McConnell. Exhibit 13 |
| 02-13-87 | 11066 | 725 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of James McConnell. Exhibit 14 |
| 02-13-87 | 11067 | 726 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Brooksey W. McCuen and Betty H. McCuen. Exhibit 12 |
| 02-13-87 | 11068 | 728 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Dalton P. Morgan, et al was continued to May 14, 1987 |
| 02-13-87 | 11069 | 729 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Clyde E. Mullins and Loretta M. Mullins |
| 02-13-87 | 11071 | | MOTION (Official Unsecured Creditors Committee) Motion to Limit Notice |
| 02-13-87 | 11072 | 11071 | ORDER (Official Unsecured Creditors Committee) Order Granting Motion #11071 |
| 02-18-87 | 11074 | 715 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof of Claim of Michael Goodman |
| 02-18-87 | 11075 | 716 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-6-87 on Objection to Proof fo Claim of Mrs. Gaye Oxford Gould |
| 02-18-87 | 11077 | 9 | ORDER (Judge Stephen V. Callaway) Amended Order for Compensation of Deputy Clerk of Court |

Ex. 036 * Ref. Document #11076 is not located as a original
Bx 12 document in case file.

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 02-18-87 | 11080 | | MOTION (DIP) Motion to Limit Notice and to Establish Time for Filing Objections to Applications for Compensation |
| 02-18-87 | 11081 | | ORDER (DIP) Order Granting Motion #11080. EOD 2-18-87. NOE sent to Notice and Appearance List 2-19-87. |
| 02-19-87<br>Ex. 036<br>Bx. 12 | 11082 | 490 | APPLICATION (Smith, Gambrell & Russell) for Interim Compensation and Reimbursement of Expenses<br>CALENDAR: Hearing Set for 3-20-87 9:00 A.M. (CJH) |
| 02-19-87 | 11083 | 572 | APPLICATION (Simon, Fitzgerald, Cooke, Reed & Welch) Interim Application by Attorney for Unsecured Creditors Committee for Allowance of Compensation and Disbursements<br>CALENDAR: Hearing Set for 3-20-87 9:00 A.M. (CJH) |
| 02-18-87 | 11084 | 693 | ORDER (DIP) that the claim of Brown evidenced by proof of claim number 310 is disallowed. EOD 2-19-87. NOE Sent to all parties in interest 2-19-87. |
| 02-18-87 | 11085 | 730 | ORDER (DIP) that Oxford's claim evidenced by proof of claim number 356 is disallowed. EOD 2-19-87. NOE Sent to all parties in interest 2-19-87. |
| 02-18-87 | 11086 | 731 | ORDER (DIP) that Pesnell's claim evidenced by proof of claim number 364 is disallowed. EOD 2-19-87. NOE Sent to all parties in interest 2-19-87. |
| 02-18-87 | 11087 | 732 | ORDER (DIP) that the hearing on the objection to the proof of claim of PGC is continued until March 20, 1987 at 10:00 A.M. EOD 2-19-87. NOE Sent to all parties in interest 2-19-87. |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | CALENDAR: Continued Hearing Set for 3-20-87 10:00 A.M. (CJH) |
| 02-18-87 | 11088 | 733 | ORDER (DIP) that the hearing on the objection to the proof of claim of PGC is continued until March 20, 1987 at 10:00 A.M. EOD 2-19-87. NOE Sent to all parties in interest 2-19-87. |
| | | | CALENDAR: Continued Hearing Set for 3-20-87 10:00 A.M. (CJH) |
| 02-18-87 | 11089 | 734 | ORDER (DIP) that Powers' claim evidenced by proof of claim number 303 is disallowed. EOD 2-19-87. NOE Sent to all parties in interest 2-19-87. |
| 02-18-87 | 11090 | 735 | ORDER (DIP) that Ramsey's claim evidenced by proof of claim number 365 is allowed, and proof of claim number 607 is disallowed as being duplicative, although allowed into evidence as Letter of explanation. EOD 2-19-87. NOE Sent to all parties in interest 2-19-87. |
| 02-18-87 | 11091 | 736 | ORDER (DIP) that the hearing on the objection to the claims of Redding, et al evidenced by proofs of claim numbered 263 and 420 is continued until March 20, 1987 at 10:00 A.M. EOD 2-19-87. NOE Sent to all parties in interest 2-19-87. |
| | | | CALENDAR: Continued Hearing Set for 3-20-87 10:00 A.M. (CJH) |
| 02-18-87 | 11092 | 737 | ORDER (DIP) that Somerset's claim is allowed to the extent the Suit is compromised substantially in accordance with the attached letters from counsel for Somerset and Debtor. In the event no such compromise is ultimately concluded, Debtor's objection shall be reset for hearing. EOD 2-19-87. NOE Sent to all parties in interest 2-19-87. |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 02-18-87 | 11093 | 739 | MOTION (Hershel D. Shaver, et al) Joint Motion to Continue Hearing on Debtor's motion Bearing Document No. 739. |
| 02-18-87 | 11094 | 739 | ORDER (DIP) Granting Motion #11093. EOD 2-19-87. NOE Sent to all parties in interest 2-19-87. |
| | | | CALENDAR: Continued Hearing Set for 3-20-87 10:00 A.M. (CJH) |
| 02-18-87 | 11095 | 740 | ORDER (DIP) that Debtor hold in suspense all proceeds due the true royalty interest owner of the property described in the lease attached to proof of claim number 309 pending a final judgment of the Second Judicial District Court, Jackson Parish, Louisiana and upon said final judgment being presented to Debtor, Debtor shall deliver the funds held by Debtor in suspense to the true royalty interest owner. EOD 2-19-87. NOE Sent to all parties in interest 2-19-87. |
| 02-18-87 | 11096 | 741 | ORDER (DIP) that Weiser Brown Oil Company claim evidenced by proof of claim number 262 as amended is allowed in the amount of $13,536.74. It is further ordered that W-B's claim evidenced by proof of claim number 524 is disallowed as duplicative. EOD 2-19-87. NOE Sent to all parties in interest 2-19-87. |
| 02-18-87 | 11097 | 742 | ORDER (DIP) that Travelers claim evidenced by proof of claim number 610 is disallowed. EOD 2-19-87. NOE Sent to all parties in interest 2-19-87. |
| 02-18-87 | 11098 | 743 | ORDER (DIP) that Wesley's claim evidenced by proof of claim number 480 is disallowed. EOD 2-19-87. NOE Sent to all parties in interest 2-19-87. |
| 02-18-87 | 11099 | 744 | ORDER (DIP) that Texaco's claim evidenced by proof of |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | claim number 468 is allowed in the amount of $16,897.37 and the balance of $5,250.69 is disallowed. EOD 2-19-87. NOE Sent to all parties in interest 2-19-87. |
| 02-18-87 | 11100 | 746 | ORDER (DIP) that Stuart's claim evidenced by proof of claim number 477 is disallowed. EOD 2-19-87. NOE Sent to all parties in interest 2-19-87. |
| 02-18-87 | 11101 | 747 | ORDER (DIP) that the hearing on the objection to the proof of claim of Patricia R. Rogers, et al is continued until March 20, 1987 at 10:00 A.M. EOD 2-19-87. NOE Sent to all parties in interest 2-19-87. |
| | | | CALENDAR: Continued Hearing Set for 3-20-87 10:00 A.M. (CJH) |
| 02-18-87 | 11102 | 750 | ORDER (DIP) that pursuant to Bankruptcy Rule 3006, the proof of claim of Charter Oil Company is withdrawn. EOD 2-19-87. NOE Sent to all parties in interest 2-19-87. |
| 02-18-87 | 11103 | 751 | ORDER (DIP) that Breckenridge's Claim is disallowed against Debtor unless the United States District Court judgment in the Suit is reversed, in which event Breckenridge's Claim shall be allowed in the amount of any excess Crystal owes Breckenridge over the amount Breckenridge owes Crystal as ultimately determined by final judgment in the Suit. EOD 2-19-87. NOE Sent to all parties in interest 2-19-87. |
| 02-18-87 | 11104 | 752 | ORDER (DIP) that pursuant to Bankruptcy Rule 3006, the proof of claim of Charter Company is withdrawn. EOD 2-19-87. NOE Sent to all parties in interest 2-19-87. |
| 02-18-87 | 11105 | 753 | ORDER (DIP) that pursuant to Bankruptcy Rule 3006, |

Bx 2 Fld 25

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | the proof of claim of AGB is withdrawn. EOD 2-19-87. NOE Sent to all parties in interest 2-19-87. |
| 02-19-87 | 11106 | 727 | MOTION (MOEPSI) Motion for Partial Withdrawal of Reference of Bankruptcy Case |
| 02-19-87 | 11107 | 727 | MEMO (MOEPSI) Memorandum in Support of Motion for Partial Withdrawal of Reference of Bankruptcy Case. Proposed Order Attached. |
| 02-18-87 | 11108 | 745 | ORDER (DIP) that Williams' claim evidenced by proof of claim number 526 is disallowed. EOD 2-19-87. NOE Sent to all parties in interest 2-19-87. |
| 02-19-87<br>EX.036<br>BX.12 | 11109 | | APPLICATION (Fulbright & Jaworski) Application of Fulbright & Jaworski for Allowance of Compensation and Reimbursement of Expenses. Clerk's Notice Hand Delivered to Debtor's Attorney.<br><br>CALENDAR: Hearing Set for 3-20-87 10:00 A.M. (CJH) |
| 02-19-87 | 11110 | | MEMO (Fulbright & Jaworski) Memorandum of Fulbright & Jaworski, Attorney for Debtors and Debtors-in-Possession in Support of its Application for Allowance of Compensation for Services Rendered and for Reimbursement of Expenses |
| 02-19-87 | 11111 | | APPLICATION (Bodenheimer, Jones, Klotz & Simmons) First and Final Application of Bodenheimer, Jones, Klotz & Simmons for Allowance of Attorneys' Fees and Reimbursement of Expenses. Clerk's Notice Hand Delivered to Debtor's Attorney.<br><br>CALENDAR: Hearing Set for 3-20-87 10:00 A.M. (CJH) |
| 02-19-87 | 11112 | | APPLICATION (Greene, Ayres & Mayo) Application of |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Greene, Ayres & Mayo for Allowance of Attorneys' Fees and Reimbursement of Expenses. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 3-20-87 10:00 A.M. (CJH) |
| 02-20-87 | 11113 | 738 | ORDER (DIP) that Staf's claim evidenced by proof of claim number 539 is allowed. EOD 02-20-87. NOE Sent to all parties in interest 02-20-87. |
| 02-20-87 | 11114 | 768 | ORDER (DIP) that Texas American Bank's (TAB) claim evidenced by proof of claim number 373 is allowed in the amount of principal, interest, and unamortized discount as originally scheduled on Schedule A-3 by Debtor (i.e. $16,691,000.00 plus $1,965,822.54 less $220,340.47, respectively) and the balance thereof is disallowed, TAB's claim evidenced by proof of claim number 425 is disallowed as being duplicative of proof of claim number 373, TAB's claim evidenced by proof of claim number 372 is disallowed to the extent of all pre-petition claims which have been paid in full (and to the extent of all invoiced post-petition claims which have been paid in full), and TAB's claim evidenced by proof of claim number 424 is disallowed as being duplicative of proof of claim number 372. EOD 02-20-87. NOE Sent to all parties in interest 02-20-87. |
| 02-20-87 | 11115 | 769 | ORDER (DIP) that the claims of the creditors listed on the attached list except the holders of the 15% debentures evidenced by proofs of claim numbered as set forth thereon are disallowed as duplicative. It is further ordered that the claims of the holders of the 15% debentures are allowed as set forth on the attached list. EOD 02-20-87. NOE Sent to all parties in interest 02-20-87. |
| 2-20-87 | 11116 | 770 | ORDER (DIP) that the hearing on the objection to the proof of claim Nos. 519 and 549 of the Louisiana Department of Revenue is continued until May 28, 1987 |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | at 10:00 A.M.<br>CALENDAR: Continued Hearing Set for 5-28-87 10:00 A.M. (CJH)<br><br>EOD 02-20-87. NOE Sent to all parties in interest 02-20-87. |
| 02-20-87 | 11117 | 771 | ORDER (DIP) that Phillips' proof of claim evidenced by proof of claim number 431 is disallowed. EOD 02-20-87. NOE Sent to all parties in interest 02-20-87. |
| 02-20-87 | 11118 | 772 | ORDER (HAL) that the hearing on the objection to proof of claim 325 is continued until March 20, 1987 at 10:00 A.M.<br><br>CALENDAR: Continued Hearing Set for 3-20-87 10:00 A.M. (CJH)<br><br>EOD 02-20-87. NOE Sent to all parties in interest 02-20-87. |
| 02-20-87 | 11119 | 773 | ORDER (DIP) that pursuant to Bankruptcy Rule 3006, the proof of claim of Louisiana Department of Revenue numbered 197 is withdrawn. It is further ordered that Louisiana's proof of claim number 573 is disallowed as duplicative. EOD 02-20-87. NOE Sent to all parties in interest 02-20-87. |
| 02-20-87 | 11120 | 775 | ORDER (DIP) that the hearing on the objection to proof of claim 547 of the Louisiana Department of Revenue is continued until May 28, 1987 at 10:00 A.M.<br><br>CALENDAR: Continued Hearing Set for 5-28-87 10:00 A.M. (CJH)<br><br>EOD 02-20-87. NOE Sent to all parties in interest 02-20-87. |
| 02-20-87 | 11121 | 774 | ORDER (DIP) that Louisiana Department of Revenue's |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | claim evidenced by proof of claim number 200 is allowed in the amount of $132,095.04 and the balance of Louisiana's claim is disallowed. It is further ordred that to this claim, Louisiana has applied $85,000.00 due Debtor, and Louisiana is authorized to set off these funds against its allowed claim. EOD 02-20-87. NOE Sent to all parties in interest 02-20-87. |
| 02-20-87 | 11122 | 776 | ORDER (DIP) that Louisiana Department of Revenue's claim 11070 is allowed in the amount of $43,477.39 EOD 02-20-87. NOE Sent to all parties in interest 02-20-87. |
| 02-20-87 | 11123 | 777 | ORDER (DIP) that pursuant to Bankruptcy Rule 3006, the proof of claim of Wyoming is withdrawn. EOD 02-20-87. NOE Sent to all parties in interest 02-20-87. |
| 02-20-87 | 11124 | 778 | ORDER (DIP) that Bobby Gilliam's claim evidenced by the proof of claim number 266 is allowed in the amount of $8,548.88 and $21,451.12 is disallowed. EOD 02-20-87. NOE Sent to all parties in interest 02-20-87. |
| 02-20-87 | 11125 | 779 | ORDER (DIP) that Ellis Gilliam's claim evidenced by the proof of claim number 267 is allowed in the amount of $5,724.15 and the balance of $4,275.85 is disallowed. EOD 02-20-87. NOE Sent to all parties in interest 02-20-87. |
| 02-20-87 | 11126 | 782 | ORDER (DIP) that Bobbitt's claim evidenced by proof of claim number 122 is disallowed. EOD 02-20-87. NOE Sent to all parties in interest 02-20-87. |
| 02-20-87 | 11127 | 783 | ORDER (DIP) that Grosman's claim evidenced by document number 67 is disallowed. EOD 02-20-87. NOE Sent to all parties in interest 02-20-87. |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 02-20-87 | 11128 | 784 | ORDER (DIP) that the claim of Polito evidenced by proof of claim number 222 is disallowed. EOD 02-20-87. NOE Sent to all parties in interest 02-20-87. |
| 02-20-87 | 11129 | 785 | ORDER (DIP) that Kelly's claim evidenced by document number 67 is allowed. EOD 02-20-87. NOE Sent to all parties in interest 02-20-87. |
| 02-20-87 | 11130 | 786 | ORDER (DIP) that the hearing on the objection to proof of claim 465 and 525 is continued until March 20, 1987 at 10:00 A.M.<br>CALENDAR: Continued Hearing Set for 3-20-87 10:00 A.M. (CJH)<br>EOD 02-20-87. NOE Sent to all parties in interest 02-20-87. |
| 02-20-87 | 11131 | 787 | ORDER (DIP) that Simonton's claim evidenced by proof of claim number 508 is allowed. EOD 02-20-87. NOE Sent to all parties in interest 02-20-87. |
| 02-20-87 | 11132 | 788 | ORDER (DIP) that pursuant to Bankruptcy Rule 3006, the proofs of claim of Cities Service Oil & Gas numbered 432 and 433 are withdrawn. EOD 02-20-87. NOE Sent to all parties in interest 02-20-87. |
| 02-20-87 | 11133 | 791 | ORDER (DIP) that the hearing on the objection to proofs of claim of Internal Revenue Service of the U.S.A., numbered 210, 568 and 748 are continued until May 28, 1987 at 10:00 A.M.<br>CALENDAR: Continued Hearing Set for 5-28-87 10:00 A.M. (CJH)<br>EOD 02-20-87. NOE Sent to all parties in interest 02-20-87. |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 02-20-87 | 11134 | 794 | ORDER (DIP) that Fina's claim evidenced by proof of claim number 676 is allowed. EOD 02-20-87. NOE Sent to all parties in interest 02-20-87. |
| 02-20-87 | 11135 | 795 | ORDER (DIP) that National's claim evidenced by proof of claim number 648 is allowed. EOD 02-20-87. NOE Sent to all parties in interest 02-20-87. |
| 02-20-87 | 11136 | 796 | ORDER (DIP) that Federal Express' claim evidenced by proof of claim number 665 is allowed. EOD 02-20-87. NOE Sent to all parties in interest 02-20-87. |
| 02-23-87 Ex. 036 Bx. 12 | 11137 | | MEMO (DIP) Transcript of Hearings of January 23, 1987 in Aid of Consummation and Objections filed against Proofs of Claim |
| 02-23-87 | 11138 | 773 | LETTER (Louisiana Department of Revenue & Taxation) Asking Court to withdraw Proof of Claim 573 |
| 02-23-87 | 11139 | 776 | ORDER (DIP) that pursuant to Bankruptcy Rule 3006, Louisiana Department of Revenue's claim evidenced by proof of claim number 199 is withdrawn. EOD 2-23-87. NOE sent to all parties in interest 2-23-87. |
| 02-23-87 Ex. 036 Bx 12 | 11140 | | APPLICATION (Cook, Yancey, King & Galloway) First and Final Application of Cook, Yancey, King & Galloway for Allowance of Attorneys' Fees and for Reimbursement of Out-of-pocket Expenses as Attorneys for Debtor in Possession. Clerk's Notice Hand Delivered to Debtor's Attorney.<br><br>CALENDAR: Hearing Set for 3-20-87 10:00 A.M. (CJH) |
| 2-23-87 | 11141 | | CERTIFICATE (DIP) Affidavit of Mailing to List of Attorneys and other Parties in Interest filing notice of Appearance and Request for Service of Papers and |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | to the Unsecured Creditors Committee, a Notice of Hearing to Compensate Attorneys and the hearing to be held on the Applications filed by Fulbright & Jaworski; Greene, Ayers & Mayo; Bodenheimer, Jones, Klotz & Simmons; Cook, Yancey, King & Galloway. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| 02-24-87 | 11142 | 727 | MEMO (MOEPSI) Designation of Portions of Bankruptcy Record on Withdrawal of Reference |
| 02-24-87 | 11143 | | APPLICATION (Official Committee of Unsecured Creditors) Application of Committee of Unsecured Creditors for Reimbursement of Expenses. Clerk's Notice Hand Delivered to Unsecured Creditors Committee's Attorney. |
| Bx 2 Fld 26 | | | CALENDAR: Hearing Set for 3-20-87 10:00 A.M. (CJH) |
| 02-24-87 | 11144 | | MINUTES (Judge Stephen V. Callaway) Hearing held 2-18-87 on Objection to Proofs of claim. Documents No. 693, 730 through 747, 750 through 753. Exhibits 1 through 7 were submitted by reference for all the above-mentioned hearings |
| 02-24-87<br>EX. 037<br>Bx. 12 | 11145 | 693 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-18-87 on Objection to Proof of claim of Disputed Suspense Amounts - George R. Brown Partnership - Proof of Claim No. 310. Exhibit 8 |
| 02-24-87 | 11146 | 730 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-18-87 on Objection to Proof of claim of Lisa Lake Oxford |
| 02-24-87 | 11147 | 731 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-18-87 on Objection to Proof of claim of Mr. and Mrs. Leon Pesnell |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 02-24-87 | 11148 | 732 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-18-87 on Objection to Proof of claim of PGC Pipeline, A Division of LPC Energy, Inc. |
| 02-24-87 | 11149 | 733 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-18-87 on Objection to Proof of claim of PGC Pipeline, a Division of LPC Energy, Inc. |
| 02-24-87 | 11150 | 734 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-18-87 on Objection to Proof of claim of Ray B. Powers, Jr. |
| 02-24-87 | 11151 | 735 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-18-87 on Objection to Proof of claim of Ramsey Property Management, Inc. |
| 02-24-87 | 11152 | 736 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-18-87 on Objection to Proof of claim of Ruth Dunn Reddings and Clarice D. Sanders |
| 02-24-87 | 11153 | 737 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-18-87 on Objection to Proof of claim of Somerset Land and Cattle Company |
| 02-24-87 | 11154 | 738 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-18-87 on Objection to Proof of claim of Staf Sales & Equipment, Inc. |
| 02-24-87 | 11155 | 739 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-18-87 on Objection to Proof of claim of Hershel Shaver and Christene Shaver |
| 02-24-87 | 11156 | 740 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-18-87 on Objection to Proof of claim of Vernon Baptist Church |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 02-24-87 | 11157 | 741 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-18-87 on Objection to Proof of claim of Weiser-Brown Oil Company |
| 02-24-87 | 11158 | 742 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-18-87 on Objection to Proof of claim of the Travelers Insurance Company |
| 02-24-87 | 11159 | 743 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-18-87 on Objection to Proof of claim of Tammy Lana Wesley, Sheva Rene Welsey (sic) and Nani Welsey (sic) |
| 02-24-87 | 11160 | 744 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-18-87 on Objection to Proof of claim of Texaco Producing, Inc. Exhibit 14 & 15 |
| 02-24-87 | 11161 | 745 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-18-87 on Objection to Proof of claim of Thomas J. Williams |
| 02-24-87 | 11162 | 746 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-18-87 on Objection to Proof of claim of Martye Jean Rodgers Stuart and Marvin Janelle Bentrop. Exhibit 8, 10, 11 |
| 02-24-87 | 11163 | 747 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-18-87 on Objection to Proof of claim of Roy Lee Rogers, Jr., Patricia R. Rogers, and Wayne L. McCann |
| 02-24-87 | 11164 | 750 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-18-87 on Objection to Proof of claim of the Charter Oil Company |
| 02-24-87 | 11165 | 751 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-18-87 on Objection to Proof of claim and Amended Proof of Claim filed by Breckenridge Gasoline Company |

EX. 037
Bx. 12

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 02-24-87 | 11166 | 752 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-18-87 on Objection to Proof of claim of the Charter Company |
| 02-24-87 | 11167 | 753 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-18-87 on Objection to Proof of claim of AGB Oil Company. Exhibit 12 |
| 02-25-87 | 11168 | | MINUTES (Judge Stephen V. Callaway) Hearings held 2-20-87. Objections to Proofs of claim. Documents No. 768 through 779, 782 through 788, 791 and 794 through 796. Exhibits 1,2,3,4,5,6 submitted by reference for all the above-mentioned Objections, |
| 02-25-87 | 11169 | 738 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-20-87 on Objection to Proof of claim of Staf Sales & Equipment, Inc. |
| 02-25-87 | 11170 | 768 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-20-87 on Objection to Proof of claim of Texas American Bank/Dallas |
| 02-25-87 | 11171 | 769 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-20-87 on Objection to Proofs of claim of Public Debt Holders and/or Proofs of claim that Failed to Deduct Unamortized Discount |
| 02-25-87 | 11172 | 770 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-20-87 on Objection to Proof of claim of Louisiana Department of Revenue and Taxation |
| 02-25-87 | 11173 | 771 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-20-87 on Objection to Proof of claim of Phillips Petroleum Company |
| 02-25-87 | 11174 | 772 | MINUTES (Judge Stephen V. Callaway) Hearing held |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | 2-20-87 on Objection to Proof of claim of Halliburton Services, A Division of Halliburton Company |
| 02-25-87 | 11175 | 773 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-20-87 on Objection to Proof of claim 197 and 573 of Louisiana Department of Revenue and Taxation. Exhibit 7 |
| 02-25-87 | 11176 | 774 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-20-87 on Objection to Proof of claim 200 of Louisiana Department of Revenue and Taxation |
| 02-25-87 | 11177 | 775 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-20-87 on Objection to Proof of claim 547 of Louisiana Department of Revenue and Taxation |
| 02-25-87 | 11178 | 776 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-20-87 on Objection to Proof of claim 196 and 199 of Louisiana Department of Revenue and Taxation. Exhibits 9,10,11 |
| 02-25-87 | 11179 | 776 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-20-87 on Objection to Proof of claim 196 and 199 of Louisiana Department of Revenue and Taxation |
| 02-25-87 | 11180 | 777 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-20-87 on Objection to Proof of claim of Wyoming Department of Revenue and Taxation. Exhibit 12 |
| 02-25-87 | 11181 | 778 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-20-87 on Objection to Proof of claim of Bobby E. Gilliam and Margaret T. Gilliam |
| 02-25-87 | 11182 | 779 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-20-87 on Objection to Proof of claim of Ellis C. Gilliam |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 02-25-87 | 11183 | 782 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-20-87 on Objection to Proof of claim of Helen E. Bobbitt |
| 02-25-87 | 11184 | 783 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-20-87 on Objection to Proof of claim of Birgitta M. Grosman |
| 02-25-87 | 11185 | 784 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-20-87 on Objection to Proof of claim of Louis J. Polito |
| 02-25-87 | 11186 | 785 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-20-87 on Objection to Proof of claim of Edward M. Kelly and Elizabeth R. Shelton |
| 02-25-87 | 11187 | 786 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-20-87 on Objection to Proof of claim of Placid Oil Company |
| 02-25-87 | 11188 | 787 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-20-87 on Objection to Proof of claim of Edwin C. Simonton |
| 02-25-87 | 11189 | 788 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-20-87 on Objection to Proof of claim of Cities Service Oil & Gas Corporation |
| 02-25-87 | 11190 | 791 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-20-87 on Objection to Proof of claim of United States of America, Department of the Treasury, Internal Revenue Service. Exhibit 13 |
| 02-25-87 | 11191 | 794 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-20-87 on Objection to Proof of claim of Fina Oil & Chemical Company |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 02-25-87 | 11192 | 795 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-20-87 on Objection to Proof of claim of National Tank Company |
| 02-25-87 | 11193 | 796 | MINUTES (Judge Stephen V. Callaway) Hearing held 2-20-87 on Objection to Proof of claim of Federal Express Corporation |
| 02-26-87 | 11194 | 863 | MINUTES (Judge Stephen V. Callaway) Hearing held 1-30-87 on Motion for Order in Aid of Consummation. Exhibits 1-18 |
| 2-27-87 | 11195 | 727 | MEMO (COC) Memorandum in Opposition to Motion for Partial Withdrawal of Reference of Bankruptcy Case |
| 02-27-87 | 11196 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Unliquidated, Contingent, and/or Disputed Claim of Johnston Crane & Rigging, Inc. Clerk's Notice Hand Delivered to Debtor's Attorney.<br>CALENDAR: Hearing Set for 4-10-87 10:00 A.M. (CJH)<br>CALENDAR: Hearing Set for 5-28-87 9:00 A.M. (CJH)<br>CALENDAR: Remove from Calendar Per Order No. 11478 of 4-27-87 |
| 02-27-87 | 11197 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Unliquidated, Contingent, and/or Disputed Claim of Michael Hyde. Clerk's Notice Hand Delivered to Debtor's Attorney.<br>CALENDAR: Hearing Set for 4-10-87 10:00 A.M. (CJH) |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | CALENDAR: Hearing Set for 5-28-87 9:00 A.M. (CJH) |
| | | | CALENDAR: Remove from Calendar Per Order No. 11475 of 4-27-87 |
| 02-27-87 | 11198 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Unliquidated, Contingent, and/or Disputed Claim of Big Chief Truck Lines, Inc. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-10-87 10:00 A.M. (CJH) |
| | | | CALENDAR: Hearing Set for 5-28-87 9:00 A.M. (CJH) |
| | | | CALENDAR: Remove from Calendar Per Order No. 11472 of 4-27-87 |
| 02-27-87 | 11199 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Unliquidated, Contingent, and/or Disputed Claim of J & L Riggers, Inc. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-10-87 10:00 A.M. (CJH) |
| | | | CALENDAR: Hearing Set for 5-28-87 9:00 A.M. (CJH) |
| | | | CALENDAR: Remove from Calendar Per Order No. 11469 of 4-27-87 |
| 02-27-87 | 11200 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Unliquidated, Contingent, and/or Disputed Claim of Quality Holstein Leasing, Inc. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-10-87 10:00 A.M. (CJH) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 02-27-87 | 11201 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Unliquidated, Contingent, and/or Disputed Claim of Nevada Oil Operators. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-10-87 10:00 A.M. (CJH) |
| | | | CALENDAR: Hearing Set for 5-28-87 9:00 A.M. (CJH) |
| | | | CALENDAR: Remove from Calendar Per Order No. 11466 of 4-27-87 |
| 2-27-87 | 11202 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Unliquidated, Contingent, and/or Disputed Claim of W. W. Moore. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-10-87 10:00 A.M. (CJH) |
| | | | CALENDAR: Hearing Set for 5-28-87 9:00 A.M. (CJH) |
| | | | CALENDAR: Remove from Calendar Per Order No. 11463 of 4-27-87 |
| 02-27-87 | 11203 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Unliquidated, Contingent, and/or Disputed Claim of Sun Exploration & Production Company. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-10-87 10:00 A.M. (CJH) |
| | | | CALENDAR: Hearing Set for 5-28-87 9:00 A.M. (CJH) |
| | | | CALENDAR: Remove from Calendar Per Order |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | No. 11460 of 4-27-87 |
| 02-27-87 | 11204 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Unliquidated, Contingent, and/or Disputed Claim of American Home Assurance Company. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-10-87 10:00 A.M. (CJH) |
| 02-27-87 | 11205 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Unliquidated, Contingent, and/or Disputed Claim of McCartney Oil Company. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-10-87 10:00 A.M. (CJH) |
| | | | CALENDAR: Hearing Set for 5-28-87 9:00 A.M. (CJH) |
| | | | CALENDAR: Remove from Calendar Per Order No. 11457 of 4-27-87 |
| 02-27-87 | 11206 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Unliquidated, Contingent, and/or Disputed Claim of Cogburn Pump & Supply, Inc. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-10-87 10:00 A.M. (CJH) |
| | | | CALENDAR: Hearing Set for 5-28-87 9:00 A.M. (CJH) |
| | | | CALENDAR: Remove from Calendar Per Order No. 11454 of 4-27-87 |
| 02-27-87 | 11207 | | OBJECTION (COC) Objection to Proof of Claim of Gasland, Inc. n/k/a Transamerican Natural Gas |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Corporation (Proof of Claim No. 978 and 11073). Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-10-87 10:00 A.M. (CJH) |
| 03-02-87 | 11208 | 680 | ORDER (DIP) that the hearing on the objection to James W. and Marvell Williams' is continued until March 20, 1987 at 10:00 A.M. Memo attached. EOD 3-2-87. NOE sent to all parties in interest 3-2-87. |
| | | | CALENDAR: Hearing Set for 3-20-87 10:00 A.M. (CJH) |
| 03-02-87 | 11209 | 680 | MINUTES (Judge Stephen V. Callaway) Objection to Proof of Claim of Paid Division Interest Owners with Disputed Suspense Amounts - James W. and Marvell Williams |
| 03-03-87 | 11210 | | APPLICATION (IBJ Schroder Bank & Trust Co.) Application of IBJ Schroder Bank & Trust Company, Indenture Trustee, for Payment of Fees and Expenses, including the Fees and Expenses of its Counsel, Rosenman & Colin. Clerk's Notice mailed to Rosenman & Colin, Attention to Lynn Michalson. |
| EX. 037 Bx. 12 | | | |
| | | | CALENDAR: Hearing Set for 4-16-87 9:00 A.M (CJH) |
| 03-03-87 | 11211 | | ORDER (Judge Stephen V. Callaway) to limit Notice and to Establish Time for Filing Objections to Applications for Compensation |
| Bx#2 Fld 27 | | | |
| 03-04-87 | 11212 | | CERTIFICATE (COC) Affidavit of Mailing to the persons listed on the List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of Papers, members of the Unsecured Creditors Committee and each claimant a copy of such Motion or Objection, as applicable, and a Notice of hearing. Motions or Objections attached hereto. |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 03-03-87 | 11213 | | MEMO (COC) Transcript of Hearings of January 23, 1987 in Aid of Consummation and Objections filed against Proofs of Claim |
| Ex. 037 Bx. 12 | | | |
| 03-03-87 | 11214 | | MEMO (COC) Transcript of Hearing of January 30, 1987 in Aid of Consummation |
| Ex. 038 Bx. 12 | | | |
| 03-05-87 | 11215 | 11143 | CERTIFICATE (Official Unsecured Creditors Committee) Affidavit of Mailing of Notice to Creditors and Other Parties in Interest to all Persons on the Attached List. |
| 03-06-87 | 11216 | 11212 | CERTIFICATE (COC) Amended Affidavit of Mailing. Motions, Objection, and Notices of Hearing thereon were only mailed to each claimant, as applicable, there no longer being a requirement to mail copies of such documents to the List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of Papers and to the members of the Unsecured Creditors Committee. |
| 03-06-87 | 11217 | | APPLICATION (Holland & Hart) First Application for Interim Allowance of Attorneys' Fees and for Reimbursement of Out-of-Pocket Expenses by Holland & Hart, Attorneys for Debtor in Possession. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-10-87 9:00 A.M. (CJH) |
| 03-09-87 | 11218 | 11210 | CERTIFICATE (IBJ Schroder Bank & Trust Co.) Affidavit of Mailing. Notice of Creditors and Other Parties in Interest of Filing of Application of IBJ Schroder Bank & Trust Company, Indenture Trustee, for Payment of Fees and Expenses, Including the Fees and Expenses of its Counsel, Rosenman & Colin and Hearing thereon |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 03-09-87 | 11219 | | APPLICATION (Steel Hector & Davis) Final Application for Compensation of Steel Hector & Davis for Allowance of Attorneys' Fees and Reimbursement of Expenses. Clerk's Notice Hand Delivered to Debtor's Attorney.<br><br>CALENDAR: Hearing Set for 4-10-87 9:00 A.M. (CJH) |
| 03-09-87 | 11220 | | APPLICATION (Cabaniss, Johnston, Gardner, Dumas & O'Neal) First Application for Compensation and Reimbursement of Expenses of Cabaniss, Johnston, Gardner, Dumas & O'Neal. Clerk's Notice Hand Delivered to Debtor's Attorney.<br><br>CALENDAR: Hearing Set for 4-10-87 9:00 A.M. (CJH) |
| 03-09-87 | 11221 | 17 | MOTION (COC) Motion in Aid of Consummation to Authorize Release of Deposits |
| 03-09-87 | 11222 | 17 | ORDER (COC) Granting Motion #11221 |
| 03-10-87 | 11223 | | CERTIFICATE (COC) Affidavit of Mailing to List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of Papers, the Unsecured Creditors Committee and to each Applicant, Holland & Hart, Steel, Hector & Davis and Cabaniss, Johnston, Gardner, Dumas & O'Neal, a Notice of Hearing to compensate attorneys. |
| 03-11-87 | 11224 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector - Vermilion Parish. Clerk's Notice Hand Delivered to Debtor's Attorney.<br><br>CALENDAR: Hearing Set for 4-16-87 9:00 A.M. (CJH) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 03-11-87 | 11225 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector - Henderson ISD. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-16-87 9:00 A.M. (CJH) |
| 03-11-87 | 11226 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector - Tensas Parish. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-16-87 9:00 A.M. (CJH) |
| 03-11-87 | 11227 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector - City of Springhill. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-16-87 9:00 A.M. (CJH) |
| 03-11-87 | 11228 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector - San Jacinto County. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-16-87 9:00 A.M. (CJH) |
| 03-11-87 | 11229 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector - Orange Grove ISD. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-16-87 9:00 A.M. (CJH) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 03-11-87 | 11230 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector - Ex-Officio Tax - Natchitoches Parish. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-16-87 9:00 A.M. (CJH) |
| 03-11-87 | 11231 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector - City of Longview. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-16-87 9:00 A.M. (CJH) |
| 03-11-87 | 11232 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector - Lincoln Parish. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-16-87 9:00 A.M. (CJH) |
| 03-11-87 | 11233 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector - Liberty County, Texas. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-16-87 9:00 A.M. (CJH) |
| 03-11-87 | 11234 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector - Lafayette Parish. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-16-87 9:00 A.M. (CJH) |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 03-11-87 | 11235 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector - Jefferson Davis Parish. Clerk's Notice Hand Delivered to Debtor's Attorney.<br><br>CALENDAR: Hearing Set for 4-16-87 9:00 A.M. (CJH) |
| 03-11-87 | 11236 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector - Hidalgo County. Clerk's Notice Hand Delivered to Debtor's Attorney.<br><br>CALENDAR: Hearing Set for 4-16-87 9:00 A.M. (CJH) |
| 03-11-87 | 11237 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector - Duval County. Clerk's Notice Hand Delivered to Debtor's Attorney.<br><br>CALENDAR: Hearing Set for 4-16-87 9:00 A.M. (CJH) |
| 03-11-87 | 11238 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector - Arkansas Oil & Gas Commission - El Dorado, Arkansas. Clerk's Notice Hand Delivered to Debtor's Attorney.<br><br>CALENDAR: Hearing Set for 4-16-87 9:00 A.M. (CJH) |
| 03-11-87 | 11239 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector - Department of Finance - Little Rock, Arkansas. Clerk's Notice Hand Delivered to Debtor's Attorney.<br><br>CALENDAR: Hearing Set for 4-16-87 9:00 A.M. (CJH) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 03-11-87 | 11240 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector - DeSoto Parish. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-16-87 9:00 A.M. (CJH) |
| 03-11-87 | 11241 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector - Edinburg Cons. ISD. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-16-87 9:00 A.M. (CJH) |
| 03-11-87 | 11242 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector - Ector County. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-16-87 9:00 A.M. (CJH) |
| 03-12-87 | 11243 | | CERTIFICATE (COC) Affidavit of Mailing stating that a copy of the Motion in Aid of Consummation to Confirm Discharge of Tax Claims and a notice of hearing was sent to tax claimants. Notices attached to Affidavit. |
| 03-13-87 | 11244 | 727 | ORDER, copy (U. S. District Judge) Order that further proceedings regarding Debtor and MOEPSI are withdrawn from U. S. Bankruptcy Court and further proceedings take place in the U. S. District Court. U. S. District Court Numbered Misc. No. 87-21 |
| 03-13-87 | 11245 | 727 | MEMO, copy (U. S. District Court) Memorandum Ruling MOEPSI's motion for partial withdrawal of reference is granted. U. S. District Court Numbered Misc. No. 87-21 |

Bx #2 Fld 28

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 03-17-87 | 11246 | 11 | APPLICATION (COC) Application for Approval of Compensation for Joe N. Averett, Jr. Clerk's Notice Hand Delivered to Debtor's Attorney.<br><br>CALENDAR: Hearing Set for 4-10-87 9:00 A.M. (CJH) |
| 03-18-87 | 11248 | 11 | CERTIFICATE (COC) Affidavit of Mailing to List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of Papers and members of the Unsecured Creditors Committee, a copy of the Application for Approval of Compensation for Joe N. Averett, Jr. and a Notice of Hearing. |
| 03-20-87 | 11249 | | APPLICATION (Honigman, Miller, Schwartz & Cohn) Final Application for Compensation of Honigman, Miller, Schwartz & Cohn. Clerk's Notice Hand Delivered to Debtor's Attorney.<br><br>CALENDAR: Hearing Set for 4-16-87 9:00 A.M. (CJH) |
| 03-20-87 | 11250 | | APPLICATION (Copeland, Wickersham, Wiley & Co., Inc.) Application for Compensation of Copeland, Wickersham, Wiley & Co., Inc. Clerk's Notice Hand Delivered to Debtor's Attorney.<br><br>CALENDAR: Hearing Set for 4-16-87 9:00 A.M. (CJH) |
| 03-20-87 | 11251 | | APPLICATION (Smith, Stroud, McClerkin, Dunn & Nutter) First and Final Application for Allowance of Attorneys' Fees and for Reimbursement of Out-of-Pocket Expenses by Smith, Stroud, McClerkin, Dunn & Nutter. Attorneys for Debtor in Possession. Clerk's Notice Hand Delivered to Debtor's Attorney.<br><br>CALENDAR: Hearing Set for 4-16-87 9:00 A.M. (CJH) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 03-20-87 | 11252 | 376 | ORDER (COC) that the Compromise set forth in the Motion to Compromise Controversy and for Authority to Assume Executory Compromise Agreement, and the attached Consent Order filed in the U.S. Bankruptcy Court Northern District of Alabama Southern Division, is hereby Approved. EOD 3-20-87. NOE sent to all parties in interest 3-23-87. |
| 03-20-87 | 11253 | 680 | ORDER (COC) that William's claim evidenced by the proof of claim number 415 is Withdrawn. EOD 3-20-87. NOE sent to all parties in interest 3-20-87. |
| 03-20-87 | 11254 | 681 | ORDER (COC) that a Pre-Trial conference on the Objection to the proof of claim of Paul A. Kern, Jr., Document No. 681 be set for June 25, 1987 at 9:00 A.M. EOD 3-20-87. NOE sent to all parties in interest 3-20-87.<br>CALENDAR: Pre-Trial Conference Set for 6-25-87 at 9:00 A.M. (CJH) |
| 03-20-87 | 11255 | 691 | MOTION (COC & ARKLA) Joint Motion to Continue until May 29, 1987. |
| 03-20-87 | 11256 | 691 | ORDER (COC & ARKLA) Granting Motion #11255 to Continue until May 29, 1987. EOD 3-20-87. NOE sent to all parties in interest 3-20-87.<br>CALENDAR: Pre-Trial Conference Set for 5-29-87, 1:30 P.M. (CJH) |
| 03-20-87 | 11257 | 694 | ORDER (COC) that Hearnsberger's claim evidenced by the proof of claim number 423 is allowed in the amount of $500.00 and disallowed in the amount of $1,500.00. EOD 3-20-87. NOE sent to all parties in interest 3-23-87. |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 03-20-87 | 11258 | 694 | ORDER (COC) that Wainwright's claim evidenced by the proof of claim number 421 is allowed in the amount of $2,167.97 and disallowed in the amount of $832.03. EOD 3-20-87. NOE sent to all parties in interest 3-23-87. |
| 03-20-87 | 11259 | 698 | ORDER (COC) that a Pre-Trial Conference be set on Objection to Proof of Claim of Edward J. Assiter, d/b/a B J. Ivey Company, Document No. 698. EOD 3-20-87. NOE sent to all parties in interest 3-23-87.<br><br>CALENDAR: Pre-Trial Conference Set for 5-14-87, 1:30 P.M. (CJH) |
| 03-20-87 | 11260 | 700 | ORDER (COC) that Gary R. Boucher's claim evidenced by the proof of claim number 422 is allowed in the amount of $200.00 and disallowed in the amount of $800.00. EOD 3-20-87. NOE sent to all parties in interest 3-23-87. |
| 03-20-87 | 11261 | 701 | ORDER (COC) that Hubberd H. Boucher's claim evidenced by the proof of claim number 414 is allowed in the amount of $2,878.02 and disallowed in the amount of $2,121.98. EOD 3-20-87. NOE sent to all parties in interest 3-23-87. |
| 03-20-87 | 11262 | 702 | ORDER (COC) that J. Scott Boucher's claim evidenced by the proof of claim number 418 is allowed in the amount of $682.75 and disallowed in the amount of $3,317.25. EOD 3-20-87. NOE sent to all parties in interest 3-23-87. |
| 03-20-87 | 11263 | 706 | ORDER (COC) that on Objection to Proof of Claim of Cora Lee Catchings, et al, Document No. 706 is continued for Pre-Trial Conference Set for 5-29-87 at 1:30 P.M. EOD 3-20-87. NOE sent to all parties in interest 3-23-87.<br><br>CALENDAR: Pre-Trial Conference Set for |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | 5-29-87, 1:30 P.M. (CJH) |
| 03-20-87 | 11264 | 732 | ORDER (COC) that on Objection to Proof of Claim of PGC, Document No. 732 is continued until 5-28-87 at 9:00 A.M. EOD 3-20-87. NOE sent to all parties in interest 3-23-87. |
| | | | CALENDAR: Continued Hearing Set for 5-28-87 9:00 A.M. (CJH) |
| 03-20-87 | 11265 | 733 | ORDER (COC) that on Objection to Proof of Claim of PGC, Document No. 733 is continued until 5-28-87 at 9:00 A.M. EOD 3-20-87. NOE sent to all parties in interest 3-23-87. |
| | | | CALENDAR: Continued Hearing Set for 5-28-87 9:00 A.M. (CJH) |
| 03-20-87 | 11266 | 736 | ORDER (COC) that the hearing on the objection to the claims of Redding evidenced by proofs of claim number 263 and 420 is continued until 5-14-87 at 10:00 A.M. EOD 3-20-87. NOE sent to all parties in interest 3-23-87. |
| | | | CALENDAR: Continued Hearing Set for 5-14-87 10:00 A.M. (CJH) |
| 03-20-87 | 11267 | 739 | ORDER (COC) that the hearing on the objection to Proof of claim of Hershel Shaver, Document No. 739 is continued until 5-15-87 at 10:00 A.M. EOD 3-20-87. NOE sent to all parties in interest 3-23-87. |
| | | | CALENDAR: Continued Hearing Set for 5-15-87 10:00 A.M. (CJH) |
| | | | CALENDAR: Per Order No. 11327 Hearing Changed to 4-10-87, 9:00 A.M. (CJH) |
| | | | CALENDAR: Continued Hearing Set for 5-14-87 to 9:00 A.M. (CJH) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 03-20-87 | 11268 | 747 | ORDER (COC) that Rogers, et al's claim evidenced by proof of claim Number 429 is allowed in the amount of $5,800.60 and the balance of $6,199.40 is disallowed. EOD 3-20-87. NOE sent to all parties in interest 3-23-87. |
| 03-20-87 | 11269 | 772 | ORDER (COC) that the hearing on the objection of Halliburton Services, Document No. 772 is continued until 4-16-87 at 9:00 A.M. EOD 3-23-87. NOE sent to all parties in interest 3-23-87.<br>CALENDAR: Continued Hearing Set for 4-16-87 9:00 A.M. (CJH) |
| 03-20-87 | 11270 | 786 | ORDER (COC) that the hearing on the objection of Placid, Document No. 786 is continued until 4-10-87 at 10:00 A.M. EOD 3-23-87. NOE sent to all parties in interest 3-23-87.<br>CALENDAR: Continued Hearing Set for 4-10-87 10:00 A.M. (CJH) |
| 03-20-87 | 11271 | 797 | ORDER (COC) that Texas Commerce Bank National Association's claim by proof of claim number 412 is allowed in the amount of the principal, interest, and unamortized discount as originally scheduled on Schedule A-3 by Crystal in the total amount of $23,946,594.52 (i.e. $26,319,000.00 plus $2,630,908.53 less $5,003,314.01, respectively) and the balance of $5,003,314.01 thereof is disallowed. EOD 3-23-87. NOE sent to all parties in interest 3-23-87. |
| 03-20-87 | 11272 | 798 | ORDER (COC) that Texas Commerce Bank National Association's claim by proof of claim number 411 is allowed in the amount of the principal, interest, and unamortized discount as originally scheduled on Schedule A-3 by Crystal in the total amount of $20,828,203.48 (i.e. $20,412,000.00 plus $2,226,445.89 less $1,810,242.41, respectively) and |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | the balance of $1,810,242.41 thereof is disallowed. EOD 3-23-87. NOE sent to all parties in interest 3-23-87. |
| 03-20-87 | 11273 | 799 | ORDER (COC) that Texas Commerce Bank National Association's claim by proof of claim number 405 is allowed in the amount of the principal, interest, and unamortized discount as originally scheduled on Schedule A-3 by Crystal in the total amount of $13,995,382.77 (i.e. $12,919,000.00 plus $1,255,620.62 less $179,237.85, respectively) and the balance of $179,237.85 thereof is disallowed. EOD 3-23-87. NOE sent to all parties in interest 3-23-87. |
| 03-20-87 | 11274 | 816 | ORDER (COC) that the hearing on the objection of Halliburton Services, Document No. 816 is continued until 4-16-87 at 10:00 A.M. EOD 3-23-87. NOE sent to all parties in interest 3-23-87.<br><br>CALENDAR: Continued Hearing Set for 4-16-87 10:00 A.M. (CJH) |
| 03-20-87 | 11279 | 11109 | ORDER (COC) Approving Application of Fulbright & Jaworski for Allowance of Compensation and Reimbursement of Expenses, Attorney fee in the amount of $616,743.75 and out-of-pocket expenses, $22,623.99. EOD 3-23-87. NOE sent to all parties in interest 3-23-87. |
| 03-20-87 | 11280 | 11143 | ORDER (COC) that the reimbursement of expenses to the members of the Committee is allowed and the Debtor is directed to reimburse to Samuel Seidman of Quantum Overseas, Ltd. the sum of $2,109.29, Marshall Kass of Louart Corporation the sum of $2,004.95, Donald Housley the sum of $2,240.38, Donald Garrett the sum of $3,494.48, and Kevin Matthews of Southmark Corporation the sum of $236.00. EOD 3-23-87. NOE sent to all parties in interest 3-23-87. |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 03-20-87 | 11281 | 11111 | ORDER (COC) that Crystal is authorized to pay Bodenheimer, Jones, Klotz & Simmons the full sum of $28,696.50 which represents $28,262.50 in attorneys' fees and $434.00 in expenses. EOD 3-23-87. NOE sent to all parties in interest 3-23-87. |
| 03-20-87 | 11282 | 11112 | ORDER (COC) that Crystal is authorized to pay Greene, Ayres & Mayo the full sum of $784.99 which represents $775.00 in attorneys' fees and $9.99 in expenses. EOD 3-23-87. NOE sent to all parties in interest 3-23-87. |
| 03-20-87 | 11283 | 11140 | ORDER (COC) that Crystal is authorized to pay Cook, Yancey, King & Galloway the full sum of $110,210.23 which represents $97,283.00 in attorneys' fees and $12,927.23 in out-of-pocket expenses. EOD 3-23-87. NOE sent to all parties in interest 3-23-87. |
| 03-20-87 | 11284 | 11082 | ORDER (COC) that the firm of Smith, Gambrell & Russell is awarded and the Debtor is directed to pay the sum of $66,247.00 as fees earned through January 31, 1987 and $13,906.90 as reimbursement of expenses for the same period. EOD 3-23-87. NOE sent to all parties in interest 3-23-87. |
| 03-20-87 | 11285 | 11083 | ORDER (COC) that the attorney's costs and expenses incurred in the amount of $191.41 are approved and allowed; and ordered that Simon, Fitzgerald, Cooke, Reed & Welch is hereby allowed $16,291.25 compensation for the services rendered as attorney for the Unsecured Creditors Committee. EOD 3-23-87. NOE sent to all parties in interest 3-23-87. |
| 03-20-87 | 11286 | | APPLICATION (PaineWebber Inc.) Application for Compensation of Painewebber Inc. Clerk's Notice Hand Delivered to Debtor's Attorney. |
| | | | CALENDAR: Hearing Set for 4-16-87 9:00 A.M. (CJH) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 03-24-87 | 11287 | | CERTIFICATE (COC) Affidavit of Mailing to List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of papers, to each member of the Unsecured Creditors Committee and each Applicant a Notice of Hearing on Applications for compensation for: Copeland, Wickersham Wiley & Co., Inc.; Paine Webber Inc.; Smith, Stroud, McClerkin, Dunn & Nutter; Honigman, Miller, Schwartz & Cohn. |
| 3-30-87 | 11291 | | MINUTES (Judge Stephen V. Callaway) Hearings held 3-20-87 on Objections, Motions and Applications. |
| 3-30-87 | 11292 | 376 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Motion to Compromise Controversy and for Authority to Assume Executory Compromise Agreement. Exhibit 3. |
| 3-30-87 | 11293 | 680 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Objection to Proofs of Claim of Paid Division Interest Owners with Disputed Suspense Amounts - James W. & Marvell William |
| 3-30-87 | 11294 | 681 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Objection to Proof of Claim of Paul A. Kern, Jr. |
| 3-30-87 | 11295 | 691 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Objection to Proof of Claim of Arkla Released Gas Company, a Division of Arkla Energy Marketing Company and Arkla Energy Resources, a Division of Arkla, Inc. |
| 3-30-87 | 11296 | 694 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Objection to Proofs of Claim of Paid Division Interest Owners - Jay and Karen Hearnsberger |

13x#2 Fld 29

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 3-30-87 | 11297 | 694 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Objection to Proofs of Claim of Paid Division Interest Owners - Larry and Kathy L. Wainwright |
| 3-30-87 | 11298 | 702 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Objection to Proof of Claim of J. Scott Boucher |
| 3-30-87 | 11299 | 698 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Objection to Proof of Claim of Edward J. Assiter, D/B/A Bob J. Ivey Company |
| 3-30-87 | 11300 | 700 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Objection to Proof of Claim of Gary R. Boucher |
| 3-30-87 | 11301 | 701 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Objection to Proof of Claim of Hubberd H. Boucher |
| 3-30-87 | 11302 | 706 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Objection to Proof of Claim of Cora Lee Catchings, Leslie Horn, Bailey Lathem, Joe Lee, Sid B. Lee, Mrs. Willie Maud Rodgers, and Mrs. Florence Swinney |
| 3-30-87 | 11303 | 732 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Objection to Proof of Claim of PGC Pipeline, a Division of LPC Energy, Inc. |
| 3-30-87 | 11304 | 733 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Objection to Proof of Claim of PGC Pipeline, a Division of LPC Energy, Inc. |
| -30-87 | 11305 | 736 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Objection to Proof of Claim of Ruth Dunn |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Redding and Clarice D. Sanders. Exhibit 2. |
| 3-30-87 | 11306 | 739 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Objection to Proof of Claim of Hershel Shaver and Christene Shaver. |
| 3-30-87 | 11307 | 747 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Objection to Proof of Claim of Roy Lee Rogers, Jr., Patricia R. Rogers and Wayne L. McCann. Exhibit 1. |
| 3-30-87 | 11308 | 772 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Objection to Proof of Claim of Halliburton Services, a Division of Halliburton Company. |
| 3-30-87 | 11309 | 786 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Objection to Proof of Claim of Placid Oil Company |
| 3-30-87 | 11310 | 797 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Objection to Proof of Claim of Texas Commerce Bank National Association - Proof of Claim No. 412 |
| 3-30-87 | 11311 | 798 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Objection to Proof of Claim of Texas Commerce Bank National Association - Proof of Claim No. 411 |
| 3-30-87 | 11312 | 799 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Objection to Proof of Claim of Texas Commerce Bank National Association - Proof of Claim No. 405 |
| 3-30-87 | 11313 | 816 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Objection to Proof of Claim of Halliburton Services, a Division of Halliburton Company |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 3-30-87 | 11314 | 11109 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Application of Fulbright & Jaworski for Allowance of Compensation and Reimbursement of Expenses |
| 3-30-87 | 11315 | 11143 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Application of Committee of Unsecured Creditors for Reimbursement of Expenses |
| 3-30-87 | 11316 | 11111 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on First and Final Application of Bodenheimer, Jones, Klotz & Simmons for Allowance of Attorneys' Fees and Reimbursement of Expenses |
| 3-30-87 | 11317 | 11112 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Application of Greene, Ayres & Mayo for Allowance of Attorneys' Fees and Reimbursement of Expenses |
| 3-30-87 | 11318 | 11140 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on First and Final Application of Cook, Yancey, King & Galloway for Allowance of Attorneys' Fees and for Reimbursement of Out-of-pocket Expenses as Attorneys for Debtor in Possession |
| 3-30-87 | 11319 | 11083 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Interim Application by Attorney for Unsecured Creditors Committee for Allowance of Compensation and Disbursements |
| 3-30-87 | 11320 | 11082 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Application by Smith, Gambrell & Russell for Interim Compensation and Reimbursement of Expenses |
| 3-30-87 | 11321 | 466 | MINUTES (Judge Stephen V. Callaway) Hearing held |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | 3-20-87 on Arkla Energy Resources, a Division of Arkla, Inc. versus Crystal Oil Company - Adversary Proceeding No. 586-0444 |
| 3-30-87 | 11322 | 467 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Arkla Released Gas Company, a Division of Arkla, Inc. versus Crystal Oil Company - Adversary Proceeding No. 586-0445 |
| 03-30-87 | 11323 | 728 | MOTION (Morgan, et al) Motion for Relief of Stay and/or for Abstention |
| 03-30-87 | 11324 | 739 | MOTION (Shaver, et ux) Motion for Relief of Stay and/or for Abstention |
| 03-30-87 | 11325 | 728 | ORDER (Morgan, et al) Order Setting Hearing and Limiting Notice to Ten Days.<br>CALENDAR: Hearing Set for 4-10-87 9:00 A.M. (CJH) |
| 03-30-87 | 11326 | 728 | CERTIFICATE (Morgan, et al) Affidavit of Mailing to List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of papers of Motion and Notice of Hearing. |
| 03-30-87 | 11327 | 739 | ORDER (Shaver, et ux) Order Setting Hearing and Limiting Notice to Ten Days.<br>CALENDAR: Hearing Set for 4-10-87 9:00 A.M. (CJH) |
| 03-30-87 | 11328 | 739 | CERTIFICATE (Shaver, et ux) Affidavit of Mailing to List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of papers of Motion and Notice of Hearing. |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 03-31-87 | 11329 | 694 | ORDER (COC) that Vercher's claim evidenced by the proof of claim number 419 is disallowed. EOD 3-31-87. NOE sent to all parties in interest 3-31-87. |
| 03-31-87 | 11330 | 694 | MINUTES (Judge Stephen V. Callaway) Hearing held 3-20-87 on Objection to Proof of Claim of Ben D. Vercher, et ux |
| 03-31-87 | 11331 | 11242 | OBJECTION (COC) Objection to Proof of Claim of Tax Collector - Ector County (Proof of Claim No. 11017). Clerk's Notice Hand Delivered to Debtor's Attorney.<br>CALENDAR: Hearing Set for 5-14-87 9:00 A.M. (CJH) |
| 03-31-87 | 11332 | 11227 | OBJECTION (COC) Objection to Proof of Claim of Tax Collector - City of Springhill (Proof of Claim No. 582). Clerk's Notice Hand Delivered to Debtor's Attorney.<br>CALENDAR: Hearing Set for 5-14-87 9:00 A.M. (CJH) |
| 03-31-87 | 11333 | 11225 | OBJECTION (COC) Objection to Proof of Claim of Tax Collector - Henderson ISD (Proof of Claim No. 11079). Clerk's Notice Hand Delivered to Debtor's Attorney.<br>CALENDAR: Hearing Set for 5-14-87 9:00 A.M. (CJH) |
| 03-31-87 | 11334 | 11234 | OBJECTION (COC) Objection to Proof of Claim of Tax Collector - Lafayette Parish (Proof of Claim No. 966). Clerk's Notice Hand Delivered to Debtor's Attorney.<br>CALENDAR: Hearing Set for 5-14-87 9:00 A.M. (CJH) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 03-31-87 | 11335 | 11224 | OBJECTION (COC) Objection to Proof of Claim of Tax Collector - Vermilion Parish (Proof of Claim No. 596). Clerk's Notice Hand Delivered to Debtor's Attorney.<br><br>CALENDAR: Hearing Set for 5-14-87 9:00 A.M. (CJH) |
| 03-31-87 | 11336 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector, Bossier Parish. Clerk's Notice Hand Delivered to Debtor's Attorney.<br><br>CALENDAR: Hearing Set for 5-14-87 9:00 A.M. (CJH) |
| 03-31-87 | 11337 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector, City of Bossier. Clerk's Notice Hand Delivered to Debtor's Attorney.<br><br>CALENDAR: Hearing Set for 5-14-87 9:00 A.M. (CJH) |
| 03-31-87 | 11338 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector, City of Shreveport. Clerk's Notice Hand Delivered to Debtor's Attorney.<br><br>CALENDAR: Hearing Set for 5-14-87 9:00 A.M. (CJH) |
| 04-02-87 | 11339 | | OBJECTION (COC) Objection to Proof of Claim of Tax Collector - Caddo Parish (Proof of Claim No. 11289). Clerk's Notice Hand Delivered to Debtor's Attorney.<br><br>CALENDAR: Hearing Set for 5-14-87 9:00 A.M. (CJH) |
| 04-02-87 | 11340 | | APPLICATION (Lynch, Gallagher, Lynch, Shirley & |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Martineau) for Allowance of Attorneys' Fee. Clerk's Notice Hand Delivered to Debtor's Attorney.<br><br>CALENDAR: Hearing Set for 5-14-87<br>9:00 A.M. (CJH) |
| 04-02-87 | 11341 | | APPLICATION (Miller & Chevalier, Chartered) for Allowance of Attorneys' Fees and Reimbursement of Expenses. Clerk's Notice Hand Delivered to Debtor's Attorney.<br><br>CALENDAR: Hearing Set for 5-14-87<br>9:00 A.M. (CJH) |
| | | | Bx#2 Fld 30 |
| 04-03-87 | 11343 | | CERTIFICATE (COC) Affidavit of Mailing to each claimant, to each person listed on the "List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of Papers" and to each member of the Unsecured Creditors Committee, a copy of the Objection to Proof of Claim, the Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims, Application for Attorneys Fees and a Notice of Hearing for the following: Tax Collector Ector County, Tax Collector City of Springhill, Tax Collector Henderson ISD, Tax Collector Lafayette Parish, Tax Collector Vermilion Parish, Tax Collector Bossier Parish, Tax Collector City of Bossier, Tax Collector City of Shreveport, Tax Collector Caddo Parish, Fee Application - Lynch, Gallagher, Lynch, Shirley & Martineau, Fee Application - Miller & Chevalier |
| 04-07-87 | 11344 | 11246 | OBJECTION (Committee of Unsecured Creditors) Objection to Application for Compensation of Joe N. Averett, Jr., Bearing Document No. 11246 |
| 04-07-87 | 11345 | 11246 | CERTIFICATE (Committee of Unsecured Creditors) Affidavit of Mailing to Fulbright & Jaworski and Cook, Yancy, King & Galloway, a copy of the Objection to Application for Compensation of Joe N. Averett, Jr., Bearing Document #11246 |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 04-06-87 | 11346 | 11197 | MEMO (A. Michael Hyde) Trustee's Response in Opposition to Motion for Order in Aid of Consummation to Confirm Discharge of Unliquidated, Contingent and/or Disputed Claim of A. Michael Hyde Bearing Docket Number 11197 |
| 04-08-87 | 11347 | 865 | ORDER, copy (U. S. District Judge) Order Dismissing Appeal, filed by Anthony Ben Walsh, Civil Action No. 87-0291 and further ordered that the Appellant and the Debtor are each required to bear their own costs incurred in connection with the appeal |
| 04-08-87 | 11348 | 589 | ORDER, copy (U.S. District Judge) Order Dismissing Appeal, filed by Anthony Ben Walsh, Civil Action No. 87-0023 and further ordered that the Appellant and the Debtor are each required to bear their own costs incurred in connection with the appeal |
| 04-08-87 | 11349 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector, Columbia County, Arkansas. Clerk's Notice Hand Delivered to Debtor's Attorney.<br>CALENDAR: Hearing Set for 5-14-87 9:00 A.M. (CJH) |
| 04-08-87 | 11350 | | MOTION (COC) Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector, Lafayette County, Arkansas. Clerk's Notice Hand Delivered to Debtor's Attorney.<br>CALENDAR: Hearing Set for 5-14-87 9:00 A.M. (CJH) |
| 04-10-87 | 11351 | | OBJECTION (COC) Objection to Proof of Claim of Tax Collector - Bossier Parish (Proof of Claim No. 11342). Clerk's Notice Hand Delivered to Debtor's Attorney. |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | CALENDAR: Hearing Set for 5-14-87 9:00 A.M. (CJH) |
| 04-10-87 | 11352 | 786 | MOTION (Placid Oil Company & COC) Joint Motion for Compromise of Objections to Placid Oil Company Proof of Claim. |
| 04-10-87 | 11353 | 786 | ORDER (Placid Oil Company & COC) that the Compromise Agreement between COC and Placid Oil Company be and it is hereby approved, subject to the subsequent approval of an identical agreement by the United States Bankruptcy Court for the Northern District of Texas in the Chapter 11 case now pending before that court styled "In Re: Placid Oil Company," bearing Docket No. 386-33419-A-11 before the court. It is further ordered that the Compromise Agreement between COC and Placid Oil Company shall be null and void if such agreement is not approved by the United States Bankruptcy Court for the Northern District of Texas within (90) days from the date of entry of this Order. EOD 4-10-87. NOE sent to all parties in interest 4-13-87. |
| 04-10-87 | 11354 | 11196 | ORDER (COC) that the relief requested by Crystal in the Motion is rejected without prejudice to Crystal's right to refile the Motion in the event that it learns that Johnston Crane & Rigging, Inc. had timely notice of this case and the bar date filed therein. EOD 4-10-87. NOE sent to all parties in interest 4-13-87. |
| 04-10-87 | 11355 | 11200 | ORDER (COC) that all obligations of Crystal to Quality as evidenced by the judgment reflected on Schedule A-3 are discharged. It is further ordered that pursuant to 11 U.S.C. 1142(b) within 30 days of the date hereof, Quality will file appropriate documents in the suit styled Quality Holstein Leasing, Inc. v. Nathanial Abel, et al, number 381-00835-G, Adversary Number 383-0800, United States Bankruptcy Court, Northern District of Texas to |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | evidence the discharge of the obligations of Crystal to Quality evidenced by the judgment and the satisfaction of the judgment. EOD 4-10-87. NOE sent to all parties in interest 4-13-87. |
| 04-10-87 | 11356 | 11204 | ORDER (COC) that American Home Assurance Company's claim as scheduled by Crystal on Schedule A-3 is discharged. EOD 4-10-87. NOE sent to all parties in interest 4-13-87. |
| 04-10-87 | 11357 | 11207 | ORDER (COC) that Gasland's claim evidenced by proofs of claim numbered 978 and 11073 are disallowed. EOD 4-10-87. NOE sent to all parties in interest 4-13-87. |
| 04-10-87 | 11358 | 11217 | ORDER (COC) that Crystal is authorized to pay Holland & Hart the full sum of $4,408.49 which represents $4,289.50 in attorneys' fees and $118.99 in expenses and that said fees and expenses may be paid and the advance amount held by Holland may be applied to said fees. EOD 4-10-87. NOE sent to all parties in interest 4-13-87. |
| 04-10-87 | 11359 | 11219 | ORDER (COC) that Crystal is authorized to pay Steel, Hector & Davis that full sum of $4,617.02 which represents $4,419.00 in attorneys' fees and $198.02 in expenses and that said fees and expenses may be paid from the advance amount held by Steel with the balance thereof to be returned to Crystal. EOD 4-10-87. NOE sent to all parties in interest 4-13-87. |
| 04-10-87 | 11360 | 11220 | ORDER (COC) that Crystal is authorized to pay Cabaniss, Johnston, Gardner, Dumas & O'Neal the full sum of $1,717.54 which represents $1,657.50 in attorneys' fees and $60.04 in expenses and that said fees and expenses may be paid and the advance amount held by Cabaniss may be applied to said fees. EOD 4-10-87. NOE sent to all parties in interest 4-13-87. |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 04-10-87 | 11361 | 11246 | MOTION (COC & Committee of Unsecured Creditors) Joint Motion for Continuance. |
| 04-10-87 | 11362 | 11246 | ORDER (COC) granting Motion #11361 that the hearing on Crystal Oil Company's Application for Approval of Compensation for Joe N. Averett, Jr. is hereby continued to the 15th day of May, 1987 at 9:00 A.M. EOD 4-10-87. NOE sent to all parties in interest 4-13-87.<br><br>CALENDAR: Hearing Set for 5-15-87<br>9:00 A.M. (CJH) |
| 04-13-87 | 11363 | 11286 | OBJECTION (HAL) Objection to Application for Compensation of Painewebber Incorporated Bearing Document No. 11286 |
| 04-13-87 | 11364 | 11250 | OBJECTION (HAL) Objection to Application for Compensation of Copeland, Wickersham, Wiley & Company, Inc. Bearing Document No. 11250 |
| 04-13-87 | 11365 | 11286 | OBJECTION (Committee of Unsecured Creditors) Objection to Application for Compensation of Painewebber Incorporated Bearing Document #11286 |
| 04-13-87 | 11366 | 11286 | CERTIFICATE (Committee of Unsecured Creditors) Affidavit of Mailing of the "Objection to Application for Compensation Bearing Document #11286" was mailed to John L. King and James R. Jeter. |
| 04-13-87 | 11367 | 11250 | OBJECTION (Committee of Unsecured Creditors) Objection to Application for Compensation of Copeland, Wickersham, Wiley & Company, Inc. Bearing Document #11250 |
| 04-13-87 | 11368 | 11250 | CERTIFICATE (Committee of Unsecured Creditors) |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Affidavit of Mailing of the "Objection to Application for Compensation Bearing Document #11250" was mailed to John L. King and James R. Jeter. |
| 04-14-87 | 11369 | | CERTIFICATE (COC) Affidavit of Mailing to List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of Papers and to each member of the Unsecured Creditors Committee, a copy of the Objection to Proof of Claim or the Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims for Tax Collector, Bossier Parish, Lafayette County and Columbia County |
| 04-15-87 | 11370 | | APPLICATION (Crumpler O'Connor & Wynne) Application for Allowance of Attorneys' Fees and for Reimbursement of out-of-pocket Expenses by Crumpler O'Connor & Wynne. Clerk's Notice Hand Delivered to Debtor's Attorney.<br>CALENDAR: Hearing Set for 5-15-87 9:00 A.M. (CJH) |
| 04-16-87 | 11371 | 11286 | CERTIFICATE (HAL) Affidavit of Mailing to the Attached Service List, a copy of the Objection to Application for Compensation of PaineWebber Inc. Bearing Document No. 11286 |
| 4-16-87 | 11372 | 11250 | CERTIFICATE (HAL) Affidavit of Mailing to the Attached Service List, a copy of the Objection to Application for Compensation of Wickersham, Wiley & Company, Inc. Bearing Document No. 11250 |
| 04-16-87 | 11374 | | MINUTES (Judge Stephen V. Callaway) Hearings held April 10, 1987 on Objections, Motions, and Applications. Exhibits 1 through 19 Submitted by Reference. |
| 04-16-87 | 11375 | 11200 | MINUTES (Judge Stephen V. Callaway) Hearing held 4-10-87 on Motion for Order in Aid of Consummation to |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Confirm Discharge of Unliquidated, Contingent, and/or Disputed Claim of Quality Holstein Leasing, Inc. |
| 04-16-87 | 11376 | 728 | MINUTES (Judge Stephen V. Callaway) Hearing held 4-10-87 on Objection to Proof of Claim Dalton P. Morgan, Mary K. Morgan, Gary D. Morgan and Marcia Benson Morgan |
| 04-16-87 | 11377 | 739 | MINUTES (Judge Stephen V. Callaway) Hearing held 4-10-87 on Objection to Proof of Claim of Hershel Shaver and Christene Shaver |
| 04-16-87 | 11378 | 786 | MINUTES (Judge Stephen V. Callaway) Hearing held 4-10-87 on Objection to Proofs of Claim of Placid Oil Company |
| Bx #2 Fld 31 | | | |
| 04-16-87 | 11379 | 11207 | MINUTES (Judge Stephen V. Callaway) Hearing held 4-10-87 on Objection to Proof of Claim of Gasland, Inc. n/k/a Transamerican Natural Gas Corporation. Exhibits 22, 23, & 24. |
| 04-16-87 | 11380 | 11217 | MINUTES (Judge Stephen V. Callaway) Hearing held 4-10-87 on First Application for Interim Allowance of Attorneys' Fees and for Reimbursement of Out-of-pocket Expenses by Holland & Hart |
| 04-16-87 | 11381 | 11219 | MINUTES (Judge Stephen V. Callaway) Hearing held 4-10-87 on Final Application for Compensation of Steel Hector & Davis for Allowance of Attorneys' Fees and Reimbursement of Expenses |
| 04-16-87 | 11382 | 11220 | MINUTES (Judge Stephen V. Callaway) Hearing held 4-10-87 on First Application for Compensation and Reimbursement of Expenses of Cabaniss, Johnston, Gardner, Dumas & O'Neal |
| 04-16-87 | 11383 | 11246 | MINUTES (Judge Stephen V. Callaway) Hearing held |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | 4-10-87 on Application for Approval of Compensation for Joe N. Averett, Jr. |
| 04-16-87 | 11384 | 772 | ORDER (HAL) that the hearing on the objection is continued until May 15, 1987 at 9:00 A.M. EOD 4-16-87. NOE sent to all parties in interest 4-20-87.<br><br>CALENDAR: Hearing Set for 5-15-87 9:00 A.M. (CJH) |
| 04-16-87 | 11385 | 816 | ORDER (HAL) that the hearing on the objection is continued until May 15, 1987 at 9:00 A.M. EOD 4-16-87. NOE sent to all parties in interest 4-20-87.<br><br>CALENDAR: Hearing Set for 5-15-87 9:00 A.M. (CJH) |
| 04-16-87 | 11386 | 11286 | ORDER (HAL) that the hearing on the objection of Halliburton and the Unsecured Creditor's Committee to the application for compensation of Painewebber Inc. is continued until May 15, 1987 at 9:00 A.M. EOD 4-16-87. NOE sent to all parties in interest 4-20-87.<br><br>CALENDAR: Hearing Set for 5-15-87 9:00 A.M. (CJH) |
| 04-16-87 | 11387 | 11210 | ORDER (COC) that Crystal is authorized to pay Rosenman $8,344.30 in attorneys' fees and $573.98 in expenses and IBJ $600.00 in fees and $77.50 in expenses. EOD 4-16-87. NOE sent to all parties in interest 4-20-87. |
| 04-16-87 | 11388 | 11228 | ORDER (COC) that San Jacinto's unliquidated tax claim against Crystal is discharged. It is further ordered that pursuant to 11 U.S.C. 1142(b) within 30 days of the date hereof, San Jacinto shall execute and deliver any instrument required to discharge San |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Jacinto's tax claim and release any lien San Jacinto may claim against Crystal. EOD 4-16-87. NOE sent to all parties in interest 4-20-87. |
| 04-16-87 | 11389 | 11227 | ORDER (COC) that Crystal's Motion is denied without prejudice to Crystal's right to object to Springhill's proof of claim. EOD 4-16-87. NOE sent to all parties in interest 4-20-87. |
| 04-16-87 | 11390 | 11226 | ORDER (COC) that Tensas' unliquidated tax claim against Crystal is discharged. It is further ordered that pursuant to 11 U.S.C. 1142(b) within 30 days of the date hereof, Tensas execute and deliver any instrument required to discharge Tensas' tax claim and release any lien Tensas may claim against Crystal. EOD 4-16-87. NOE sent to all parties in interest 4-20-87. |
| 04-16-87 | 11391 | 11250 | MOTION (HAL) Motion to Continue Hearing on Application for Compensation of Copeland, Wickersham, Wiley & Company, Inc. Document No. 11250. Proposed Order Attached. |
| 04-16-87 | 11392 | 11250 | CERTIFICATE (HAL) Affidavit of Mailing to John King, James Jeter, Glenn Langley, Joel Piassick, Stephen Kratsch, and Paul Cook, a copy of Motion to continue hearing on Application for Compensation of Copeland, Wickersham, Wiley & Company. |
| 04-16-87 | 11393 | 11249 | ORDER (COC) that Crystal is authorized to pay Honigman the full sum of $8,380.05 which represents $8,063.75 in attorneys' fees and $316.30 in expenses and that said fees and expenses may be paid and the advance amount held by Honigman may be applied to said fees. EOD 4-16-87. NOE sent to all parties in interest 4-20-87. |
| 4-16-87 | 11394 | 11251 | ORDER (COC) that Crystal is authorized to pay Smith the full sum of $136.00 which represents $125.00 in |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | attorneys' fees and $11.00 in expenses and that said fees and expenses may be paid from the advance amount held by Smith with the balance thereof to be returned to Crystal. EOD 4-16-87. NOE sent to all parties in interest 4-20-87. |
| 04-16-87 | 11395 | 11224 | ORDER (COC) that Crystal's Motion is denied without prejudice to Crystal's right to object to Vermilion's proof of claim. EOD 4-16-87. NOE sent to all parties in interest 4-20-87. |
| 04-16-87 | 11396 | 11225 | ORDER (COC) that Crystal's Motion is denied without prejudice to Crystal's right to object to Henderson's proof of claim. EOD 4-16-87. NOE sent to all parties in interest 4-20-87. |
| 04-16-87 | 11397 | 11234 | ORDER (COC) that Crystal's Motion is denied without prejudice to Crystal's right to object to Lafayette's proof of claim. EOD 4-16-87. NOE sent to all parties in interest 4-20-87. |
| 04-16-87 | 11398 | 11233 | ORDER (COC) that Liberty's unliquidated tax claim against Crystal is discharged. It is further ordered that pursuant to 11 U.S.C. 1142(b) within 30 days of the date hereof, Liberty shall execute and deliver any instrument required to discharge Liberty's tax claim and release any lien Liberty may claim against Crystal. EOD 4-16-87. NOE sent to all parties in interest 4-20-87. |
| 04-16-87 | 11399 | 11232 | ORDER (COC) that Lincoln's unliquidated tax claim against Crystal is discharged. It is further ordered that pursuant to 11 U.S.C. 1142(b) within 30 days of the date hereof, Lincoln shall execute and deliver any instrument required to discharge Lincoln's tax claim and release any lien Lincoln may claim against Crystal. EOD 4-16-87. NOE sent to all parties in interest 4-20-87. |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 04-16-87 | 11400 | 11230 | ORDER (COC) that Natchitoches' unliquidated tax claim against Crystal is discharged. It is further ordered that pursuant to 11 U.S.C. 1142(b) within 30 days of the date hereof, Natchitoches shall execute and deliver any instrument required to discharge Natchitoches' tax claim and release any lien Natchitoches may claim against Crystal. EOD 4-16-87. NOE sent to all parties in interest 4-20-87. |
| 04-16-87 | 11401 | 11229 | ORDER (COC) that Orange Grove's unliquidated tax claim against Crystal is discharged. It is further ordered that pursuant to 11 U.S.C. 1142(b) within 30 days of the date hereof, Orange Grove shall execute and deliver any instrument required to discharge Orange Grove's tax claim and release any lien Natchitoches may claim against Crystal. EOD 4-16-87. NOE sent to all parties in interest 4-20-87. |
| 04-16-87 | 11402 | 11237 | ORDER (COC) that Duval's unliquidated tax claim against Crystal is discharged. It is further ordered that pursuant to 11 U.S.C. 1142(b) within 30 days of the date hereof, Duval shall execute and deliver any instrument required to discharge Duval's tax claim and release any lien Duval may claim against Crystal. EOD 4-16-87. NOE sent to all parties in interest 4-20-87. |
| 04-16-87 | 11403 | 11236 | ORDER (COC) that Hidalgo's unliquidated tax claim against Crystal is discharged. It it further ordered that pursuant to 11 U.S.C. 1142(b) within 30 days of the date hereof, Hidalgo shall execute and deliver any instrument required to discharge Hidalgo's tax claim and release any lien Hidalgo may claim against Crystal. EOD 4-16-87. NOE sent to all parties in interest 4-20-87. |
| 04-16-87 | 11404 | 11242 | ORDER (COC) that Crystal's Motion is denied without prejudice to Crystal's right to object to Ector's proof of claim. EOD 4-16-87. NOE sent to all parties in interest 4-20-87. |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 04-16-87 | 11405 | 11241 | ORDER (COC) that Edinburg's unliquidated tax claim against Crystal is discharged. It is further ordered that pursuant to 11 U.S.C. 1142(b) within 30 days of the date hereof, Edinburg shall execute and deliver any instrument required to discharge Edinburg's tax claim and release any lien Edinburg may claim against Crystal. EOD 4-16-87. NOE sent to all parties in interest 4-20-87. |
| 04-16-87 | 11406 | 11240 | ORDER (COC) that De Soto's unliquidated tax claim against Crystal is discharged. It is further ordered that pursuant to 11 U.S.C 1142(b) within 30 days of the date hereof, De Soto shall execute and deliver any instrument required to discharge De Soto's tax claim and release any lien De Soto may claim against Crystal. EOD 4-16-87. NOE sent to all parties in interest 4-20-87. |
| 04-16-87 | 11407 | 11235 | ORDER (COC) that Jefferson's unliquidated tax claim against Crystal is discharged. It is further ordered that pursuant to 11 U.S.C. 1142(b) within 30 days of the date hereof, Jefferson shall execute and deliver any instrument required to discharge Jefferson's tax claim and release any lien Jefferson may claim against Crystal. EOD 4-16-87. NOE sent to all parties in interest 4-20-87. |
| 04-16-87 | 11408 | 11239 | ORDER (COC) that Department of Finance - Little Rock, Arkansas' tax claim against Crystal is discharged. It is further ordered that pursuant to 11 U.S.C. 1142(b) within 30 days of the date hereof, Arkansas shall execute and deliver any instrument required to discharge Arkansas' tax claim and release any lien Arkansas may claim against Crystal. EOD 4-16-87. NOE sent to all parties in interest 4-20-87. |
| 04-16-87 | 11409 | 11238 | ORDER (COC) that Arkansas Oil & Gas Commission's tax claim against Crystal is discharged. It is further ordered that pursuant to 11 U.S.C. 1142(b) within 30 days hereof, Arkansas shall execute and deliver any |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | instrument required to discharge Arkansas' tax claim and release any lien Arkansas may claim against Crystal. EOD 4-16-87. NOE sent to all parties in interest 4-20-87. |
| 04-16-87 | 11410 | 728 | ORDER (Morgan et al) that a Motion for Relief of Stay and/or for Abstention filed on 3-30-87, it is ordered that Movers Motion is denied. EOD 4-16-87. NOE sent to all parties in interest 4-20-87. |
| 04-16-87 | 11411 | 739 | ORDER (Shaver et ux) that a Motion for Relief of Stay and/or for Abstention filed on 3-30-87, it is ordered that Movers Motion is denied. EOD 4-16-87. NOE sent to all parties in interest 4-20-87. |
| 04-16-87 | 11412 | 11250 | ORDER (COC) that Crystal Oil Company immediately pay the sum of One Hundred Thousand Dollars ($100,000.00) to Copeland, Wickersham, Wiley & Co., Inc., subject to the terms of a separate order arising out of the hearing held on April 16, 1987 to be executed by this Court. EOD 4-16-87. NOE sent to all parties in interest 4-20-87. |
| 04-20-87 | 11413 | 11370 | CERTIFICATE (COC) Affidavit of Mailing to the List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of Papers and to each member of the Unsecured Creditors Committee, a copy of the notice of hearing and of the Application of Crumpler O'Connor & Wynne |
| 04-21-87 | 11415 | | MINUTES (Judge Stephen V. Callaway) Hearings held April 16, 1987. Exhibits submitted by Reference, 1,2,3,4,5,6,7,8,9,10,11,12, & 13. |
| 04-21-87 | 11416 | 772 | MINUTES (Judge Stephen V. Callaway) Hearing held on Objection to Proof of Claim of Halliburton Services, a Division of Halliburton Company - Proof of Claim No. 325 |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 04-21-87 | 11417 | 816 | MINUTES (Judge Stephen V. Callaway) Hearing held on Objection to Proof of Claim of Halliburton Services, a Division of Halliburton Company - Proof of Claim No. 324 |
| 04-21-87 | 11418 | 11210 | MINUTES (Judge Stephen V. Callaway) Hearing held on Application of IBJ Schroder Bank & Trust Company, Indenture Trustee, for Payment of Fees and Expenses, Including the Fees and Expenses of its Counsel, Rosenman & Colin. Exhibit 14. |
| 04-21-87 | 11419 | 11224 | MINUTES (Judge Stephen V. Callaway) Hearing held on Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector Vermilion Parish. |
| 04-21-87 | 11420 | 11225 | MINUTES (Judge Stephen V. Callaway) Hearing held on Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector Henderson ISD. |
| 04-21-87 | 11421 | 11226 | MINUTES (Judge Stephen V. Callaway) Hearing held on Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector Tensas Parish |
| 04-21-87 | 11422 | 11227 | MINUTES (Judge Stephen V. Callaway) Hearing held on Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector City of Springhill |
| 04-21-87 | 11423 | 11228 | MINUTES (Judge Stephen V. Callaway) Hearing held on Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector San Jacinto County |
| 04-21-87 | 11424 | 11229 | MINUTES (Judge Stephen V. Callaway) Hearing held on |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector Orange Grove ISD |
| 04-21-87 | 11425 | 11230 | MINUTES (Judge Stephen V. Callaway) Hearing held on Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector Ex-Officio Tax - Natchitoches Parish |
| 04-21-87 | 11426 | 11232 | MINUTES (Judge Stephen V. Callaway) Hearing held on Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector Lincoln Parish |
| 04-21-87 | 11427 | 11233 | MINUTES (Judge Stephen V. Callaway) Hearing held on Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector Liberty County, Texas |
| 04-21-87 | 11428 | 11234 | MINUTES (Judge Stephen V. Callaway) Hearing held on Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector Lafayette Parish |
| 04-21-87 | 11429 | 11235 | MINUTES (Judge Stephen V. Callaway) Hearing held on Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector Jefferson Davis Parish |
| 04-21-87 | 11430 | 11236 | MINUTES (Judge Stephen V. Callaway) Hearing held on Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector Hidalgo County |
| 04-21-87 | 11431 | 11237 | MINUTES (Judge Stephen V. Callaway) Hearing held on Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector Duval County |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 04-21-87 | 11432 | 11238 | MINUTES (Judge Stephen V. Callaway) Hearing held on Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector Arkansas Oil & Gas Commission - El Dorado, AR. Exhibit 16 & 17. |
| 04-21-87 | 11434 | 11239 | MINUTES (Judge Stephen V. Callaway) Hearing held on Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector Department of Finance - Little Rock, AR |
| 04-21-87 | 11435 | 11240 | MINUTES (Judge Stephen V. Callaway) Hearing held on Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector De Soto Parish |
| 04-21-87 | 11436 | 11241 | MINUTES (Judge Stephen V. Callaway) Hearing held on Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector Edinburg Cons. ISD |
| 04-21-87 | 11437 | 11242 | MINUTES (Judge Stephen V. Callaway) Hearing held on Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector Ector County |
| 04-21-87 | 11438 | 11249 | MINUTES (Judge Stephen V. Callaway) Hearing held on Final Application for Compensation of Honigman, Miller, Schwartz & Cohn |
| 04-21-87 | 11439 | 11250 | MINUTES (Judge Stephen V. Callaway) Hearing held on Compensation of Copeland, Wickersham, Wiley & Co., Inc. |
| 04-21-87 | 11440 | 11251 | MINUTES (Judge Stephen V. Callaway) Hearing held on First and Final Application for Allowance of Attorneys' Fees and for Reimbursement of Out-of-Pocket Expenses of Smith, Stroud, McClerkin, Dunn & Nutter |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

IN RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 04-21-87 | 11441 | 11286 | MINUTES (Judge Stephen V. Callaway) Hearing held on Application for Compensation of PaineWebber Inc. |
| 04-23-87 | 11442 | 11 | APPLICATION (COC) Amended Application for Approval of Compensation for J. N. Averett, Jr. Clerk's Notice Hand Delivered to Debtor's Attorney.<br>CALENDAR: Hearing Set for 5-15-87 9:00 A.M. (CJH) |
| 04-24-87 | 11444 | 11246 | CERTIFICATE (COC) Affidavit of Mailing to List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of Papers and Members of the Unsecured Creditors Committee, a copy of the Amended Application for Approval of Compensation for J. N. Averett, Jr. and Notice of Hearing. |
| 04-27-87 | 11446 | 11339 | MEMO (Caddo Parish Tax Collector) Interrogatories Propounded Debtor by Tax Collector, Caddo Parish (Cross Reference to Proof of Claim No. 11289). Objection to Proof of Claim of Tax Collector - Caddo Parish Bearing Document No. 11339 |
| 04-27-87 | 11447 | 11339 | MOTION (Caddo Parish Tax Collector) Alternative Motion Pursuant to Rule 9006 by Tax Collector, Caddo Parish (Cross Reference to Proof of Claim No. 11289). Objection to Proof of Claim of Tax Collector - Caddo Parish Bearing Document No. 11339 |
| 04-27-87 | 11448 | 11339 | CERTIFICATE (Caddo Parish Tax Collector) Affidavit of Mailing to John L. King and List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of Papers, a copy of the Alternative Motion Pursuant to Rule 9006 by Tax Collector, Caddo Parish Bearing Document No. 11447 and a copy of Order Document No. 11449 |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 04-27-87 | 11449 | 11339 | ORDER (Caddo Parish Tax Collector) That the Hearing Delays on Motion #11447 be Shortened and that same be heard on May 14, 1987 commencing at 9:00 A.M. |
| 04-27-87 | 11450 | 11339 | CERTIFICATE (Caddo Parish Tax Collector) Affidavit of Mailing to Mr. John L. King, a copy of the Interrogatories Propounded Debtor by Tax Collector, Caddo Parish (Cross reference to Proof of Claim No. 11289) Bearing Document No. 11446. |
| 04-27-87 | 11451 | 11339 | ORDER (Caddo Parish Tax Collector) Order that Crystal Oil Company, Debtor, Answer the Interrogatories Propounded Debtor by Tax Collector, Caddo Parish (Cross Reference to Proof of Claim No. 11289) Bearing Document No. 11446 filed 4-27-87, or object thereto, within 13 days of this date. |
| Bx #2 Fld 32 | | | |
| 04-28-87 | 11452 | 11206 | MOTION (COC) Motion for Order Setting Bar Date for Filing Proof of Claim and for Discharge of Claim in Default Thereof - Cogburn Pump & Supply, Inc. |
| 04-28-87 | 11453 | 11206 | ORDER (COC) Order that Cogburn Pump & Supply, Inc. is hereby granted 30 days from date of notice to file its proof of claim in this case to which COC may then object or in default of its filing a proof of claim within such delay, this Court may thereafter enter an order discharging the claim of Cogburn Pump & Supply, Inc. EOD 4-28-87. NOE sent to all parties in interest 4-28-87. |
| 04-28-87 | 11454 | 11206 | ORDER (COC) Order that COC's Motion is denied without prejudice to its right to notify Cogburn of these proceedings, a bar date to be set by this Court, and the requirement to file a proof of claim within the bar date to which claim COC may then file its objection or in default of Cogburn's filing a proof of claim within the bar date, Cogburn's claim may thereafter be ordered discharged by this Court. EOD 4-28-87. NOE sent to all parties in interest |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | 4-28-87. |
| 04-28-87 | 11455 | 11205 | MOTION (COC) Motion for Order Setting Bar Date for Filing Proof of Claim and for Discharge of Claim in Default Thereof - McCartney Oil Company |
| 04-28-87 | 11456 | 11205 | ORDER (COC) Order that McCartney Oil Company is hereby granted 30 days from date of notice to file its proof of claim in this case to which COC may then object or in default of its filing a proof of claim within such delay, this Court may thereafter enter an order discharging the claim of McCartney. EOD 4-28-87. NOE sent to all parties in interest 4-28-87. |
| 04-28-87 | 11457 | 11205 | ORDER (COC) Order that COC's Motion is denied without prejudice to its right to notify McCartney of these proceedings, a bar date to be set by this Court, and the requirement to file a proof of claim within the bar date to which claim COC may then file its objection or in default of McCartney's filing a proof of claim within the bar date, McCartney claim may thereafter be ordered discharged by this Court. EOD 4-28-87. NOE sent to all parties in interest 4-28-87. |
| 04-28-87 | 11458 | 11203 | MOTION (COC) Motion for Order Setting Bar Date for Filing Proof of Claim and for Discharge of Claim in Default Thereof - Sun Exploration & Production Company |
| 04-28-87 | 11459 | 11203 | ORDER (COC) Order that Sun Exploration & Production Company is hereby granted 30 days from date of notice to file its proof of claim in this case to which COC may then object or in default of its filing a proof of claim within such delay, this Court may thereafter enter an order discharging the claim of Sun Exploration & Production Company. EOD 4-28-87. NOE sent to all parties in interest 4-28-87. |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 04-28-87 | 11460 | 11203 | ORDER (COC) Order that COC's Motion is denied without prejudice to its right to notify Sun of these proceedings, a bar date to be set by this Court, and the requirement to file a proof of claim within the bar date to which claim COC may then file its objection or in default of Sun's filing a proof of claim within the bar date, Sun's claim may thereafter be ordered discharged by this Court. EOD 4-28-87. NOE sent to all parties in interest 4-28-87. |
| 04-28-87 | 11461 | 11202 | MOTION (COC) Motion for Order Setting Bar Date for Filing Proof of Claim and for Discharge of Claim in Default Thereof - W. W. Moore |
| 04-28-87 | 11462 | 11202 | ORDER (COC) Order that W. W. Moore is hereby granted 30 days from date of notice to file its proof of claim in this case to which COC may then object or in default of its filing a proof of claim within such delay, this Court may thereafter enter an order discharging the claim of W. W. Moore. EOD 4-28-87. NOE sent to all parties in interest 4-28-87. |
| 04-28-87 | 11463 | 11202 | ORDER (COC) Order that COC's Motion is denied without prejudice to its right to notify W. W. Moore of these proceedings, a bar date to be set by this Court, and the requirement to file a proof of claim within the bar date to which claim COC may then file its objection or in default of W. W. Moore's filing a proof of claim within the bar date, W. W. Moore's claim may thereafter be ordered discharged by this Court. EOD 4-28-87. NOE sent to all parties in interest 4-28-87. |
| 04-28-87 | 11464 | 11201 | MOTION (COC) Motion for Order Setting Bar Date for Filing Proof of Claim and for Discharge of Claim in Default Thereof - Nevada Oil Operators |
| 04-28-87 | 11465 | 11201 | ORDER (COC) Order that Nevada Oil Operators is hereby granted 30 days from date of notice to file its proof |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | of claim in this case to which COC may then object or in default of its filing a proof of claim within such delay, this Court may thereafter enter an order discharging the claim of Nevada. EOD 4-28-87. NOE sent to all parties in interest 4-28-87. |
| 04-28-87 | 11466 | 11201 | ORDER (COC) Order that COC's Motion is denied without prejudice to its right to notify Nevada of these proceedings, a bar date to be set by this Court, and the requirement to file a proof of claim within the bar date to which claim COC may then file its objection or in default of Nevada's filing a proof of claim within the bar date, Nevada's claim may thereafter be ordered discharged by this Court. EOD 4-28-87. NOE sent to all parties in interest 4-28-87. |
| 04-28-87 | 11467 | 11199 | MOTION (COC) Motion for Order Setting Bar Date for Filing Proof of Claim and for Discharge of Claim in Default Thereof - J & L Riggers, Inc. |
| 04-28-87 | 11468 | 11199 | ORDER (COC) Order that J & L Riggers, Inc. is hereby granted 30 days from date of notice to file its proof of claim in this case to which COC may then object or in default of its filing a proof of claim within such delay, this Court may thereafter enter an order discharging the claim of J & L. EOD 4-28-87. NOE sent to all parties in interest 4-28-87. |
| 04-28-87 | 11469 | 11199 | ORDER (COC) Order that COC's Motion is denied without prejudice to its right to notify J & L of these proceedings, a bar date to be set by this Court, and the requirement to file a proof of claim within the bar date to which claim COC may then file its objection or in default of J & L's filing a proof of claim within the bar date, J & L's claim may thereafter be ordered discharged by this Court. EOD 4-28-87. NOE sent to all parties in interest 4-28-87. |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 04-28-87 | 11470 | 11198 | MOTION (COC) Motion for Order Setting Bar Date for Filing Proof of Claim and for Discharge of Claim in Default Thereof - Big Chief Truck Lines, Inc. |
| 04-28-87 | 11471 | 11198 | ORDER (COC) Order that Big Chief Truck Lines, Inc. is hereby granted 30 days from date of notice to file its proof of claim in this case to which COC may then object or in default of its filing a proof of claim within such delay, this Court may thereafter enter an order discharging the claim of Big Chief. EOD 4-28-87. NOE sent to all parties in interest 4-28-87. |
| 04-28-87 | 11472 | 11198 | ORDER (COC) Order that COC's Motion is denied without prejudice to its right to notify Big Chief of these proceedings, a bar date to be set by this Court, and the requirement to file a proof of claim within the bar date to which claim COC may then file its objection or in default of Big Chief's filing a proof of claim within the bar date, Big Chief's claim may thereafter be ordered discharged by this Court. EOD 4-28-87. NOE sent to all parties in interest 4-28-87. |
| 04-28-87 | 11473 | 11197 | MOTION (COC) Motion for Order Setting Bar Date for Filing Proof of Claim and for Discharge of Claim in Default Thereof - Michael Hyde |
| 04-28-87 | 11474 | 11197 | ORDER (COC) Order that Michael Hyde is hereby granted 30 days from date of notice to file its proof of claim in this case to which COC may then object or in default of its filing a proof of claim within such delay, this Court may thereafter enter an order discharging the claim of Hyde. EOD 4-28-87. NOE sent to all parties in interest 4-28-87. |
| 04-28-87 | 11475 | 11197 | ORDER (COC) Order that COC's Motion is denied without prejudice to its right to notify Hyde of these proceedings, a bar date to be set by this Court, and the requirement to file a proof of claim within the |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | bar date to which claim COC may then file its objection or in default of Hyde's filing a proof of claim within the bar date, Hyde's claim may thereafter be ordered discharged by this Court. EOD 4-28-87. NOE sent to all parties in interest 4-28-87. |
| 04-28-87 | 11476 | 11196 | MOTION (COC) Motion for Order Setting Bar Date for Filing Proof of Claim and for Discharge of Claim in Default Thereof - Hinson Oil Company |
| 04-28-87 | 11477 | 11196 | ORDER (COC) Order that Hinson Oil Company is hereby granted 30 days from date of notice to file its proof of claim in this case to which COC may then object or in default of its filing a proof of claim within such delay, this Court may thereafter enter an order discharging the claim of Hinson. EOD 4-28-87. NOE sent to all parties in interest 4-28-87. |
| 04-28-87 | 11478 | 11196 | ORDER (COC) Order that COC's Motion is denied without prejudice to its right to notify Hinson of these proceedings, a bar date to be set by this Court, and the requirement to file a proof of claim within the bar date to which claim COC may then file its objection or in default of Hinson's filing a proof of claim within the bar date, Hinson's claim may thereafter be ordered discharged by this Court. EOD 4-28-87. NOE sent to all parties in interest 4-28-87. |
| 04-28-87 | 11479 | 11250 | ORDER (COC) Interim Order Relative to Compensation of Copeland, Wickersham, Wiley & Company. EOD 4-28-87. NOE sent to all parties in interest 4-28-87. |
| 04-28-87 | 11480 | 11250 | ORDER (COC) that the Application of Copeland, Wickersham, Wiley & Company for Compensation and Related Expenses is hereby continued to May 15, 1987 at 10:00 a.m. for hearing. EOD 4-28-87. NOE sent to all parties in interest 4-28-87. |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | CALENDAR: Hearing Set for 5-15-87 10:00 A.M. (CJH) |
| 04-28-87 | 11481 | 11250 | MOTION (T. Glover Roberts) Motion for Permission to Appear Pro Hac Vice for Copeland, Wickersham, Wiley & Company |
| 04-28-87 | 11482 | 11250 | CERTIFICATE (T. Glover Roberts) Affidavit of Mailing to Charles H. Still, John L. King, James R. Jeter, William D. Neary, Eugene R. Preaus, Steven Kratsch, Paul M. Cook, a copy of the Motion for Permission to Appear Pro Hac Vice and Order granting Motion #11481. |
| 04-28-87 | 11483 | 11250 | ORDER (T. Glover Roberts) Order that T. Glover Roberts, as counsel for Copeland, Wickersham, Wiley & Co., Inc., be allowed to appear pro hac vice. EOD 4-28-87. NOE sent to all parties in interest 4-28-87. |
| 04-28-87 | 11484 | 816 | ORDER (HAL) Agreed Order Withdrawing Proof of Claim No. 324 of Halliburton Services, a division of Halliburton Company. EOD 4-28-87. NOE sent to all parties in interest 4-28-87. |
| 04-28-87 | 11485 | 11350 | MEMO (Lafayette County, AR) Response to Motion for Order in Aid of Consummation to confirm Discharge of Tax Collector, Lafayette County, Arkansas |
| 04-28-87 | 11486 | 11350 | CERTIFICATE (Lafayette County, AR) Affidavit of Mailing to John L. King and James R. Jeter, a copy of the Response to Motion for Order in Aid of Consummation to confirm Discharge of Tax Collector, Lafayette County, Arkansas |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

IN RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 05-04-87 | 11491 | 5 | APPLICATION (COC) Application for Approval to Pay Stock and Warrants Compensation Pursuant to Plan - Robert F. Roberts. Clerk's Notice Hand Delivered to Debtor's Attorney.<br><br>CALENDAR: Hearing Set for 5-28-87 9:00 A.M. (CJH) |
| 05-04-87 | 11492 | 5 | APPLICATION (COC) Application for Approval to Pay Stock and Warrants Compensation Pursuant to Plan - Mark A. Roberts. Clerk's Notice Hand Delivered to Debtor's Attorney.<br><br>CALENDAR: Hearing Set for 5-28-87 9:00 A.M. (CJH) |
| 05-04-87 | 11493 | 11339 | MEMO (COC) Interrogatories Propounded Don Hathaway, Sheriff and Ex-Officio Tax Collector of Caddo Parish, by Debtor (Cross Reference to Proof of Claim No. 11289) |
| 05-04-87 | 11494 | 11339 | CERTIFICATE (COC) Affidavit of Mailing to Glenn E. Walker, a copy of Interrogatories Propounded to Don Hathaway, Sheriff & Ex-Officio Tax Collector, Caddo Parish |
| 05-04-87 | 11495 | 11339 | ORDER (COC) that Don Hathaway, Sheriff and Ex-Officio Tax Collector, Caddo Parish, answer the above interrogatories, or object within 8 days of this date. |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

IN RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 05-05-87 | 11496 | 11339 | ORDER (Caddo Parish) that the properties referenced on the attached tax notices be removed from the Caddo Parish tax sale docket of May 6, 1987, without prejudice to either parties, and reserving to each party all respective rights to proceed following this court's determination of the allowability and extent of the pending tax claim of the Sheriff of Caddo Parish, Louisiana. EOD 5-5-87. NOE sent to all parties in interest 5-5-87. |
| 05-05-87 | 11497 | | CERTIFICATE (COC) Affidavit of Mailing to the List of Attorneys and Other Parties in Interest Filing Notice of Appearance and Request for Service of Papers and to each member of the Unsecured Creditors Committee, a copy of the Application for Approval to Pay Stock and Warrants Compensation Pursuant to Plan - Robert F. Roberts and Application for Approval to Pay Warrants Compensation Pursuant to Plan - Mark A. Roberts |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

IN RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 05-05-87 | 11498 | 11339 | OBJECTION (Caddo Parish) Objection (Response) by Tax Collector, Caddo Parish to Crystal Oil Company's Objection to Its Proof of Claim (Reference to Proof of Claim No. 11289) |
| 05-05-87 | 11499 | 11339 | CERTIFICATE (Caddo Parish) Affidavit of Mailing to John L. King, a copy of the Objection by Tax Collector |
| 05-05-87 | 11502 | 8 | ORDER (Judge Stephen V. Callaway) General Order Closing Special Clerk's Office |
| 05-06-87 | 11503 | 11338 | OBJECTION (City of Shreveport) Objection (Response) by Tax Collector, City of Shreveport to Crystal Oil Company's Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector City of Shreveport - Document No. 11338 |
| 05-06-87 | 11504 | 11338 | CERTIFICATE (City of Shreveport) Affidavit of Mailing to John L. King, a copy of the Objection by Tax Collector, City of Shreveport |
| 05-06-87 | 11505 | 11338 | MOTION (City of Shreveport) Alternative Motion Pursuant to Rule 9006 by Tax Collector, City of Shreveport (Cross Reference to Document Number 11338). Proposed Order Attached. |
| 05-06-87 | 11506 | 11338 | CERTIFICATE (City of Shreveport) Affidavit of Mailing to John L. King, a copy of the Alternative Motion Pursuant to Rule 9006 by Tax Collector, City of Shreveport (Cross Reference to Document Number 11338) |
| 05-06-87 | 11507 | 11338 | MEMO (City of Shreveport) Interrogatories Propounded Debtor by Tax Collector, City of Shreveport (Cross Reference to Document Number 11338). Proposed Order Attached. |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

IN RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 05-06-87 | 11508 | 11338 | CERTIFICATE (City of Shreveport) Affidavit of Mailing to John L. King, a copy of the Interrogatories Propounded to Debtor by Tax Collector, City of Shreveport |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

IN RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| Bx 2 Fld 33 | | | |
| 05-06-87 | 11509 | 11336 | MEMO (Bossier Parish) Response to Objection to Proof of Claim of Tax Collector, Bossier Parish, Proof of Claim No. 11342 and Document No. 11351 |
| 05-06-87 | 11510 | 11336 | CERTIFICATE (Bossier Parish) Affidavit of Mailing to John L. King, Curtis W. Huff and Charles H. Still, a copy of the Response to Objection to Proof of Claim of Tax Collector, Bossier Parish |
| 05-05-87 | 11511 | 11250 | MEMO (Copeland, Wickersham, Wiley & Co., Inc.) Response and Joinder to Debtor's Application for Compensation and Expenses to Copeland, Wickersham, Wiley & Co., Inc. |
| 05-07-87 | 11512 | 11339 | MEMO (Caddo Parish) Supplemental Response by Tax Collector, Caddo Parish to Crystal Oil Company's Objection to Proof of Claim (Cross Reference to Proof of Claim No. 11289) |
| 05-07-87 | 11513 | 11339 | CERTIFICATE (Caddo Parish) Affidavit of Mailing to John L. King, a copy of the Supplemental Response by Tax Collector, Caddo Parish to Crystal Oil Company's Objection to Proof of Claim (Cross Reference to Proof of Claim No. 11289) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

N RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 05-08-87 | 11514 | 11338 | MEMO (City of Shreveport) Supplemental Objection (Response) by Tax Collector, City of Shreveport to Crystal Oil Company's Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector City of Shreveport - Document No. 11338 |
| 05-08-87 | 11515 | 11338 | CERTIFICATE (City of Shreveport) Affidavit of Mailing to John L. King, a copy of the Supplemental Objection (Response) by Tax Collector, City of Shreveport |
| 05-08-87 | 11516 | 11336 | MEMO (Bossier Parish) Supplemental Response to Objection to Proof of Claim of Tax Collector, Bossier Parish, Proof of Claim No. 11342, Document No. 11351 and Document No. 11509 |
| 05-08-87 | 11517 | 11336 | CERTIFICATE (Bossier Parish) Affidavit of Mailing to John L. King, Curtis W. Huff and Charles H. Still, a copy of the Response to Objection to Proof of Claim of Tax Collector, Bossier Parish |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

N RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 05-11-87 | 11518 | 11339 | MEMO (COC) Answers to Interrogatories Propounded by Tax Collector, Caddo Parish (Cross Reference to Proof of Claim No. 11289 and Document No. 11446) |
| 05-11-87 | 11519 | 11339 | CERTIFICATE (COC) Affidavit of Mailing to Glenn Walker, a copy of the Answers to Interrogatories Propounded by Tax Collector, Caddo Parish (Cross Reference to Proof of Claim No. 11289 and Document No. 11446 |
| 05-11-87 | 11520 | 11336 | MEMO (COC) Interrogatories Propounded Tax Collector, Bossier Parish (Vol S. Dooley, Jr., Sheriff & Ex-Officio Tax Collector of Bossier Parish, State of Louisiana) |
| 05-11-87 | 11521 | 11336 | CERTIFICATE (COC) Affidavit of Mailing to Henry G. Hobbs, Jr., a copy of Interrogatories Propounded to Tax Collector, Bossier Parish (Vol S. Dooley, Jr., Sheriff and Ex-Officio Tax Collector of Bossier Parish, State of Louisiana) |
| 05-11-87 | 11522 | 11336 | ORDER (COC) Order that Tax Collector, Bossier Parish (Vol S. Dooley, Jr., Sheriff and Ex-Officio Tax Collector, Bossier Parish, State of Louisiana), Answer the above Interrogatories, or Object, within two days of this date. |
| 05-11-87 | 11525 | 11231 | ORDER (COC) it is ordered that Crystal's Motion is denied without prejudice to Crystal's rights to object to the unliquidated tax claim of Gregg County Appraisal District. EOD 5-11-87. NOE sent to all parties in interest 5-12-87. |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

IN RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 05-12-87 | 11526 | 11231 | MINTUES (Judge Stephen V. Callaway) Hearing held 4-16-87 on Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector - City of Longview |
| 05-12-87 | 11527 | 11338 | MEMO (City of Shreveport) Second Supplemental Objection (Response) by Tax Collector, City of Shreveport, to Crystal Oil Company's Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector - City of Shreveport, Document No. 11338 |
| 05-12-87 | 11528 | 11338 | CERTIFICATE (City of Shreveport) Affidavit of Mailing to John L. King, a copy of the Second Supplemental Objection (Response) by Tax Collector, City of Shreveport |
| 05-12-87 | 11529 | 11339 | MEMO (Caddo Parish) Second Supplemental and Amending Objection and Response by Tax Collector, Caddo Parish to Objection to its Proof of Claim (Cross Reference to Proof of Claim No. 11289) |
| 05-12-87 | 11530 | 11339 | CERTIFICATE (Caddo Parish) Affidavit of Mailing to John L. King, a copy of the Second Supplemental and Amending Objection and Response by Tax Collector, Caddo Parish to Objection to its Proof of Claim (Cross Reference to Proof of Claim No. 11289) |
| 05-12-87 | 11531 | 11339 | CERTIFICATE (Caddo Parish) Affidavit of Mailing to John L. King, a copy of Answers of Tax Collector, Caddo Parish to Interrogatories Propounded by Debtor (Cross Reference to Proof of Claim No. 11289) |
| 05-12-87 | 11532 | 11339 | MEMO (Caddo Parish) Answers of Tax Collector, Caddo Parish to Interrogatories Propounded by Debtor (Cross Reference to Proof of Claim No. 11289) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

IN RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 05-13-87 | 11535 | 11336 | MEMO (Bossier Parish) Memorandum in Support of Response and Supplemental Response to Objection to Proof of Claim of Tax Collector, Bossier Parish (Proof of Claim No. 11342, Document No. 1135 Document No. 11509 and Document No. 11516) |
| 05-13-87 | 11536 | 11336 | CERTIFICATE (Bossier Parish) Affidavit of Mailing to John L. King, Curtis W. Huff and Charles H. Still, a copy of Memorandum in Support of Response and Supplemental Response to Objection to Proof of Claim of Tax Collector, Bossier Parish (Proof of Claim No. 11342, Document No. 1135 Document No. 11509 and Document No. 11516) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

IN RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 05-14-87 | 11537 | 11246 | MOTION (Unsecured Creditors Committee) Motion to Withdraw Objection to Application for Compensation Bearing Document No. 11246 |
| 05-14-87 | 11538 | 11246 | CERTIFICATE (Unsecured Creditors Committee) Affidavit of Mailing to John L. King and James R. Jeter, a copy of the Motion to Withdraw Objection to Application for Compensation Bearing Document No. 11246 |
| 05-14-87 | 11539 | 11246 | OBJECTION (Walsh) Objection to Amended Application for Approval of Compensation for J. N. Averett, Jr. |
| 05-14-87 | 11540 | 11246 | CERTIFICATE (Walsh) Affidavit of Mailing to John L. King and James R. Jeter, a copy of the Objection to Amended Application for Approval of Compensation for J. N. Averett, Jr. |
| 05-14-87 | 11541 | 698 | ORDER (COC) Order from Pretrial Conference, Limiting Time for Completion of Discovery and Scheduling Trial. Instructions for Preparing Exhibit List and Pre-Marking Exhibits Attached. EOD 5-14-87. NOE sent to all parties in interest 5-15-87.<br>CALENDAR: Hearing Set for 8-19-87 at 1:30 P.M. (CJH) |
| 05-14-87 | 11542 | 739 | ORDER (Shaver, et al) it is ordered that Shaver's claim evidenced by proof of claim number 417 is allowed in the amount of $13,400.00 to be paid $5,000.00 cash immediately and $350.00 per month over 24 months evidenced by a non-interest paying note from Crystal to Shaver and the balance of Shaver's claim in the amount of $6,600.00 is disallowed. It is further ordered that Shaver, Roath, and Crystal shall dismiss with prejudice the suit styled "Hershel D. Shaver, et al versus Crystal Oil Company" Number 44,637, 26th Judicial District Court, Webster Parish, Louisiana. It is further ordered that Crystal shall partially release its interest in the oil, gas and |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | mineral lease dated March 12, 1979, from Henry C. Boucher, as lessor, to Cities Service Oil Company, as lessee, insofar as the land owned by Shaver covered thereby is concerned from the surface to the base of the Tokio Formation. EOD 5-14-87. NOE sent to all parties in interest 5-15-87. |
| 05-14-87 | 11543 | 11331 | ORDER (COC) it is ordered that Ector's claim evidenced by proof of claim Number 11017 is disallowed. It is further ordered that pursuant to 11 U.S.C. 1142(b) within 30 days of the date hereof, Ector shall execute and deliver any instrument required to discharge Ector's tax claim and release any lien Ector may claim against Crystal. EOD 5-14-87. NOE sent to all parties in interest 5-15-87. |
| 05-14-87 | 11544 | 11333 | ORDER (COC) it is ordered that Henderson's claim evidenced by proof of claim Number 11079 is disallowed. It is further ordered that pursuant to 11 U.S.C. 1142(b) within 30 days of the date hereof, Henderson shall execute and deliver any instrument required to discharge Henderson's tax claim and release any lien Henderson may claim against Crystal. EOD 5-14-87. NOE sent to all parties in interest 5-15-87. |
| 05-14-87 | 11545 | 11334 | ORDER (COC) it is ordered that Lafayette Parish's claim evidenced by proof of claim Number 966 is disallowed. It is further ordered that pursuant to 11 U.S.C. 1142(b) within 30 days of the date hereof, Lafayette shall execute and deliver any instrument required to discharge Lafayette's tax claim and release any lien Lafayette may claim against Crystal. EOD 5-14-87. NOE sent to all parties in interest 5-15-87. |
| 05-14-87 | 11546 | 11335 | ORDER (COC) it is ordered that Vermilion's claim evidenced by proof of claim Number 596 is disallowed. It is further ordered that pursuant to 11 U.S.C. 1142(b) within 30 days of the date hereof, Vermilion |

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | shall execute and deliver any instrument required to discharge Vermilion's tax claim and release any lien Vermilion may claim against Crystal. EOD 5-14-87. NOE sent to all parties in interest 5-15-87. |
| 05-14-87 | 11547 | 11337 | ORDER (COC) it is ordered that City of Bossier's unliquidated tax claim against Crystal is discharged. It is further ordred that pursuant to 11 U.S.C. 1142(b) within 30 days of the date hereof, City of Bossier shall execute and deliver any instrument required to discharge City of Bossier's tax claim and release any lien City of Bossier may claim against Crystal. EOD 5-14-87. NOE sent to all parties in interest 5-15-87. |
| 05-14-87 | 11548 | 11340 | ORDER (COC) it is ordered that Crystal is authorized to pay Lynch, Gallagher, Lynch, Shirley & Martineau the full sum of $823.50 which represents $750.00 in attorneys' fees and $73.50 in expenses and that said fees and expenses may be paid from the advance amount held by Lynch with the balance thereof to be returned to Crystal. EOD 5-14-87. NOE sent to all parties in interest 5-15-87. |
| 05-14-87 | 11549 | 11341 | ORDER (COC) it is ordered that Crystal is authorized to pay Miller & Chevalier, Chartered the full sum of $15,563.63 which represents $14,593.73 in attorneys' fees and $969.90 in expenses and that said fees and expenses may be paid and the advance amount held by Miller may be applied to said fees. EOD 5-14-87. NOE sent to all parties in interest 5-15-87. |
| 05-14-87 | 11550 | 11349 | ORDER (COC) it is ordered that Columbia County's unliquidated tax claim against Crystal is discharged. It is further ordered that pursuant to 11 U.S.C. 1142 (b) within 30 days of the date hereof, Columbia County shall execute and deliver any instrument required to discharge Columbia County's tax claim and release any lien Columbia County may claim against Crystal. EOD 5-14-87. NOE sent to all parties in interest 5-15-87. |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

IN RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 05-14-87 | 11551 | 11350 | ORDER (COC) it is ordered that Lafayette County's tax claim against Crystal is allowed in the amount of $1,227.62 and that balance of taxes claimed for the year 1986 are disallowed. EOD 5-14-87. NOE sent to all parties in interest 5-15-87. |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

IN RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 05-15-87 | 11552 | | MOTION (COC) Motion for Order in Aid of Consummation - City of Springhill, City of Shreveport, Bossier Parish, and Caddo Parish. |
| 05-15-87 | 11553 | | ORDER (COC) that a Notice, the form of which is attached hereto, be sent by COC to Bankers Trust Company, through its Counsel of Record, to Halliburton Company, through its Counsel of Record, and to the Unsecured Creditors Committee and its Counsel of Record and to Tax Collectors for the City of Springhill, the City of Shreveport, Bossier Parish, and Caddo Parish |
| 05-15-87 | 11554 | | NOTICE (COC) File Stamped in Error |
| 05-15-87 | 11555 | 791 | ORDER (COC) it is ordered that Crystal's objection to IRS's proofs of claim numbered 210, 568, & 748 is hereby withdrawn without prejudice to Crystal's right to refile its objections to IRS's proofs of claim as filed, or as may be filed, or as same may be amended at any time prior to the closing of this case. It is further ordered, that the IRS's claims against Crystal set forth in the IRS's proofs of claim numbered 210, 568, and 748, or as may be filed or amended, shall not in any manner be deemed or considered allowed or disallowed until such time that a hearing on such claims shall have been held before this court and an order expressly allowing, in whole or part, or disallowing, in whole or in part, such claims is entered by this Court; It is further ordered, that any actions relating to the determination and enforcement of the claims set forth in the IRS's proofs of claim numbered 210, 568, and 748, or as may be filed or amended, are hereby stayed and the IRS is hereby enjoined from taking any action against Crystal or any of its properties with respect to the determinations or enforcement of the claims other than through a proceeding in this Court until such time that this Order is lifted or modified, and this Court shall retain exclusive jurisdiction over all matters in any way relating to the IRS's claims. |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

IN RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | EOD 5-15-87. NOE sent to all parties in interest 5-15-87. |
| 05-15-87 | 11556 | 772 | ORDER (HAL & COC) Agreed Order Relative to Halliburton's Proof of Claim that the claim of Halliburton, after crediting and deducting the payment made by Crystal on January 30, 1987, is allowed as a Secured Claim in the amount of $9,833,235.52, and the hearing on Halliburton's claim relative to attorneys' fees and costs is ocntinued to May 28, 1987 at 9:00. EOD 5-15-87. NOE sent to all parties in interest 5-15-87.<br><br>CALENDAR: Hearing continued on attorneys' fees and cost 5-28-87 at 9:00 A.M. |
| 05-15-87 | 11557 | 11246 | ORDER (COC) it is ordered that this Court hereby approves and Crystal may pay the following compensation pursuant to the amended Application for Approval of Compensation for J. N. Averett, Jr.: $50,000.00 in cash; 2,100,000 shares of common stock; warrants to purchase 1,000,000 shares of common stock at an exercise price of $.075 per shares; warrants to purchase 2,000,000 shares of common stock at $.10 per share. EOD 5-15-87. NOE sent to all parties in interest 5-15-87. |
| 05-15-87 | 11558 | 11370 | ORDER (COC) it is ordered that Crystal is authorized to pay Crumpler the full sum of $1,975.99 which represents $1,910.00 in attorneys' fees and $65.99 in expenses and that said fees and expenses may be paid from the advance amount held by Crumpler with the balance thereof to be returned to Crystal. EOD 5-15-87. NOE sent to all parties in interest 5-15-87. |
| 05-15-87 | 11559 | | CERTIFICATE (T. Glover Roberts) Affidavit of Mailing to Charles H. Still, John L. King, James R. Jeter, William D. Neary, Eugene R. Preaus, Steven Kratsch and Paul M. Cooke, a copy of the Notice of Hearing that the Fee Applications for Copeland, Wickersham, |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

IN RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Wiley & Company and PaineWebber, Inc. will come on for hearing at 10:00 A.M. on the 5th day of June, 1987. |
| | | | CALENDAR: Hearing Set for 6-5-87 10:00 A.M. (CJH) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

IN RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 05-16-87 | 11561 | 698 | MINUTES (Judge Stephen V. Callaway) Hearing held 5-14-87 on Objection to Proof of Claim of Edward J. Assiter, D/B/A Bob J. Ivey Company |
| 05-16-87 | 11562 | 739 | MINUTES (Judge Stephen V. Callaway) Hearing held 5-14-87 on Objection to Proof of Claim of Hershel D. Shaver and Doris Christene Shaver (Proof of Claim No. 739) |
| 05-16-87 | 11563 | 11331 | MINUTES (Judge Stephen V. Callaway) Hearing held 5-14-87 on Objection to Proof of Claim of Tax Collector - Ector County (Proof of Claim No. 11017) |
| 05-16-87 | 11564 | 11333 | MINUTES (Judge Stephen V. Callaway) Hearing held 5-14-87 on Objection to Proof of Claim of Tax Collector - Henderson ISD (Proof of Claim No. 11079) |
| 05-16-87 | 11565 | 11334 | MINUTES (Judge Stephen V. Callaway) Hearing held 5-14-87 on Objection to Proof of Claim of Tax Collector - Lafayette Parish (Proof of Claim No. 966) |
| 05-16-87 | 11566 | 11335 | MINUTES (Judge Stephen V. Callaway) Hearing held 5-14-87 on Objection to Proof of Claim of Tax Collector - Vermilion Parish (Proof of Claim No. 596) |
| 05-16-87 | 11567 | 11337 | MINUTES (Judge Stephen V. Callaway) Hearing held 5-14-87 on Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector - City of Bossier |
| 05-16-87 | 11568 | 11340 | MINUTES (Judge Stephen V. Callaway) Hearing held 5-14-87 on Application of Lynch, Gallagher, Lynch, Shirley & Martineau for Allowance of Attorneys' Fee |
| 05-16-87 | 11569 | 11341 | MINUTES (Judge Stephen V. Callaway) Hearing held 5-14-87 on Application of Miller & Chevalier, |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

IN RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| | | | Chartered for Allowance of Attorneys' Fees and Reimbursement of Expenses |
| 05-16-87 | 11570 | 11349 | MINUTES (Judge Stephen V. Callaway) Hearing held 5-14-87 on Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector, Columbia County, AR |
| 05-16-87 | 11571 | 11350 | MINUTES (Judge Stephen V. Callaway) Hearing held 5-14-87 on Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector, Lafayette County, AR |
| 05-16-87 | 11572 | 772 | MINUTES (Judge Stephen V. Callaway) Hearing held 5-15-87 on Objection to Proof of Claim of Halliburton Services, a Division of Halliburton Company (Proof of Claim No. 325) |
| 05-16-87 | 11573 | 791 | MINUTES (Judge Stephen V. Callaway) Hearing held 5-15-87 on Objection to Proofs of Claim of Internal Revenue Service U.S.A., Numbered 210, 568 and 748 |
| 05-16-87 | 11574 | 11370 | MINUTES (Judge Stephen V. Callaway) Hearing held 5-15-87 on Application for Allowance of Attorneys' Fees and Reimbursement of Out-of-Pocket Expenses by Crumpler, O'Conner & Wynne |
| 05-16-87 | 11575 | 11246 | MINUTES (Judge Stephen V. Callaway) Hearing held 5-15-87 on Application for Approval of Compensation for J. N. Averett, Jr. |
| 05-16-87 | 11576 | | MINUTES (Judge Stephen V. Callaway) Hearing held 5-15-87 on Objection to Proof of Claim of Tax Collector - Caddo Parish and City of Springhill, Motion for Order in Aid of Consummation to Confirm Discharge of Tax Claims of Tax Collector, Bossier Parish and City of Shreveport |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

IN RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS



| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | BANKRUPTCY CASE RECORD |
|---|---|---|---|
| 05-16-87 | 11577 | | MINUTES (Judge Stephen V. Callaway) Hearings held 5-14-87. Exhibits Submitted by Reference. |

| | | |
|---|---|---|
| 11/18/96 | 11901 | Hearing Re: [11895-1] Motion For Contempt & [11895-2] Motion To Enforce Confirmation Order, Bar Date Order & Injunction of Section 254 of the Bankruptcy Code by Crystal Oil Company (Re State of Indiana IDEM) - Cntd For 3:00 1/6/97 at Courtroom Four, S'port. (debb) [EOD 11/18/96] [Edit date 01/07/97] [86-12834] |
| 11/18/96 | 11902 | Notice By Creditor LA Dept. of Transportation & Development of 30(b)(6) Deposition Of Crystal Oil Co. w/cert of svc & Exhibit. (debb) [EOD 11/18/96] [86-12834] |
| 11/18/96 | -- | Terminated Deadline re Hearing (document) 11/18/96 - See [11901-1]. (debb) [EOD 03/10/97] [86-12834] |
| 11/20/96 | 11903 | Notice By Debtor Crystal Oil Company of Oral Deposition Of Warren Myers w/cert of svc. (debb) [EOD 11/20/96] [86-12834] |
| 11/22/96 | -- | Disposition of Adversary (96-1072) Dismissing [1-1] Complaint (tomm) [EOD 11/22/96] [96-1072] |
| 11/22/96 | -- | Adversary Case (96-1072) Closed. (tomm) [EOD 11/22/96] [96-1072] |
| 11/22/96 | 11904 | Joint Motion By Debtor Crystal Oil Company, Creditor LA Dept. of Transportation & Development For Extension of Deadline For Monitoring of Discovery Disputes w/cert of svc. (debb) [EOD 11/22/96] [86-12834] |
| 11/22/96 | 11905 | Notice Of Appeal By LA Dept. of Environmental Quality Appeal Designation Due: 12/2/96 RE: [11877-1] Order. Fee Status: Paid (tomm) [EOD 11/22/96] [86-12834] |
| 11/22/96 | 11906 | Notice of Filing of Notice of Appeal Re: [11905-1] Notice Appeal by LA Dept. of Environmental Quality (tomm) [EOD 11/22/96] [86-12834] |
| 11/25/96 | 11907 | Notice By Creditor LA Dept. of Transportation & Development of Deposition Of L.G. Caskey w/cert of svc. (debb) [EOD 11/25/96] [86-12834] |
| 11/25/96 | 11908 | Notice Of Appeal By Olin Corp. Appeal Designation Due: 12/5/96 RE: [11877-1] Order. Fee Status: Paid (tomm) [EOD 11/25/96] [86-12834] |
| 11/25/96 | 11909 | Notice of Filing of Notice of Appeal Re: [11908-1] Notice Appeal by Olin Corp. (tomm) [EOD 11/25/96] [86-12834] |
| 11/26/96 | 11910 | Order Granting [11904-1] Motion For Extension of Deadline For Monitoring of Discovery Disputes by LA Dept. of Transportation & Development, Crystal Oil Company (Deadline Extended From 12/1/96 to 1/3/97). (debb) [EOD 11/26/96] [86-12834] |

| | | |
|---|---|---|
| 11/7/96 | -- | Scheduling Conference re [11874-1] Motion to Enforce Confirmation Order & Bar Date Order re AGB Oil Co. Cntd to 3:00 12/9/96 at Courtroom Four, S'port (debb) [EOD 11/12/96] [86-12834] |
| 11/12/96 | 11893 | Order Granting [11892-1] Motion For Extension of Time To File Response to the State of Indiana's Motion to Dismiss &/or Abstain From Determining Dischargeability of Claims by Crystal Oil Company (Debtor Shall Have Until 11/12/96 to Respond to State of Indiana's Motion to Dismiss &/or Abstain From Determining Dischargeability of Claims). (debb) [EOD 11/12/96] [86-12834] |
| 11/12/96 | 11894 | Reply By Debtor Crystal Oil Company To [11876-1] Motion To Dismiss [11856-1] Motion To Enforce Confirmation Order & Bar Date Order (re State of Indiana) & [11876-2] Motion To Abstain From Determining Dischargeability of Claims by State of Indiana (IDEM) w/cert of svc & Exhibits. (debb) [EOD 11/13/96] [Edit date 11/18/96] [86-12834] |
| 11/12/96 | 11895 | Motion By Debtor Crystal Oil Company For Contempt & To Enforce Confirmation Order, Bar Date Order & Injunction of Section 254 of the Bankruptcy Code (Re State of Indiana IDEM) w/cert of svc & Exhibits. (debb) [EOD 11/13/96] [Edit date 01/07/97] [86-12834] |
| 11/12/96 | 11896 | Motion By Debtor Crystal Oil Company For Leave to Amend [11856-1] Motion To Enforce Confirmation Order & Bar Date Order (re State of Indiana) w/cert of svc & Exhibits. (debb) [EOD 11/13/96] [Edit date 11/18/96] [86-12834] |
| 11/12/96 | 11897 | Order Granting [11896-1] Motion For Leave to Amend [11856-1] Motion To Enforce Confirmation Order & Bar Date Order (re State of Indiana) by Crystal Oil Company. (debb) [EOD 11/13/96] [86-12834] |
| 11/13/96 | 11898 | Motion By Creditor Olin Corp. To Extend Time To File Notice of Appeal w/cert of svc. (debb) [EOD 11/13/96] [86-12834] |
| 11/15/96 | 11899 | Order Granting [11898-1] Motion To Extend Time To File Notice of Appeal by Olin Corp. (Olin Corp. Granted Additional Time Until 11/25/96). (debb) [EOD 11/18/96] [86-12834] |
| 11/18/96 | 11900 | Hearing Re: [11876-1] Motion To Dismiss [11856-1] Motion To Enforce Confirmation Order & Bar Date Order (re State of Indiana) & [11876-2] Motion To Abstain From Determining Dischargeability of Claims by State of Indiana (IDEM) Cntd For 3:00 1/6/97 at Courtroom Four, S'port. (debb) [EOD 11/18/96] [86-12834] |

Bx 4 Fld 48

| | | |
|---|---|---|
| 11/1/96 | 11882 | Memorandum By Creditor LA Dept. of Environmental Quality In Support of [11881-1] Motion For Reconsideration of Court Order [11877-1] Granting Discharge of Claim by LA Dept. of Environmental Quality w/cert of svc. (debb) [EOD 11/04/96] [86-12834] |
| 11/1/96 | 11883 | Motion By Creditor LA Dept. of Environmental Quality To Extend Time To File Notice of Appeal w/cert of svc. (debb) [EOD 11/04/96] [86-12834] |
| 11/4/96 | 11884 | Amended Page One of [11881-1] Motion For Reconsideration of Court Order [11877-1] Granting Discharge of Claim Filed by Creditor LA Dept. of Environmental Quality (debb) [EOD 11/04/96] [86-12834] |
| 11/4/96 | 11885 | Amended Page One of [11883-1] Motion To Extend Time To File Notice of Appeal Filed by Creditor LA Dept. of Environmental Quality (debb) [EOD 11/04/96] [86-12834] |
| 11/4/96 | 11886 | Motion By Creditor Olin Corp. To Intervene Re: [11881-1] Motion For Reconsideration of Court Order [11877-1] Granting Discharge of Claim by LA Dept. of Environmental Quality w/cert of svc. (debb) [EOD 11/04/96] [86-12834] |
| 11/4/96 | 11887 | Motion By Phyllis Schauffler for Creditor Olin Corp. To Appear Pro Hac Vice w/cert of svc. (debb) [EOD 11/04/96] [86-12834] |
| 11/5/96 | 11888 | Order Denying [11881-1] Motion For Reconsideration of Court Order [11877-1] Granting Discharge of Claim by LA Dept. of Environmental Quality. (debb) [EOD 11/05/96] [86-12834] |
| 11/5/96 | 11889 | Order Granting [11883-1] Motion To Extend Time To File Notice of Appeal by LA Dept. of Environmental Quality (LEDEQ Granted Additional Time Until 11/25/96). (debb) [EOD 11/05/96] [86-12834] |
| 11/5/96 | 11890 | Order Granting [11887-1] Motion To Appear Pro Hac Vice by Phyllis Schauffler. (debb) [EOD 11/05/96] [86-12834] |
| 11/5/96 | 11891 | Order Granting [11886-1] Motion To Intervene Re: [11881-1] Motion For Reconsideration of Court Order [11877-1] Granting Discharge of Claim by LA Dept. of Environmental Quality by Olin Corp. (debb) [EOD 11/05/96] [86-12834] |
| 11/7/96 | 11892 | Motion By Debtor Crystal Oil Company For Extension of Time To File Response to the State of Indiana's Motion to Dismiss &/or Abstain From Determining Dischargeability of Claims w/cert of svc. (debb) [EOD 11/08/96] [86-12834] |



RAM00744

10/8/96 11871 Transcript of Hearing Held on 9/19/96 re LA DEQ - Shoreline Site (re Motion to Enforce Confirmation Order & Bar Date Order). (debb) [EOD 10/11/96] [86-12834]

Ex. 48 Bx 14

10/8/96 11872 Transcript of Cntd Hearing Held on 9/20/96 re LA DEQ - Shoreline Site (re Motion to Enforce Confirmation Order & Bar Date Order). (debb) [EOD 10/11/96] [86-12834]

10/18/96 11873 Transcript of Hearing Held on 10/2/96 re LA DEQ - Shoreline Site (re Motion to Enforce Confirmation Order & Bar Date Order) - Ruling Only. (debb) [EOD 10/24/96] [86-12834]

Bx 4 Fld 46 thru 46

10/21/96 11874 Motion By Debtor Crystal Oil Company To Enforce Confirmation Order & Bar Date Order (re AGB Oil Co.) w/cert of svc & Exhibits. (debb) [EOD 10/21/96] [Edit date 10/24/96] [86-12834]

10/21/96 11875 Order for Scheduling Conference re [11874-1] Motion to Enforce Confirmation Order & Bar Date Order (re AGB Oil Co.) Schd for 10:00 11/7/96 at Chamb/Jud.Callaway/Shreveport (debb) [EOD 10/21/96] [Edit date 10/24/96] [86-12834]

Bx 4 Fld 47

10/21/96 11876 Motion By Creditor State of Indiana (IDEM) To Dismiss [11856-1] Motion To Enforce Confirmation Order & Bar Date Order (re State of Indiana) by Crystal Oil Company &/or To Abstain From Determining Dischargeability of Claims w/cert of svc & Attachments. (debb) [EOD 10/21/96] [Edit date 10/24/96] [86-12834]

10/24/96 11877 Order Granting [11829-1] Motion To Enforce Confirmation Order & Bar Date Order by Crystal Oil Company re LA DEQ - Shoreline Site. (debb) [EOD 10/24/96] [86-12834]

10/25/96 11878 Joint Motion By Debtor Crystal Oil Company, Creditor LA Dept. of Transportation & Development For Extension of Deadline For Monitoring of Discovery Disputes w/cert of svc. (debb) [EOD 10/25/96] [86-12834]

10/28/96 11879 Order Granting [11878-1] Motion For Extension of Deadline For Monitoring of Discovery Disputes by LA Dept. of Transportation & Development, Crystal Oil Company - Deadlline Extended From 11/01/96 to 12/01/96. (debb) [EOD 10/28/96] [86-12834]

10/31/96 11880 Transcript of Hearing Held on 10/2/96 re LA DEQ - Shoreline Site (re Motion to Enforce Confirmation Order & Bar Date Order). (debb) [EOD 11/01/96] [86-12834]

11/1/96 11881 Motion By Creditor LA Dept. of Environmental Quality For Reconsideration of Court Order [11877-1] Granting Discharge of Claim w/cert of svc. (debb) [EOD 11/04/96] [86-12834]



RAM00745

| | | |
|---|---|---|
| 9/18/96 | 11862 | Order Granting [11861-1] Motion to File More Than Twenty-Five Interrogatories by LA Dept. of Transportation & Development. (debb) [EOD 09/19/96] [86-12834] |
| 9/19/96 | 11863 | Exhibits J-1, P-1 - 124 & D-1 - 93 & 95 - 99 filed 9/19/96 in Open Court. (debb) [EOD 09/23/96] [86-12834] |
| EX. 044 - 047 Bx. 14 | | |
| 9/19/96 | 11864 | Hearing Held Re: [11856-1] Motion To Enforce Confirmation Order & Bar Date Order (re State of Indiana) by Crystal Oil Company - Arguments on Motion to Dismiss/Abstain 3:00 11/18/96. (debb) [EOD 09/23/96] [86-12834] |
| 9/19/96 | 11865 | Hearing Re: LA DEQ 9014 Motion Re: [11829-1] Motion To Enforce Confirmation Order & Bar Date Order by Crystal Oil Company Cntd to 9:00 9/20/96 at Courtroom Four, S'port. (debb) [EOD 09/23/96] [86-12834] |
| 9/20/96 | 11866 | Hearing Re: LA DEQ 9014 Motion Re: [11829-1] Motion To Enforce Confirmation Order & Bar Date Order by Crystal Oil Company Cntd For Arguments & Ruling to 2:00 10/2/96 at Courtroom Four, S'port; Briefs by 5:00 9/27/96. (debb) [EOD 09/23/96] [86-12834] |
| 9/24/96 | 11867 | Order From Scheduling Conference State of Indiana to File Motion to Dismiss &/or Abstain w/Memorandum on or Before 10/21/96; Debtor to File Response w/Opposition & Memorandum by 11/8/96; Argument on the Matter ([11856-1] Motion To Enforce Confirmation Order & Bar Date Order (re State of Indiana) Will be Held 3:00 11/18/96 at Courtroom Four, S'port. (debb) [EOD 09/24/96] [86-12834] |
| 9/24/96 | -- | Added Creditor State of Indiana (IDEM). (debb) [EOD 09/24/96] |
| 9/24/96 | -- | Added Attorney Timothy J. Junk for State of Indiana (IDEM). (debb) [EOD 09/24/96] [86-12834] |
| Bx 4 Fld 44 | | |
| 9/27/96 | 11868 | Post Trial Memorandum filed by Creditor LA Dept. of Environmental Quality Re: [11829-1] w/cert of svc. (debb) [EOD 09/27/96] [86-12834] |
| 9/27/96 | 11869 | Post Trial Memorandum filed by Debtor Crystal Oil Company, Re: [11829-1] w/cert of svc & Exhibits. (debb) [EOD 09/30/96] [86-12834] |
| 10/2/96 | 11870 | Hearing Held Re: LA DEQ 9014 Motion Re: [11829-1] Motion To Enforce Confirmation Order & Bar Date Order by Crystal Oil Company - There was no Claim at Time of Filing of DEQ that had been Asserted; DEQ had Notice of Bankruptcy; DEQ not Allowed to File Late Filed Claim - Delay Excessive; Claim Dischargeable & is Discharged; Order-Clements. (debb) [EOD 10/03/96] [86-12834] |



RAM00746

[EOD 08/16/96] [86-12834]

8/16/96 11852 Order Granting [11851-1] Motion For Extension of Time To File Rebuttal Memorandum by Crystal Oil Company - Crystal is Allowed Extension of Time From 8/16/96 to 8/20/96 to File its Memorandum. (debb) [EOD 08/16/96] [86-12834]

8/20/96 11853 Reply By Debtor Crystal Oil Company To [11847-1] Response by LA Dept. of Environmental Quality w/cert of svc. (debb) [EOD 08/22/96] [86-12834]

8/22/96 11854 Motion By Debtor Crystal Oil Company To Withdraw [11845-1] Motion For Status Conference & [11845-2] Motion For Relief From Payment of the United States Trustee's Fees or, in the Alternative, for a Determination of the Amount Thereof by Debtor Crystal Oil Company w/Exhibit & cert of svc. (debb) [EOD 08/22/96] [86-12834]

8/22/96 11855 Order Granting [11854-1] Motion To Withdraw [11845-1] Motion For Status Conference & [11845-2] Motion For Relief From Payment of the United States Trustee's Fees or, in the Alternative, for a Determination of the Amount Thereof. (debb) [EOD 08/22/96] [86-12834]

8/30/96 11856 Motion By Debtor Crystal Oil Company To Enforce Confirmation Order & Bar Date Order (re State of Indiana) w/Exhibits & cert of svc. (debb) [EOD 09/01/96] [86-12834]

8/30/96 11857 Order For Scheduling Conference On: ([11856-1] Motion To Enforce Confirmation Order & Bar Date Order (re State of Indiana) - Schd For 11:30 9/19/96 at Chamb/Jud.Callaway/Shreveport). (debb) [EOD 09/01/96] [86-12834]

9/1/96 -- Terminated Deadline re 8/26/96 Status Hearing - See [11855] Order. (debb) [EOD 09/01/96] [86-12834]

9/6/96 11858 Pre-Trial Memorandum Filed by Creditor LA Dept. of Environmental Quality w/cert. of svc. & Exhibits (in Separate Folder). (debb) [EOD 09/09/96] [Edit date 09/09/96] [86-12834]

Ex. C43
Bx. 13

9/9/96 11859 Pre-Trial Stipulation Filed by Debtor Crystal Oil Company, Creditor LA Dept. of Environmental Quality. (debb) [EOD 09/09/96] [86-12834]

9/9/96 11860 Pre-Trial Memorandum Filed by Debtor Crystal Oil Company w/cert of svc. (debb) [EOD 09/09/96] [86-12834]

9/16/96 11861 Ex Parte Motion by Creditor LA Dept. of Transportation & Development to File More Than Twenty-Five Interrogatories w/cert of svc. (debb) [EOD 09/16/96] [86-12834]

| | | |
|---|---|---|
| 7/15/96 | 11842 | Notice By Debtor Crystal Oil Company To Take Deposition Of Tim Briley w/cert of svc. (debb) [EOD 07/18/96] [86-12834] |
| 7/15/96 | 11843 | COPY of Certificate Of Service By James R. Jeter (Albert M. Hand, Jr.) for Debtor Crystal Oil Company Of Subpoena Served 7/15/96 on Tim Briley. (debb) [EOD 07/18/96] [86-12834] |
| 7/15/96 | -- | Added Attorney Osborne J. Dykes III for Debtor. (debb) [EOD 07/18/96] [86-12834] |
| 7/15/96 | -- | Added Attorney Eva M. Fromm for Debtor. (debb) [EOD 07/18/96] [86-12834] |
| 7/22/96 | 11844 | Motion by Creditor LA Dept. of Transportation & Development to File Proof of Claim w/cert of svc. (debb) [EOD 07/22/96] [86-12834] |
| 7/22/96 | -- | Notice of Referral 96AP-1072 (Crystal Oil Co., et al vs. Atlantic Richfield Co.) w/copy of Plaintiffs' original complaint. (tomm) [EOD 07/22/96] [Edit date 07/22/96] [96-1072] |
| 8/1/96 | 11845 | Motion By Debtor Crystal Oil Company For Status Conference & For Relief From Payment of the United States Trustee's Fees or, in the Alternative, for a Determination of the Amount Thereof w/cert of svc. (debb) [EOD 08/01/96] [86-12834] |
| 8/1/96 | 11846 | Order for Status Conference re [11845-2] Motion - Status Conference Schd for 1:30 8/26/96 at Courtroom Four, S'port (debb) [EOD 08/01/96] [86-12834] |
| 8/2/96 | 11847 | Response By Creditor LA Dept. of Environmental Quality To [11829-1] Motion To Enforce Confirmation Order & Bar Date Order & [11836-1] Amended Motion by Crystal Oil Company w/cert of svc. (debb) [EOD 08/05/96] [86-12834] |
| 8/2/96 | 11848 | Memorandum By Creditor LA Dept. of Environmental Quality In Support of [11847-1] Response w/cert of svc. (debb) [EOD 08/05/96] [86-12834] |
| 8/8/96 | 11849 | Notice By Debtor Crystal Oil Company To Take Deposition Of Tim Briley w/cert of svc. (debb) [EOD 08/10/96] [86-12834] |
| 8/8/96 | 11850 | Certificate Of Service By James R. Jeter for Debtor Crystal Oil Company Of Subpoena in a Case Under the Bankruptcy Code Served 8/8/96 on Tim Briley. (debb) [EOD 08/10/96] [Edit date 12/05/96] [86-12834] |
| 8/16/96 | 11851 | Motion By Debtor Crystal Oil Company For Extension of Time To File Rebuttal Memorandum w/cert of svc. (debb) |

Bx 4 Fld 43



RAM00748

Bi 4 Fld 42

| | | |
|---|---|---|
| 4/19/96 | 11831 | Order Granting [11828-1] Motion To Reopen Case & Scheduling Status Conference Re: [11829-1] Motion To Enforce Confirmation Order & Bar Date Order - Status Conference Schd For 10:00 5/23/96 at Chamb/Jud.Callaway/Shreveport. (debb) [EOD 05/06/96] [86-12834] |
| 4/25/96 | 11832 | Certificate Of Service By James R. Jeter for Debtor Crystal Oil Company Of [11829-1] Motion To Enforce Confirmation Order & Bar Date Order, [11830-1] Support Memorandum & [11831-1 & 2] Order Reopening Case & Scheduling Status Conference. (debb) [EOD 05/06/96] [86-12834] |
| 5/23/96 | 11833 | Motion By Elliott B. Vega for Creditor LA Dept. of Environmental Quality To Appear Pro Hac Vice w/cert of svc. (debb) [EOD 05/23/96] [86-12834] |
| 5/23/96 | 11834 | Status Hearing held (re motion to enforce confirmation order & bar date order) - DOT 9014 Motion: Trial 10:00 1/22/97; 9:00 1/23/97 & 9:00 1/24/97 - DEQ 9014 Motion: Trial 1:30 9/19/96 & 9:00 9/20/96. (debb) [EOD 05/24/96] [Edit date 06/03/96] [86-12834] |
| 5/24/96 | 11835 | Order Granting [11833-1] Motion To Appear Pro Hac Vice by Elliott B. Vega. (debb) [EOD 05/24/96] [86-12834] |
| 5/31/96 | 11836 | Amended [11829-1] Motion To Enforce Confirmation Order & Bar Date Order by Debtor Crystal Oil Company w/cert of svc. (debb) [EOD 05/31/96] [86-12834] |
| 6/3/96 | 11837 | Order From Status Conference Setting Deadlines & Scheduling Hearings re FRBP 9014 Contested Motion re LA DEQ (Shoreline Site) & LA DOTD (Hollywood/Pierremont Site) (See Order for Dates & Deadlines). (debb) [EOD 06/03/96] [Edit date 07/18/96] [86-12834] |
| 6/6/96 | 11838 | Guidelines Referred To in [11837-1] Order. (debb) [EOD 06/11/96] [86-12834] |
| 6/27/96 | 11839 | Response By Creditor LA Dept. of Transportation & Development To [11829-1] Motion To Enforce Confirmation Order & Bar Date Order by Crystal Oil Company, [11836-1] Amended [11829-1] Motion by Crystal Oil Company w/cert of svc. (debb) [EOD 06/27/96] [86-12834] |
| 7/15/96 | 11840 | Motion By Zack A. Clement, Osborne J. Dykes, III & Eva M. Fromm for Debtor Crystal Oil Company To Appear & Participate Pro Hac Vice w/Affidavits & cert of svc. (debb) [EOD 07/18/96] [86-12834] |
| 7/15/96 | 11841 | Order Granting [11840-1] Motion To Appear & Participate Pro Hac Vice. (debb) [EOD 07/18/96] [86-12834] |

| | | |
|---|---|---|
| 9/1/92 | 11819 | Order Granting [11818-1] Motion To Extend Time To File Chp. 11 Post-Conf. Report Of Progress Or Final Account With Application For Final Decree; Missing Documents due: 10/9/92. (bran) [EOD 09/01/92] [Edit date 09/04/92] [86-12834] |
| 10/9/92 | 11820 | Motion By Debtor Crystal Oil Company For Extension of Time To Comply With Order to File Chapter 11 Post Confirmation Report of Progress or Final Account With Application For Final Decree w/cert of svc. (debb) [EOD 10/13/92] [86-12834] |
| 10/9/92 | 11821 | Order Granting [11820-1] Motion For Extension of Time To Comply With Order to File Chapter 11 Post Confirmation Report of Progress or Final Account With Application For Final Decree (Until 11/9/92). (debb) [EOD 10/13/92] [86-12834] |
| 11/6/92 | 11822 | Motion by Debtor Crystal Oil Company For Final Decree Closing Case w/cert of svc. (debb) [EOD 11/06/92] [86-12834] |
| 11/6/92 | 11823 | Final Report & Final Account by debtor. (debb) [EOD 11/06/92] [86-12834] |
| 11/6/92 | 11824 | Order Limiting Notice re [11822-1] & [11823-1]. (debb) [EOD 11/06/92] [86-12834] |
| 11/10/92 | 11825 | Notice of Hearing (Served) RE: [11822-1] Motion For Final Decree Closing Case & [11823-1] Report Schd IF OBJ For 9:00 12/7/92 at Rm 3A10 Fed Bldg, Shreveport w/cert of svc. (debb [EOD 11/11/92] [Edit date 11/30/92] [86-12834] |
| 12/4/92 | 11826 | Order Granting [11822-1] Motion For Final Decree Closing Case & Granting [11823-1] Report. (debb) [EOD 12/07/92] [86-12834] |
| 1/8/93 | -- | Trustee Debtor Possession appointed. (bonn) [EOD 01/08/93] |
| 1/8/93 | 11827 | Final Decree (bonn) [EOD 01/08/93] |
| 1/8/93 | -- | Case Closed. (bonn) [EOD 02/01/93] |
| 5x4 Fld 4C<br>4/19/96 | 11828 | Motion By Debtor Crystal Oil Company To Reopen Case w/exhs. (maxi) [EOD 04/19/96] [86-12834] |
| 3x4 Fld 41<br>4/19/96 | 11829 | Motion By Debtor Crystal Oil Company To Enforce Confirmation Order & Bar Date Order. (debb) [EOD 05/06/96] [86-12834] |
| 4/19/96 | 11830 | Memorandum By Debtor Crystal Oil Company In Support of [11829-1] Motion To Enforce Confirmation Order & Bar Date Order. (debb) [EOD 05/06/96] [86-12834] |

U.S. Bankruptcy Court
Western District of Louisiana (Shreveport)

Bankruptcy Petition #: 86-12834

Date filed: 10/1/86 Date terminated: 12/14/99
Assigned to: Judge Stephen V. Callaway
Chapter 11 voluntary asset

==========

CRYSTAL OIL COMPANY
dba
Crystal Oil & Land Company
POB 21101
Shreveport, LA 71120
SSN: 72-0163810
* Debtor *

* Attorneys *

James R. Jeter
P.O. Box 22260
Shreveport, LA 71120-2260
318-221-6277

Zack A. Clement
1301 McKinney St., Ste. 5100
Houston, TX 77010-3095
713-651-5151

Osborne J. Dykes, III
Eva M. Fromm
1301 McKinney St., Ste. 5100
Houston, TX 77010-3095

---

DEBTOR IN POSSESSION
Chapter 11 Cases
* Trustee *

DEBTOR IN POSSESSION
Chapter 11 Cases
* Trustee *

---

INTERNAL USE ONLY: Events between 1/1/31 and 6/22/00. CLOSED

| | | |
|---|---|---|
| 7/9/92 | -- | ALL PRIOR PLEADINGS WERE DOCKETED MANUALLY . (debb) [EOD 07/10/92] [86-12834] |
| 7/9/92 | 11817 | Order to File Chapter 11 Post-Confirmation Report of Progress or Final Account With Application For Final Decree. (debb) [EOD 07/10/92] [86-12834] |
| 9/1/92 | 11818 | Motion By Debtor Crystal Oil Co. To Extend Time To File Chp. 11 Post-Conf. Report Of Progress Or Final Account With Application For Final Decree w/cert of svc. (bran) [EOD 09/01/92] [Edit date 09/04/92] [86-12834] |



RAM00751

DOCKET NUMBER

| DATE FILED | DOC # | INDEXED TO | RECORD |
|---|---|---|---|
| **1989** | | | |
| Aug 7 | 011805 | | Renewed mtn in aid of consummation to confirm dcg of unliquidated, contingent &/or disputed clms of W. W. Moore & obj to proof of clm of Moore Planting Co., Inc. (Doc. #11594) (db). (dbn) |
| Aug 7 | 011806 | 011805 | Notice of hrg re #011805 (Hrg Oct 2 1989 @ 9:00 AM). (dbn) |
| Aug 7 | 011807 | 011805<br>011806 | Certificate of svc re #011805 & 011806. (dbn) |
| Sep 15 | 011808 | 011805 | Response to #011805 (W. W. Moore). (dbn) |
| Sep 15 | 011809 | 011808 | Certificate of svc re #011808. (dbn) |
| Sep 20 | 011810 | 011805 | Motion for leave of court to attach exhibits (db). (dbn) |
| Sep 20 | 011811 | 011810 | Certificate of svc re #011810. (dbn) |
| Sep 20 | 011812 | 011810 | Order re #011810 (granted). (dbn) |
| Oct 2 | 011813 | 011805 | Minutes re hrg on renewed mtn in aid of consummation, etc. - approved; clm disallowed against estate; O-signed. (dbn) |
| Oct 3 | 011814 | 011805 | Order - clms of W. W. Moore & Moore Planting Co., Inc. are deemed discharged in full as to db; rights of W. W. Moore & Moore Planting Co., Inc. are preserved as to right to litigate right of said parties to recover under any applicable insurance coverage & auto stay is lifted to allow said parties to litigate their clms against any applicable ins. policy; provided however, that no costs of defending such action will be paid by db & any judg. rendered shall in no way affect db or db's estate; this order shall not affect any coverage or other defenses arising under state or fed. law, including bankruptcy law, which any insurer might raise to defend against the clm(s) of W. W. Moore & Moore Planting Co., Inc. (dbn) |
| **1991** | | | |
| Dec 26 | 011815 | | Joint motion to allow amended proof of claim filed by IRS (USA - IRS & db). (dbn) |
| Dec 26 | 011816 | | Order re #011815 (granted). (dbn) |
| 7-9-92 - DOCKETING WILL BE DONE IN BANCAP. | | | |

DOCKET NUMBER

| DATE FILED | DOC # INDEXED TO | INDEXED TO | RECORD |
|---|---|---|---|
| **1988** | | | |
| Apr 29 | 011787 | 011786<br>698 | ORDER that this matter be & is dismissed. (dbn) |
| Jun 16 | 011788 | 011747 | MEMORANDUM ruling - decision affirmed. (dbn) |
| Jul 7 | 011789 | 011766 | MOTION for continuance. (dbn) |
| Jul 7 | 011790 | 011789 | CERTIFICATE of svc. (dbn) |
| Jul 8 | 011791 | 011789 | ORDER continuing hrg to Oct 17 1988 @ 9:00 AM. (dbn) |
| Sep 28 | 011792 | 011788<br>011747 | JUDGMENT dismissing appeal as moot (Fifth Circuit of Appeals No. 87-4942 re CV 87-00057). (dbn) |
| Oct 7 | 011793 | 011699<br>011791 | MOTION for continuance. (dbn) |
| Oct 7 | 011794 | 011793 | CERTIFICATE of svc. (dbn) |
| Oct 17 | 011795 | 011791 | MINUTES - re cont'd hrg on petition to set aside previous orders - cont'd to Jan 23 1989 @ 9:00 AM. (dbn) |
| Oct 17 | 011796 | 011793 | ORDER continuing hrg to Jan 23 1989 @ 9:00 AM. (dbn) |
| **1989** | | | |
| Jan 18 | 011797 | 011795 | MOTION for continuance. (dbn) |
| Jan 18 | 011798 | 011797 | ORDER continuing hrg to Mar 20 1989 @ 9:00 AM. (dbn) |
| Mar 17 | 011799 | 011798 | MOTION for continuance. (dbn) |
| Mar 17 | 011800 | 011799 | ORDER continuing hrg to May 22 1989 @ 9:00 AM (to allow for settlement papers to be filed). (dbn) |
| Mar 20 | 011801 | 011795 | MINUTES - re cont'd hrg on petition to set aside previous orders - cont'd to May 22 1989 @ 9:00 AM. (dbn) |
| May 22 | 011802 | 011801 | MINUTES - re cont'd hrg on petition to set aside previous orders - settled; O-Jeter. (dbn) |
| May 24 | 011803 | 011802<br>011580 | Motion to dsm all clms of Devin Ray Hughes w/ prejudice (db). (dbn) |
| May 24 | 011804 | 011803 | Order dismissing all clms of Devin Ray Hughes against Crystal Oil Co. w/prejudice. (dbn) |

Bx #3
Fld 39

DOC # INDEXED TO DOCKET NUMBER

| DATE FILED | DOC # | INDEXED TO | RECORD |
|---|---|---|---|
| 1988 | | | |
| Feb 16 | 011771 | 011740 | JOINT motion for continuance of hrg on obj of DIP to claim of Edward J Assiter dba Bob Ivy Co (DIP & Mr Assiter). (dbn) |
| Feb 16 | 011772 | 011761 | MINUTES - re cont'd hrg on obj to clm of PGC Pipeline (#354) - approved in part; disapproved in part; O-signed. (dbn) |
| Feb 16 | 011773 | 011772<br>000733 | ORDER that PGC's clm evidenced by document #354 is allowed as set forth in Exhibit A & the balance thereof is disallowed. (dbn) |
| Feb 17 | 011774 | 011740 | MINUTES - re cont'd hrg on obj of DIP to claim of Edward J Assiter dba Bob J Ivy Co - cont'd to Mar 17 1988 @ 1:30 PM. (dbn) |
| Feb 17 | 011775 | 011740<br>011771<br>011774 | ORDER continuing hrg to Mar 17 1988 @ 1:30 PM. (dbn) |
| Mar 16 | 011776 | 011774 | JOINT motion for continuance of hrg on obj of DIP to claim of Edward J Assiter dba Bob Ivy Co (DIP & Mr Assiter). (dbn) |
| Mar 17 | 011777 | 011774 | MINUTES - re cont'd hrg on obj of DIP to claim of Edward J Assiter dba Bob J Ivy Co - cont'd to Apr 14 1988 @ 1:30 PM. (dbn) |
| Mar 17 | 011778 | 011776 | ORDER continuing hrg to Apr 14 1988 @ 1:30 PM. (db... |
| Mar 8 | 011779 | 728 | TRANSCRIPT of testimony May 15 1987 re obj to proof of claim of Gary D. Morgan, et al. (dbn) |
| Mar 21 | 011780 | 011739 | CERTIFICATE of transmittal of appeal. (dbn) |
| Mar 21 | 011781 | 011780 | CERTIFICATE of transmittal of appeal w/civil no. CV88-0757S. (dbn) |
| Mar 22 | 011782 | | ANNUAL information return of Windfall Profit Tax - 1982. (dbn) |
| Mar 22 | 011783 | | ANNUAL information return of Windfall Profit Tax - 1983. (dbn) |
| Mar 22 | 011784 | | ANNUAL information return of Windfall Profit Tax - 1984. (dbn) |
| Apr 14 | 011785 | 011777 | MINUTES - re cont'd hrg on obj of DIP to claim of Edward J Assiter dba Bob J Ivy Co - cont'd to May 9 1988 @ 9:00 AM. (dbn) |
| Apr 22 | 011786 | 698 | JOINT motion to dismiss obj to claim (DIP & Edward J Assiter). (dbn) |

DOCKET NUMBER

| DATE FILED | DOC # | INDEXED TO | RECORD |
|---|---|---|---|
| **1987** | | | |
| Nov 9 | 011749 | 011747 | DESIGNATION of record & stmt of issues. (dbn) |
| Nov 9 | 011750 | 011749 | CERTIFICATE of svc. (dbn) |
| Nov 17 | 011752 | 011747 | NOTICE of filing of notice of appeal. (dbn) |
| Oct 29 | 011753 | 011747 | CERTIFICATE of svc. (dbn) |
| Nov 17 | 011754 | | AMENDED supplemental brief of Crystal Oil Co, appellee (COPY). (dbn) (CA 87-0057-S) |
| Nov 17 | 011755 | 011754 | CERTIFICATE of svc. (dbn) |
| Dec 3 | 011756 | 011745 | ORDER that claimants' claim (#355) is disallowed w/o prejudice. (dbn) |
| Dec 9 | 011760 | 011698<br>011756 | MINUTES - re cont'd hrg on obj to proof of claim of Cora L Catchings, et al - moot; order signed previously. (dbn) |
| Dec 10 | 011761 | 011727 | MINUTES - re cont'd PTC on obj to claim of PGC Pipeline (#354) - hrg set for Feb 16 1988 @ 1:30 PM. (dbn) |
| Dec 10 | 011762 | 011761 | JOINT motion for continuance of hrg (DIP & PGC Co). (dbn) |
| Dec 10 | 011763 | 011762 | ORDER setting hrg on obj to claim of PGC Co (#354) for Feb 16, 1988 @ 1:30 PM. (dbn) |
| Dec 21 | 011764 | 011747 | COPY of memorandum opinion of Judge Tom Stagg dismissing appeal. (dbn) |
| Dec 7 | 011765 | | ADVERSARY proceeding 87AV-00285 (complt. for declaratory relief). (dbn) Cl. 4-24-89 |
| **1988** | | | |
| Jan 11 | 011766 | 011699 | MINUTES - re cont'd hrg on petition to set aside previous orders - cont'd to Jul 11 1988 @ 9:00 AM. (see #011769) (dbn) |
| Jan 20 | 011767 | 011766 | MOTION for continuance of hrg re petition to set aside previous orders (Devin R. Hughes). (dbn) |
| Jan 20 | 011768 | 011767 | CERTIFICATE of svc. (dbn) |
| Jan 20 | 011769 | 011767 | ORDER continuing hrg to Jul 11 1988 @ 1:30 PM. (dbn) |
| Feb 4 | 011770 | | ADVERSARY proceeding 88AV-00017 (to determine a claim or cause of action removed to Bankruptcy Court). (dbn) Cl. 5-17-88 |

DOC # INDEXED TO DOCKET NUMBER

| DATE FILED | DOCUMENT NUMBER | INDEX NUMBER | RECORD |
|---|---|---|---|
| Sep 23 | 011731 | 011646 | MOTION for sanctions (DIP). (dbn) |
| Sep 23 | 011732 | 011731 | CERTIFICATE of svc. (dbn) |
| Sep 23 | 011733 | 011576 | ORDER allowing claim of Tax Collector City of Springhill in the amount of $2,232.44. (dbn) |
| Sep 28 | 011734 | 011675 | MINUTES - re cont'd hrg. on motion for judicial review of comp to mgmt - motion dismissed w/o prejudcie; O-signed. (dbn) |
| Sep 28 | 011735 | 011675 | ORDER that motion for judicial review of comp to mgmt is dismissed w/o prejudice, reserving unto movants right to refile. (dbn) |
| Sep 30 | 011736 | 011731 | NOTICE of hrg on motion for sanctions (Nov 2 1987 @ 9:00 AM). (dbn) |
| Sep 30 | 011737 | 011736 | CERTIFICATE of svc. (dbn) |
| Oct 8 | 011738 | 011709 | JOINT motion for additional time for completion of discovery & for new trial date (DIP & Edward J. Assiter). (dbn) |
| Oct 9 | 011739 | 728 | MEMORANDUM & order that proof of claim of Dalton, Mary, Gary & Marshal Morgan be allowed in the sum of $14,786.62 (JD# 87-0114). (dbn) |
| Oct 16 | 011740 | 698 | MINUTES - re hrg on obj of DIP to claim of Edward J Assiter dba Bob J Ivy Co - cont'd. to Feb 17 1988 @ 9:00 AM. (dbn) |
| Oct 16 | 011741 | 011738 | ORDER continuing hrg re DIP's obj to claim of Edward J Assiter to Feb 17 1988 @ 9:00 AM. (dbn) |
| Nov 2 | 011742 | 011731 | MINUTES - re hrg. on motion for sanctions - cont'd. to Nov 9 1987 @ 9:00 AM. (dbn) |
| Nov 2 | 011743 | 011698 | ORDER that discovery shall be completed by Nov 23, 1987 w/exception of depositions of experts which shall be completed by Dec 4, 1987; trial on merits set for Dec 9 1987 @ 9:00 AM. (dbn) |
| Nov 9 | 011744 | 011742 | MINUTES - re cont'd hrg. on motion for sanctions- proof of claim #355 dismissed. (dbn) |
| Nov 13 | 011745 | 011731 | ORDER on motion for sanctions. (dbn) |
| Oct 29 | 011746 | 011739 | MOTION for ext of time to file notice of appeal (Dalton P. Morgan, et al). (dbn) (COPY) |
| Oct 29 | 011747 | 011739 | NOTICE of appeal (Dalton P. Morgan, et al). (dbn. (COPY) |
| Nov 3 | 011748 | 011746 | ORDER granting ext of time to file notice of appeal to Nov 9, 1987 & that notice of appeal filed Oct 29, 1987 be recognized & that an additional notice of appeal need not be filed. |

Bk 3 Fld 38



RAM00756

DOCKET NUMBER

| DATE FILED | DOC # | INDEXED TO | RECORD |
|---|---|---|---|
| 1987 | | | |
| Aug 21 | 011714 | 011675 | OBJECTION by DIP. (dbn) |
| Aug 21 | 011715 | 011714 | CERTIFICATE of svc. (dbn) |
| Aug 31 | 011716 | 011675 | MINUTES - re hrg. on motion for judicial review of comp. to mgmt. - cont'd to Sep 28 1987 @ 1:30 PM. (dbn) |
| Sep 9 | 011717 | 011582 | ORDER that motion is denied. (dbn) |
| Sep 10 | 011718 | 011707 | RESPONSE of DIP to requests for production of documents propounded to debtor. (dbn) |
| Sep 10 | 011719 | 011718 | CERTIFICATE of svc. (dbn) |
| Sep 15 | 011720 | 000460 | PETITION in furtherance of proof of claim (Edward J. Assiter). (dbn) |
| Sep 15 | 011721 | 011720 | CERTIFICATE of svc. (dbn) |
| Sep 16 | 011722 | 000698 | AMENDED obj. to proof of claim of Edward J. Assiter (DIP). (dbn) |
| Sep 16 | 011723 | 011722 | CERTIFICATE of svc. (dbn) |
| Sep 16 | 011724 | | STATEMENT of pledged holders (Federal Reserve Bank of San Francisco) (DIP). (dbn) |
| Sep 16 | 011725 | 011599 | MINUTES - re cont'd hrg. on obj. to clm of LA Dept of Revenue & Taxation (#519 & 549)-compromised; O-signed. (dbn) |
| Sep 16 | 011726 | 011599 | MINUTES - re cont'd hrg. on obj. to clm of LA Dept of Revenue & Taxation (#547)-compromised; O-signed. (dbn) |
| Sep 16 | 011727 | 011667 | MINUTES - re PTC on obj. to clm of PGC Pipeline (#354)-cont'd to Dec 10 1987 @ 10:00 AM; O-signed. (dbn) |
| Sep 16 | 011728 | 000770<br>000775 | ORDER allowing claims (#519, 547, 549 & 958) & amended claims of LA Dept of Revenue & Taxation in the amount of $282,638.76. (NOE Sep 18 1987). (dbn) |
| Sep 16 | 011729 | 011727 | JOINT motion for continuance of PTC on obj to clm #354 of PGC Pipeline (DIP & PGC). (dbn) |
| Sep 16 | 011730 | 011729 | ORDER continuing PTC on obj. to clm #354 of PGC Pipeline to Dec 10 1987 @ 10:00 AM. (dbn) |

DOC # INDEXED TO DOCKET NUMBER

| DATE FILED | DOCUMENT NUMBER | INDEXED NUMBER | RECORD |
|---|---|---|---|
| 1987 | | | |
| Jul 23 | 011695 | 011675 | ORDER setting hrg for Aug 31 1987 @ 9:00 AM. (dbn) |
| Jul 23 | 011696 | 011675 | NOTICE of hrg (Hrg Aug 31 1987@9:00 AM). (dbn) |
| Jul 24 | 011697 | 011696 | CERTIFICATE of svc. (dbn) |
| Jul 24 | 011698 | 000706 | MINUTES - re cont'd hrg - partial summary judgment rendered; trial Dec 9 1987 @ 9:00 AM. (dbn) |
| Jul 27 | 011699 | 011580 | MINUTES - re hrg on petition to set aside previous orders by Devin R Hughes -cont'd to Jan 11 1988 @ 9:00 AM. (dbn) |
| Jul 27 | 011700 | 011582 | MINUTES - re hrg on motion for reconsideration of order disallowing claim by E B Berman - motion denied; O-Jeter. (dbn) |
| Jul 28 | 011701 | 011699 | ORDER that hrg on Hughes' petition to set aside previous orders be cont'd until Jan 11 1988 @ 9:00 AM. (dbn) |
| Jul 31 | 011702 | 011541 | JOINT motion for additional time for completion of discovery & for new trial date (DIP & Edward Assiter). (dbn) |
| Jul 31 | 011703 | 011704 | AFFIDAVIT of mailing. (dbn) |
| Jul 31 | 011704 | 011580 | NOTICE re continuance of hrg & that interested parties will be notified of said hrg. (dbn) |
| (Numbers 011705 & 011706 were not used.) | | | |
| Aug 13 | 011707 | 011580 | REQUESTS for production of documents propounded to db by Devin Hughes. (dbn) |
| Aug 13 | 011708 | 011707 | CERTIFICATE of svc. (dbn) |
| Aug 19 | 011709 | 011702 | ORDER extending discovery date to Aug 31; deadline for filing amended pleadings - Sep 16; deadline for answering amended pleadings - Sep 30; deadline for filing pretrial motions - Sep 16; hrgs on pretrial motions will be held Sep 25; trial set for Shreveport on Oct 16 1987 @ 9:00 AM; the additional provisions of the order of May 14 1987 (011541) are incorporated by reference. (dbn) |
| Aug 19 | 011710 | | DEBTOR'S interrogatories to claimants. (dbn) |
| Aug 19 | 011711 | 011710 | CERTIFICATE of svc. (dbn) |
| Aug 20 | 011712 | 011675 | OBJECTION of the official committee of unsec creds. (dbn) |
| Aug 20 | 011713 | 011712 | CERTIFICATE of svc. (dbn) |

B100E (7/86)

DOCKET – CONTINUATION

July 27 Ex 042, Bx 13 Does not contain reference to document number except Jeter D-1.

DOCKET NUMBER

| DATE FILED | DOC # | INDEXED TO | RECORD |
|---|---|---|---|
| **1987** | | | |
| Jul 6 | 011676 | 011660 | NOTICE of hrg (Jul 27 1987 @ 9:00 AM). (dbn) |
| Jul 6 | 011677 | 011676 | AFFIDAVIT of svc. (dbn) |
| Jul 9 | 011678 | 011642 | ANSWER & response to motion for partial summary judgment (Bailey Latham, et al). (dbn) |
| Jul 9 | 011679 | 011678 | MEMORANDUM brief in support of motion for partial summary judgment. (dbn) |
| Jul 9 | 011680 | 011678 | CERTIFICATE of svc. (dbn) |
| Jul 9 | 011681 | 011679 | CERTIFICATE of svc. (dbn) |
| Jul 14 | 011682 | | POST-TRIAL memo on behalf of Crystal Oil Co. & Cities Service Oil Co. (dbn) |
| Jul 14 | 011683 | 011682 | CERTIFICATE of svc. (dbn) |
| Jul 17 | 011684 | 011582 | OBJECTION to motion for reconsideration of order disallowing claim (DIP). (dbn) |
| Jul 20 | 011685 | 011628 | MINUTES - re hrg on appl for final comp & reimburseement of expenses by Liddell, Sapp & Zivley - approved. (dbn) |
| Jul 20 | 011686 | 011645 | MINUTES - re hrg on 1st & final appl for approval of accountants' fees & expenses by Touche Ross & Co - approved. (dbn) |
| Jul 17 | 011687 | 011684 | CERTIFICATE of svc. (dbn) |
| Jul 20 | 011688 | | LETTER from atty Pritchard for West Rusk Independent School District stating proof of claim for taxes has been pd in full. (dbn) |
| Jul 21 | 011689 | 011678 | REPLY to crede' response to motion for summary judgment (DIP). (dbn) |
| Jul 21 | 011690 | 011689 | CERTIFICATE of svc. (dbn) |
| Jul 22 | 011691 | 728 | REPLY memorandum (atty Slattery, Jr). (dbn) |
| Jul 22 | 011692 | 011691 | CERTIFICATE of svc. (dbn) |
| Jul 23 | 011693 | 011628 | ORDER authorized DIP to pay Lidell the full sum of $7,772.56 ($6,190.00 in fees & $1,582.56 in expenses). (dbn) |
| Jul 23 | 011694 | 011645 | ORDER approving payment by DIP of fees & expenses to Touche Ross & Co. (dbn) |

Bx #3
Fld 37

| DATE FILED | DOC # | INDEXED TO | RECORD |
|---|---|---|---|
| 1987 | | | DOCKET NUMBER |
| Jun 23 | 011660 | 011656 | ORDER continuing hrg re #011580 from Jul 6 to Jul 27 1987 @ 9:00 AM. (dbn) |
| Jun 24 | 011661 | 011632 | CERTIFICATE of svc of notice of hrg. (dbn) |
| Jun 24 | 011662 | | LETTER from atty Edna de los Santos on behalf of Nueces County, TX that proof of claim has been satisfied by payment of taxes. (dbn) |
| Jun 25 | 011663 | 011599 | MINUTES - re cont'd hrg on obj on proof of claim of PGC Pipeline (#353) - claim withdrawn. (dbn) |
| Jun 25 | 011664 | 011663 | JOINT motion for order withdrawing proof of claim #353 (DIP & PGC Pipeline). (dbn) |
| Jun 25 | 011665 | 011664 | ORDER withdrawing proof of claim #353. (dbn) |
| Jun 25 | 011666 | 011599 | JOINT motion for continuance of hrg on obj to proof of claim #354 of PGC Pipeline (DIP & PGC Pipeline). (dbn) |
| Jun 25 | 011667 | 011599 | MINUTES - re cont'd hrg on obj on proof of claim of PGC Pipeline (#354) - PTC Sep 16 1987 @ 9:00 AM. (dbn) |
| Jun 25 | 011668 | 011666 | ORDER for pre-trial conf re PGC Pipeline on Sep 16 1987 @ 9:00 AM. (dbn) |
| Jun 25 | 011669 | 011254 | MINUTES - re cont'd hrg on obj to proof of claim of Paul A Kern, Jr (#389) - disallowed; right to refile for 90 days. (dbn) |
| Jun 25 | 011670 | 011669 | ORDER disallowing clm of Paul A Kern, Jr (#389); provided Mr Kern shall have 90 days from date hereof to refile clm in the event the judgment is not entered in the Michigan proceedings. (dbn |
| Jun 25 | 011671 | 011614 | MINUTES - re cont'd hrg on obj of proofs of claim of Arkla Released Gas Co (#481 & 482) - moot; order signed Jun 8. (dbn) |
| Jun 29 | 011672 | 011580 | OBJECTION to petition to set aside previous orders (DIP). (dbn) |
| Jun 29 | 011673 | 011672 | CERTIFICATE of svc of objection. (dbn) |
| Jul 2 | 011674 | | LETTER from Mr Bull, Mr Miller & Mr Renz. (dbn) |
| Jul 2 | 011675 | 011674 | MOTION for judicial review of comp to mgmt rendered in connection w/2nd amended plan. (dbn) |

DOCKET NUMBER

| DATE FILED | DOC # | INDEXED TO | RECORD |
|---|---|---|---|
| 1987 | | | |
| Jun 5 | 011640 | 011286 | MINUTES-re hrg on appl for approval of compensation for Painewebber, Inc - agreement reached; O-Jeter & Roberts. (dbn) |
| Jun 11 | 011641 | 011373 | ORDER (agreed) relative to Halliburton's proof of claim (sec clm increased by the sum of $286,001.65 to $10,119,237.17). (dbn) |
| Jun 11 | 011642 | 000706 | MOTION for partial summary judgment (DIP) w/cert of svc. (dbn) |
| Jun 11 | 011643 | 011642 | AFFIDAVIT of Richard D. Miller, Senior VP-Land & Exploration, of DIP. (dbn) |
| Jun 11 | 011644 | 011642 | BRIEF in support of motion for partial summary judgment w/cert of svc. (dbn) |
| Jun 11 | 011645 | | FIRST & final appl of Touche Ross & Co. for approval of accts' fees & for approval of out-of-pocket expenses as accts for DIP. (DIP) |
| Jun 11 | 011646 | 011645 | NOTICE of hrg Jul 20 1987 @ 9:00 AM. (dbn) |
| Jun 11 | 011647 | 011580 | NOTICE of hrg Jul 6 1987 @ 9:00 AM. (dbn)(see #01166 |
| Jun 11 | 011648 | 011582 | NOTICE of hrg Jul 6 1987 @ 11:00 AM. (dbn) |
| Jun 11 | 011649 | 011648 | CERTIFICATE of svc of notice of hrg. (dbn) |
| Jun 15 | 011650 | 728 | POST-trial memo. (dbn) |
| Jun 10 | 011651 | | LETTER - Emma L Leake re her taxes. (dbn) |
| Jun 15 | 011652 | 011650 | CERTIFICATE of svc. (dbn) |
| Jun 17 | 011653 | 011250 | AGREED ORDER withdrawing obj of Halliburton to the appl. (dbn) |
| Jun 17 | 011654 | 011286 | AGREED ORDER withdrawing obj of Halliburton to the appl. (dbn) |
| Jun 18 | 011655 | 011646 | AFFIDAVIT of mailing of notice of hrg. (dbn) |
| Jun 19 | 011656 | 011647 | MOTION for continuance of Jul 6 hrg (to Jul 27 at 9:00 AM). (dbn) |
| Jun 19 | 011657 | 011656 | CERTIFICATE of svc. (dbn) |
| Jun 19 | 011658 | 011648 | NOTICE of rescheduling of hrg from Jul 6 to Jul 27 1987 @ 9:00 AM. (dbn) |
| Jun 19 | 011659 | 011658 | CERTIFICATE of svc. (dbn) |

Bk 3 Fld 36

DOCKET NUMBER

| DATE FILED | DATE OF ENTRY | DOC NUMBER | RECORD |
|---|---|---|---|
| | DOC # | INDEXED TO | |
| May 29 | 011625 | 011196 | ORDER re motion for order setting bar date for filing proof of claim and for discharge of claim in default thereof by Hinson Oil Co. - Hinson's claim is discharged. EOD/NOE May 29, 1987. (fac) |
| May 29 | 011626 | | LETTER from Crystal Oil (Ed Bull)to Clerk of Court re transition. (fac) |
| Jun 1 | 011627 | | MEMORANDUM re closing of Satellite Office. (fac) |
| May 26 | 011628 | | APPLICATION for final compensation and reimbursement of expenses by Liddell, Sapp, & Zivley, Counsel to Texas Commerce Bank National Association, Indenture Trustee, w/ cert of svc. (fac) |
| Jun 1 | 011629 | 011588 | ORDER re motion to enroll pro hac vice & to designate resident attorney. (dbn) |
| Jun 1 | 011630 | 011582 | ORDER re motion by Eugene B Berman, Trustee in bankruptcy of the GHR Cos., Inc., for reconsideration of order disallowing claim. (db |
| Jun 3 | 011631 | 011286 | RESPONSE & joinder to application for compensation & expenses to Painewebber, Inc. (dbn) |
| Jun 4 | 011632 | 011628 | NOTICE of hrg July 20, 1987 @9:00 a.m. (fac) |
| Jun 9 | 011633 | 011250 | ORDER authorizing & awarding payment of compensation & expenses to Copeland, Wickersham, Wiley & Co., Inc. (dbn) |
| Jun 9 | 011634 | 011286 | ORDER authorizing & awarding payment of compensation & expenses to Painewebber, Inc. (dbn) |
| Jun 9 | 011635 | 011338 | ORDER allowing clm of City of Shreveport (#11438) in the amount of $6,649.17; the balance being disallowed. (dbn) |
| Jun 9 | 011636 | 691 | JOINT motion for approval of settlement & compromise (DIP, ARKLA Energy Resources & ARKLA Released Gas Co.). (dbn) |
| Jun 9 | 011637 | 011636 | ORDER approving settlement agreement. (dbn) |
| Jun 3 | 011638 | 011631 | CERTIFICATE of svc of response & joinder to application for compensation & expenses to Painewebber, Inc to int parties. (dbn) |
| Jun 5 | 011639 | 011250 | MINUTES-re hrg on appl for approval of compensation for Copeland, etc. - agreement reached; O-Jeter & Roberts. (dbn) |

Ex. 039-041 Bx. 13

586-BK-02834
DOCKET NUMBER

| DATE FILED | ~~ENTRY~~ DOC # | ~~NUMBER~~ INDEXED TO | RECORD |
|---|---|---|---|
| May 29 | 011611 | 000736 | MINUTES re hrg on obj to proof of claim of Ruth Redding & Clarice Sanders,O-signed. (fac) |
| May 29 | 011612 | 000736 | **ORDER** disallowing proof 000736.NOE/EOD May 29, 1987. (fac) |
| May 29 | 011618 | 000691 | JOINT motion to continue (Arkla Energy Resources).(f |
| May 29 | 011614 | 000691 | MINUTES re hrg on obj to proofs of claim of Arkla Released Gase Co. Con't to June 25, 1987 @ 1:30 p.m.pre-trial conf. (fac) |
| May 29 | 011619 | 000691 | **ORDER** continuing pre-trial conf. to June 25, 25, 1987 @ 1:30 p.m. EOD/NOE May 29,87. (fac) |
| May 29 | 011614 | 000706 | MINUTES pre-trial conf on obj to proof of claim of Cora Lee Catchings, Leslie Horn, Bailey Lathem, Joe Lee, Sid Lee, Mrs. Willie Rodgers & Mrs. Florence Swinney, (Hrg July 24, 1987 @ ~~10,))~~ a.m. 10.00 (fac) (fac) |
| May 29 | 011620 | 011339 | **ORDER** re motion for order in aid of consumation in the amount of $45,990.41, the balance being disallowed. NOE/EOD May 29, 1987. (fac) |
| May 29 | 011621 | 011336 | **ORDER** re motion for order in aid of consumation in the amount of $150,089.51, the balance being disallowed. NOE/EOD May 29, 1987. (fac) |
| May 29 | 011622 | 011203 | **ORDER** re motion for order setting bar date for filing proof of claim and for discharge of claim in default thereof by Sun Exploration - Sun's claim discharged. EOD/NOE May 29, 1987. (fac) |
| May 29 | 011623 | 011205 | **ORDER** re motion for order setting bar date for filing proof of claim and for discharge of claim in default thereof by McCartney Oil Co. - McCartney's claim discharged. EOD/NOE May 29, 1987. (fac) |
| May 29 | 011624 | 011201 | **ORDER** re motion for order setting bar date for filing proof of claim and for discharge of claim in default thereof by Nevada Oil Operators - Nevada's claim discharged. EOD/NOE May 29, 1987. (fac) |

DOCKET NUMBER

| DATE FILED | DOC. # | INDEXED TO | RECORD |
|---|---|---|---|
| May 28 | 011601 | 011492<br>011599 | ORDER, approved. NOE/EOD May 29,87. (fac) |
| May 28 | 011602 | | SEVERANCE agreement between Crystal Oil and Robert F. Roberts. (fac) |
| May 28 | 011603 | | EMPLOYMENT agreement between Crystal Oil and Robert F. Roberts. (fac) |
| May 28 | 011599 | 011491 | MINUTES re hrg on application for approval to pay stock & warrants comp pursuant to plan. (fac) |
| May 28 | 011604 | 011491<br>011599 | ORDER, approved. NOE/EOD May 29,87. (fac) |
| May 28 | 011605 | 000770<br>000775 | LETTER from State of Louisiana Dept. of Revenue & Taxation regarding the indexed to proofs of claim. (fac) |
| May 28 | 011599 | 000770 | MINUTES re hrg on obj of proof of claim of of LA Dept. of Revenue & Taxation,con't to Sept 16, 1987 @9:00 a.m. (fac) |
| May 28 | 011606 | 000770 | ORDER re hrg on obj, con't toSept 16, 1987 @ 9:00 a.m. NOE/EOD May 29, 87. (fac) |
| May 28 | 011599 | 000775 | MINUTES re hrg on obj of proof of claim of LA Dept. of Revenue & Taxation, con't to Sept 16, 1987 @9:00 a.m. (fac) |
| May 28 | 011607 | 000775 | ORDER re hrg on obj, con't to Sept 16, 1987 @ 9:00 a.m. NOE/EOD May 29, 87. (fac) |
| May 28 | 011599 | 000772 | MINUTES re hrg on attorneys' fees & costs for Thompson & Knight and Phelps,Dunbar, approved, agreed order to be submited by Jeter and Preaus. (fac) |
| May 28 | 011599 | 000733 | MINUTES re hrg on obj of proof of claim of PGC Pipeline Con't to June 25, 1987@1:30p.m.(fac) |
| May 28 | 011599 | 000732 | MINUTES re hrg on obj of proof of claim of PGC Pipeline Con't to June 25,1987 @1:30p.m.(fac) |
| May 28 | 011608 | 000732 | ORDER continuing hrg to June 25, 1987 @1:30p.m.(fac) NOE/EOD May 29, 87. |
| May 29 | 011609 | 000736 | LETTER from Crystal Oil to Aubrey Sanders. (fac) |
| May 29 | 011610 | 000736 | LETTER from Crystal Oil toRuth Redding & Clarice Sanders. (fac) |

Bx #3 Fld 35

B100S (7/86)

DOCKET – CONTINUATION

CRYSTAL OIL



586-BK-02834
DOCKET NUMBER

Bk #2
Fld 34

| DATE FILED | DATE OF DOC. | | RECORD |
|---|---|---|---|
| | Document Number | Indexed To | |
| 1987 | | | |
| May 18 | 011580 | | Petition to set aside previous orders. (fac) |
| May 18 | 011581 | 011580 | CERTIFICATE of svc. (fac) |
| May 18 | 011582 | | MOTION by Euguene B. Berman, TR in Bankruptcy of the GHR Co., Inc, for reconsideration of order disallowing claim. (fac) |
| May 18 | 011583 | 011582 | CERTIFICATE of svc. (fac) |
| May 18 | 011584 | | NOTICE of appearance (Eugene B. Berman). (fac) |
| May 18 | 011585 | 011584 | CERTIFICATE of svc. (fac) |
| May 18 | 011586 | | BRIEF in support of motion for reconsideration of order disallowing claim. (fac) |
| May 18 | 011587 | 011586 | CERTIFICATE of svc. (fac) |
| May 20 | 011588 | | MOTION to enroll Pro Hac Vice & to designate resident attorney. (fac) |
| May 20 | 011589 | 011552<br>011553<br>011554<br>000176<br>000546 | CERTIFICATE of svc. (fac) |
| May 21 | 011590 | | MOTION for authority to compromise claim (Crystal and Breckenridge). (fac) |
| May 21 | 011591 | 011590 | ORDER to execute the accord and satisfaction and any and all other pleadings or documents. (fac) |
| May 21 | 011592 | | LETTER from William & Eileen Flynn. (fac) |
| May 21 | 011593 | | LETTER from Eileen Flynn. (fac) |
| May 26 | 011595 | 011373 | MEMORANDUM in support of Halliburton's proof of claim as it seeks the recovery of Halliburton's attorneys fees. (fac) |
| May 28 | 011598 | 011597 | AFFIDAVIT of Ronald D. King, auditor for U.S. Dept. of Energy. (fac) |
| May 28 | 011599 | 011492 | MINUTES re hrg on application for approval to to pay warrants comp pursuant to plan. (fac) |
| May 28 | 011600 | | SEVERANCE and consulting agreement as of July 1, 1987 between Crystal Oil and Mark A. Roberts. (fac) |

B100E (7/86)

11/29/96 11911 Designation By LA Dept. of Environmental Quality Of Contents For Inclusion In Record & Statement of Issues On Appeal Re: [11905-1] Notice Appeal by LA Dept. of Environmental Quality w/cert. of svc. (tomm) [EOD 12/02/96] [86-12834]

12/4/96 11912 Certificate Of Service By James R. Jeter (Albert M. Hand, Jr.) for Debtor Crystal Oil Company Of Subpoena in a Case Under the Bankruptcy Code Served 11/22/96 on Warren Myers. (debb) [EOD 12/04/96] [Edit date 12/05/96] [86-12834]

Bk 4 Fld 49

12/5/96 11913 Designation By Olin Corp. Of Contents For Inclusion In Record On Appeal & Statement of Appeal Re: [11908-1] Notice Appeal by Olin Corp. w/cert. of svc. (tomm) [EOD 12/10/96] [86-12834]

12/6/96 11914 Motion filed by Debtor Crystal Oil Company To Strike an Item Designated (D-94 of Doc. # 218) in [11911-1] Appeal Designation by LA Dept. of Environmental Quality w/cert. of svc. (tomm) [EOD 12/10/96] [86-12834]

12/9/96 11915 Designation By Crystal Oil Company Of Additional Items to be Included In Record On Appeal Re: [11908-1] Notice Appeal by Olin Corp., [11905-1] Notice Appeal by LA Dept. of Quality w/cert. of svc. (tomm) [EOD 12/10/96] [86-12834]

12/9/96 11916 Motion By Creditor LA Dept. of Transportation & Development For Continuance of Hearing On: ([11829-1] Motion To Enforce Confirmation Order & Bar Date Order by Crystal Oil Company) w/cert of svc. (debb) [EOD 12/10/96] [86-12834]

12/9/96 -- Scheduling Conference re [11874-1] Motion to Enforce Confirmation Order & Bar Date Order re AGB Oil Co. Cntd for 4:00 1/6/97 at Courtroom Four, S'port (debb) [EOD 12/10/96] [86-12834]

12/11/96 11917 Order Granting [11914-1] Motion To Strike an Item Designated (D-94 of Doc. # 218) in [11911-1] Appeal Designation by LA Dept. of Environmental Quality by Crystal Oil Company. (tomm) [EOD 12/11/96] [86-12834]

12/11/96 11918 Order Granting [11916-1] Motion For Continuance of Hearing On: ([11829-1] Motion To Enforce Confirmation Order & Bar Date Order by Crystal Oil Company) by LA Dept. of Transportation & Development - Hearing (Trial) Reschd To 10:00 3/5/97; 1:30 3/6/97 & 9:00 3/7/97 at Courtroom Four, S'port; Discovery-Monitoring Deadline Currently Set for 1/3/97 is Extended to 2/14/97; Deadline for Filing Pre-Trial Order & Pre-Trial Memoranda Currently Set for 1/13/97 is Extended to 2/21/97. (debb) [EOD 12/12/96] [86-12834]



RAM00766

| | | |
|---|---|---|
| 12/16/96 | -- | Notice of Deficient Address re Debtor. (debb) [EOD 12/16/96] [86-12834] |
| 12/18/96 | 11919 | Response By Creditor State of Indiana (IDEM) To [11895-1] Motion For Contempt, [11895-2] To Enforce Confirmation Order, Bar Date Order & Injunction of Section 254 of the Bankruptcy Code by Crystal Oil w/cert of svc. (debb) [EOD 12/18/96] [86-12834] |
| 12/19/96 | 11920 | Affidavit of the Bankruptcy Clerk's Office regarding the designation of record on appeal filed by LA, DEQ. (tomm) [EOD 12/19/96] [86-12834] |
| 12/19/96 | 11921 | Certificate of Transmittal of Record on Appeal to Dist Ct. Re: [11905-1] Notice Appeal by LA Dept. of Environmental Quality & [11908-1] Notice Appeal by Olin Corp. (tomm) [EOD 12/19/96] [86-12834] |
| 12/23/96 | 11922 | Returned Certificate of Transmittal of Record on Appeal RE: [11905-1] (Civil Dkt #: 5:96CV-2860, Assigned Judge: Walter) (tomm) [EOD 12/23/96] [86-12834] |
| 12/23/96 | 11923 | Returned Certificate of Transmittal of Record on Appeal RE: [11908-1] (Civil Dkt #: 5:96CV-2861, Assigned Judge: Walter) (tomm) [EOD 12/23/96] [86-12834] |
| 12/30/96 | 11924 | Notice By Debtor Crystal Oil Company To Take Oral Deposition Of Bob Bruce w/cert of svc. (debb) [EOD 12/30/96] [86-12834] |
| 1/6/97 | -- | Terminated attorneys Ann C. Coco & John B. King for LA Dept. of Environmental Quality Per Letter Request. (debb) [EOD 01/06/97] [86-12834] |
| 1/6/97 | -- | Added Attorney Caroline C. Donlon for LA Dept. of Environmental Quality Per Letter Request. (debb) [EOD 01/06/97] [86-12834] |
| 1/6/97 | 11925 | Status Hearing held re [11874-1] Motion to Enforce Confirmation Order & Bar Date Order re AGB Oil Co. - Unable to Reach Opposing Party; Attorney Jeter to Contact for Dates. (debb) [EOD 01/07/97] [86-12834] |
| 1/6/97 | 11926 | Hearing Held Re: [11876-1] Motion To Dismiss [11856-1] Motion To Enforce Confirmation Order & Bar Date Order (re State of Indiana) & [11876-2] Motion To Abstain From Determining Dischargeability of Claims by State of Indiana (IDEM) - Motion Denied as to Abstention & Dismissal; Order Clements. (debb) [EOD 01/07/97] [86-12834] |



RAM00767

1/6/97 11927 Hearing Held Re: [11895-1] Motion For Contempt & [11895-2] Motion To Enforce Confirmation Order, Bar Date Order & Injunction of Section 254 of the Code by Crystal Oil Company (Re State of Indiana IDEM) - Attorney General Junk &/or IDEM State of Indiana Has Until 3/28/97 to File Complete Response or Adversary; Trial Dates - 9014 Motion - 10:00 6/18/97, 1:30 6/19/97 & 9:00 6/20/97; Order Court. (debb) [EOD 01/07/97] [86-12834]

1/14/97 11928 Notice By Debtor Crystal Oil Company To Take Deposition Of Brad Davis w/cert of svc. (debb) [EOD 01/15/97] [86-12834]

1/14/97 11929 Notice By Debtor Crystal Oil Company To Take Deposition Of Sandy Marlin w/cert of svc. (debb) [EOD 01/15/97] [86-12834]

1/15/97 11930 Order Limiting Time For Filing an Adversary Proceeding or Limiting Time For The Completion of Discovery & Scheduling Trial On: ([11895-1] Motion For Contempt & S'port, [11895-2] Motion To Enforce Confirmation Order, Bar Date Order & Injunction of Section 254 of the Bankruptcy Code by Crystal Oil Company - Attorney General, Mr. Junk, &/or IDEM/State of Indiana is to File Complete Response &/or AP by 3/28/97; If AP is Filed, 9014 Motion Matter is Cntd to Scheduling Conference for AP; If no AP is Filed, But a Final Response if Filed Instead, Then Debtor is to Respond by 4/18/97; Discovery Due Date 5/2/97; Pretrial Order to be Filed by 6/11/97; Trial Schd For 10:00 6/18/97, 1:30 6/19/97 & 9:00 6/20/97 at Courtroom Four, S'port - See Order For Further Details). (debb) [EOD 01/15/97] [86-12834]

1/16/97 11931 Notice By Debtor Crystal Oil Company To Take Deposition Of LA Dept. of Transportation & Development w/cert of svc. (debb) [EOD 01/16/97] [86-12834]

1/17/97 11932 Certificate Of Service By James R. Jeter for Debtor Crystal Oil Company Of Subpoena in a Case Under the Bankruptcy Code Served 1/16/97 on Brad Davis. (debb) [EOD 01/21/97] [86-12834]

1/21/97 11933 First Amended [11931-1] Notice of Oral Deposition (of LA Dept. of Transporation & Development) by Debtor Crystal Oil Company w/cert of svc. (debb) [EOD 01/21/97] [86-12834]

1/23/97 11934 Motion By Creditor LA Dept. of Transportation & Development For Continuance of Hearing On: ([11844-1] Motion to File Proof of Claim by LA Dept. of Transportation & Development) w/cert of svc. (debb) [EOD 01/23/97] [86-12834]



RAM00768

1/23/97 11935 Order Granting [11934-1] Motion For Continuance of Hearing On: ([11844-1] Motion to File Proof of Claim by LA Dept. of Transportation & Development) by LA Dept. of Transportation & Development - Hearing Schd For 10:00 3/5/97; 1:30 3/6/97 & 9:00 3/7/97 at Courtroom Four, S'port. (debb) [EOD 01/23/97] [86-12834]

2/6/97 11936 Transcript of Hearing Held on 1/6/97 re Motion to Dismiss &/or Abstain From Determining Dischargeability of Claim by State of Indiana. (debb) [EOD 02/07/97] [86-12834]

2/7/97 11937 First Request for Admissions to LA Dept. of Transportation & Development by Debtor Crystal Oil Company w/cert of svc. (debb) [EOD 02/07/97] [Edit date 02/07/97] [86-12834]

2/7/97 11938 Notice By Creditor LA Dept. of Transportation & Development To Take Deposition Of George Cramer w/cert of svc. (debb) [EOD 02/07/97] [Edit date 02/07/97] [86-12834]

2/11/97 11939 Notice By Debtor Crystal Oil Company To Take Deposition Of James C. McNew w/cert of svc. (debb) [EOD 02/12/97] [86-12834]

2/12/97 11940 Notice By Debtor Crystal Oil Company To Take Deposition Of Joe Wyble w/cert of svc. (debb) [EOD 02/12/97] [86-12834]

Bk Fld 50

2/14/97 11941 Amended [11938-1] Deposition Notice (George Cramer) by Creditor LA Dept. of Transportation & Development w/cert of svc. & Copy of Subpoena. (debb) [EOD 02/14/97] [86-12834]

2/14/97 11942 Motion By Creditor LA Dept. of Transportation & Development To Shorten Time For Debtor to Respond to DOTD's Request for Admissions w/cert of svc & Copy of Second Set of Requests for Admissions. (debb) [EOD 02/14/97] [86-12834]

2/18/97 11943 Motion By Debtor Crystal Oil Company To Shorten Time For LA Dept. of Transportation & Development To Respond to Debtor's Request for Admissions w/cert of svc. (debb) [EOD 02/18/97] [86-12834]

2/18/97 11944 Order Granting [11942-1] Motion To Shorten Time For Debtor to Respond to DOTD's Request for Admissions by LA Dept. of Transportation & Development (Debtor to Respond Within 15 Days of Receiving 2nd Set of Requests for Admissions). (debb [EOD 02/18/97] [86-12834]

2/18/97 11945 Order Granting [11943-1] Motion To Shorten Time For LA Dept. of Transportation & Development To Respond to Request for Admissions by Crystal Oil Company (LA Dept. of Transporation & Development Required to Respond to Debtor's Request for Admissions by 2/28/97). (debb) [EOD 02/18/97]

[86-12834]

2/20/97 11946 Joint Motion By Debtor Crystal Oil Company, Creditor AGB Oil Co. To Stand Down Proceedings Pending Mediation. (debb) [EOD 02/20/97] [86-12834]

2/21/97 11947 Order Granting [11946-1] Motion To Stand Down Proceedings Pending Mediation by AGB Oil Co., Crystal Oil Company (Granted 45 Days). (debb) [EOD 02/21/97] [86-12834]

2/21/97 11948 Pre-Trial Brief by Debtor Crystal Oil Company w/Respect to LA Dept. of Transportation & Development w/cert of svc & exhs. (debb) [EOD 02/26/97] [86-12834]

2/21/97 11949 Pre-Trial Stipulation by Debtor Crystal Oil Company, Creditor LA Dept. of Transportation & Development. (debb) [EOD 02/26/97] [86-12834]

2/24/97 11950 Certificate Of Service By James R. Jeter (Albert M. Hand, Jr.) for Debtor Crystal Oil Company Of Subpoena in a Case Under the Bankruptcy Code Served 2/14/97 on James C. McNew. (debb) [EOD 02/26/97] [86-12834]

2/25/97 11951 Notice By Debtor Crystal Oil Company To Take Deposition Of Pres Campbell w/cert of svc. (debb) [EOD 02/26/97] [86-12834]

2/25/97 11952 Motion by Creditor LA Dept. of Transportation & Development For Leave to File Memorandum in Excess of Limitation of District Court Rule 4W w/cert of svc. (debb) [EOD 02/26/97] [86-12834]

2/25/97 11953 Memorandum By Creditor LA Dept. of Transportation & Development In Support of [11952-1] Motion For Leave to File Memorandum in Excess of Limitation of District Court Rule 4W. (debb) [EOD 02/26/97] [86-12834]

Bx 5 Fld 51

2/25/97 11954 Memorandum By Creditor LA Dept. of Transportation & Development In Support of [11847-1] Response Environmental Quality. (debb) [EOD 02/26/97] [86-12834]

2/25/97 11955 Pre-Trial Memorandum Filed by Creditor LA Dept. of Transportation & Development. (debb) [EOD 02/26/97] [Edit date 03/05/97] [86-12834]

2/25/97 11956 Objection By Debtor Crystal Oil Company To [11844-1] Motion to File Proof of Claim by LA Dept. of Transportation & Development w/cert of svc. (debb) [EOD 02/26/97] [86-12834]

2/25/97 11957 Memorandum By Debtor Crystal Oil Company In Support of [11956-1] Objection w/cert of svc. (debb) [EOD 02/26/97] [86-12834]

2/27/97 11958 Certificate Of Service By Creditor LA Dept. of Transportation & Development Of [11954-1] Support Memorandum & [11955-1] Pre-Trial memorandum. (debb) [EOD 02/27/97] [86-12834]

3/4/97 11959 Order Granting [11952-1] Motion For Leave to File Memorandum in Excess of Limitation of District Court Rule 4W by LA Dept. of Transportation & Development. (debb) [EOD 03/04/97] [86-12834]

3/5/97 11960 Hearing Re: [11844-1] Motion to File Proof of Claim by LA Dept. of Transportation & Development Cntd to 9:00 3/6/97 at Courtroom Four, S'port (debb) [EOD 03/06/97] [86-12834]

3/5/97 11961 Hearing Re: DOT 9014 Motion Re: [11829-1] Motion To Enforce Confirmation Order Bar Date Order by Crystal Oil Company Cntd to 9:00 3/6/97 at Courtroom Four, S'port (debb) [EOD 03/06/97] [86-12834]

3/6/97 11962 Supplement by Debtor Crystal Oil Company, Creditor LA Dept. of Transportation & Development To [11949-1] Pre-Trial Stipulation. (debb) [EOD 03/06/97] [86-12834]

3/6/97 11963 Hearing Re: [11844-1] Motion to File Proof of Claim by LA Dept. of Transportation & Development Cntd to 9:00 3/7/97 at Courtroom Four, S'port (debb) [EOD 03/07/97] [86-12834]

3/6/97 11964 Hearing Re: DOT 9014 Motion Re: [11829-1] Motion To Enforce Confirmation Order Bar Date Order by Crystal Oil Company Cntd to 9:00 3/7/97 at Courtroom Four, S'port (debb) [EOD 03/07/97] [86-12834]

3/7/97 11965 Hearing Re: [11844-1] Motion to File Proof of Claim by LA Dept. of Transportation & Development Cntd to 3:30 6/5/97 at Courtroom Four, S'port for Closing Argument & Ruling. (debb) [EOD 03/10/97] [86-12834]

3/7/97 11966 Hearing Re: DOT 9014 Motion Re: [11829-1] Motion To Enforce Confirmation Order Bar Date Order by Crystal Oil Company Cntd to 3:30 6/5/97 at Courtroom Four, S'port (debb) [EOD 03/10/97] [86-12834]

3/7/97 11967 Exhibits By Reference Pre-Trial Stipulation Dated 2/21/97; P-1 thru 263, 267 & 268 & D-1 thru 18 filed in Open Court 3/5/97. (debb) [EOD 03/10/97] [86-12834]

EX 049-057
Bx 14-16

3/7/97 11968 Exhibits D - 19 & 20 filed in Open Court 3/6/97. (debb) [EOD 03/10/97] [86-12834]

3/7/97 11969 Exhibits P - 264 & 265, D - 21 thru 25 & by Reference Amended Pre-Trial Stipulation filed in Open Court 3/7/97. (debb) [EOD 03/10/97] [86-12834]



RAM00771

Bx 5 Fld 52

3/27/97 11970 Motion By Debtor Crystal Oil Company, Creditor State of Indiana (IDEM) To Amend [11930-1] Order Limiting Time For Filing an Adversary Proceeding or Limiting Time For The Completion of Discovery & Scheduling Trial On: ([11895-1] Motion For Contempt & S'port, [11895-2] Motion To Enforce Confirmation Order, Bar Date Order & Injunction of Section 254 of the Bankruptcy Code by Crystal Oil Co.. (debb) [EOD 03/27/97] [86-12834]

3/27/97 11971 Joint motion by Debtor Crystal Oil Company, Creditor LA Dept. of Transportation & Development for Leave to File Post-Trial Memorandum Exceeding Maximum Authorized Length. (debb) [EOD 03/27/97] [86-12834]

3/28/97 11972 Order Granting [11970-1] Motion To Amend [11930-1] Order Limiting Time For Filing an Adversary Proceeding or Limiting Time For The Completion of Discovery & Scheduling Trial On: ([11895-1] Motion For Contempt & S'port, [11895-2] Motion To Enforce Confirmation Order, Bar Date Order & Injunction of Section 254 of the Bankruptcy Code by Crystal Oil Co. by State of Indiana (IDEM), Crystal Oil Company - Hearing Schd 6/18/97 Through 6/20/97 is Vacated; See Order for Further Details. (debb) [EOD 03/28/97] [86-12834]

3/28/97 11973 Order Granting [11971-1] Motion for Leave to File Post-Trial Memorandum Exceeding Maximum Authorized Length by LA Dept. of Transportation & Development, Crystal Oil Company. (debb) [EOD 03/28/97] [86-12834]

4/1/97 11974 Copy of Memorandum Ruling & Order By Judge Walter - The Bankruptcy appeal filed by LADEQ & Olin Corp. is denied; The Judgment of the Bankruptcy Court is Affirmed. (tomm) [EOD 04/02/97] [86-12834]

4/3/97 11975 Motion By Debtor Crystal Oil Company To Extend Time To Accomplish Mediation (re AGB Oil Co.) w/cert of svc. (debb) [EOD 04/08/97] [86-12834]

4/3/97 11976 Order Granting [11975-1] Motion To Extend Time To Accomplish Mediation (re AGB Oil Co.) by Crystal Oil Company (Sixty Day Extension From the Date Hereof). (debb) [EOD 04/08/97] [86-12834]

4/14/97 11977 Copy of Notice Of Appeal By LA Dept. of Environmental Quality RE: [11974-1] District Court Order. Transmitted to 5th Circuit by USDC on 4/11/97. (tomm) [EOD 04/21/97] [86-12834]

4/16/97 11978 Copy of Order for Stay of USDC Order By Judge Walter. (tomm) [EOD 04/21/97] [86-12834]



RAM00772

4/25/97 11979 Motion By Debtor Crystal Oil Company For Extension of Time To File Post-Trial Memorandum & To Upset Argument Date (re LA DOTD) w/cert of svc. (debb) [EOD 04/25/97] [86-12834]

4/25/97 11980 Order Granting [11979-1] Motion For Extension of Time To File Post-Trial Memorandum & To Upset Argument Date (re LA DOTD) by Crystal Oil Company - Debtor & LA DOTD Shall Have 30 Days From Date of Receipt of Completed Transcript of the Proceedings Held Before This Court on 3/5, 3/6 & 3/7/97 to File Their Post-Trial Memoranda; Further, Argument Currently Scheduled for 6/5/97 is Upset to be Rescheduled After a Telephone Scheduling Conference Between Counsel for the Parties & This Court. (debb) [EOD 04/25/97] [86-12834]

4/25/97 11981 Second Joint Motion By Debtor Crystal Oil Company, Creditor State of Indiana (IDEM) To File Amended [11930-1] Order Limiting Time For Filing an Adversary Proceeding or Limiting Time The Completion of Discovery & Scheduling Trial On: ([11895-1] Motion For Contempt, [11895-2] Motion Enforce Confirmation Order, Bar Date Order & Injunction of Section 254 of the Bankruptcy Code by Crystal Oil Co.. (debb) [EOD 04/25/97] [Edit date 08/29/97] [86-12834]

4/25/97 11982 Order Granting [11981-1] Motion To File Amended [11930-1] Order Limiting Time For Filing an Adversary Proceeding or Limiting Time The Completion of Discovery & Scheduling Trial On: ([11895-1] Motion For Contempt & S'port, [11895-2] Motion Enforce Confirmation Order, Bar Date Order & Injunction of Section 254 of the Bankruptcy Code by Crystal Oil Company - Attorney General for State of Indiana, Deputy Attorney General Mr. Junk &/or IDEM/State of Indiana to File Complete Response &/or Adversary Proceeding by 6/27/97; If Adversary Proceeding s Filed, 9014 Motion is Continued to Scheduling Conference for the Adversary Proceeding; If Adversary Proceeding is Not Filed, But a Final Response is Filed Instead, Then Debtor is to Respond by 7/17/97; A Pretrial Order is to be Filed at a Time to be Rescheduled by This Court; Trial on Debtor's Motion for Contempt & to Enforce Confirmation Order, Bar Date Order, & Injunction Will be Set in Shreveport, LA at a Time to be Rescheduled by this Court; If the State of Indiana Does Not File an Adversary Proceeding on or Before 6/27/97, or Otherwise Resolve This Matter, Counsel for the Parties are Ordered to Promptly Thereafter Confer With This Court for a New Trial Date. . (debb) [EOD 04/25/97] [86-12834]

5/2/97 11983 Copy of Notice Of Appeal to the 5th Circuit Court of Appeals By Olin Corp. RE: [11974-1] District Court Order. (tomm) [EOD 05/02/97] [86-12834]

5/13/97 11984 Transcript of Hearing Held on 3/5/97. (debb) [EOD 05/13/97]

Ex. 059 Bx 19

[86-12834]

5/13/97 11985 Transcript of Hearing Held on 3/6/97. (debb) [EOD 05/13/97] [86-12834]
EX. 060, Bx 19

5/13/97 11986 Transcript of Hearing Held on 3/7/97. (debb) [EOD 05/13/97] [86-12834]
EX. 061 Bx 19

5/20/97 -- Terminated Deadlines (2) re Hearing (document) re LA DOTD Schd for 6/5/97 - See Order [11980-1]. (debb) [EOD 05/20/97] [86-12834]

5/20/97 -- Terminated Deadlines (2) re Hearing (document) re State of Indiana Schd for 6/18/97 - See Order [11982-1]. (debb) [EOD 05/20/97] [86-12834]

6/3/97 11987 Motion By Debtor Crystal Oil Company To Extend Time To Accomplish Mediation (re AGB Oil Co.) w/cert of svc. (debb) [EOD 06/04/97] [86-12834]

6/3/97 11988 Order Granting [11987-1] Motion To Extend Time To Accomplish Mediation (re AGB Oil Co.) (Extension Granted Through 10/31/97). (debb) [EOD 06/04/97] [86-12834]

6/9/97 11989 Joint Motion By Debtor Crystal Oil Company, Creditor LA Dept. of Transportation & Development To Request Setting for Oral Argument On: (LA DOTD 9014 Motion re [11829-1] Motion To Enforce Confirmation Order & Bar Date Order by Crystal Oil Company [11844-1] Motion to File of Claim by LA Dept. of Transportation & Development) . (debb) [EOD 06/09/97] [86-12834]

6/9/97 11990 Order Granting [11989-1] Motion To Request Setting for Oral Argument On: (LA DOTD 9014 Motion re [11829-1] Motion To Enforce Confirmation Order & Bar Date Order by Crystal Oil Company & [11844-1] Motion to File of Claim by LA Dept. of Transportation & Development) by LA Dept. of Transportation & Development, Crystal Oil Company - Oral Argument Schd For 3:00 8/14/97 Courtroom Four, S'port. (debb) [EOD 06/09/97] [Edit date 06/09/97] [86-12834]

6/11/97 11991 Post Trial Brief filed by Debtor Crystal Oil Company Re: [11829-1] Motion to Enforce Confirmation Order & Bar Date Order Re DOTD - Hollywood/Pierremont Site w/cert of svc. (debb) [EOD 06/11/97] [86-12834]

6/11/97 11992 Post Trial Memorandum filed by Creditor LA Dept. of Transportation & Development Re: [11829-1] Motion to Enforce Confirmation Order & Bar Date Order Re DOTD - Hollywood/Pierremont Site w/cert of svc. (debb) [EOD 06/11/97] [86-12834]



RAM00774

6/27/97 11993 Third Joint Motion By Debtor Crystal Oil Company, Creditor State of Indiana (IDEM) To File Amended [11930-1] Order Limiting Time For Filing an Adversary Proceeding or Limiting Time The Completion of Discovery & Scheduling Trial On: ([11895-1] Motion For Contempt, [11895-2] Motion Enforce Confirmation Order, Bar Date Order & Injunction of Section 254 of the Bankruptcy Code by Crystal Oil Co.. (debb) [EOD 06/27/97] [Edit date 08/29/97] [86-12834]

6/27/97 11994 Order Granting [11993-1] Motion To File Amended [11930-1] Order Limiting Time For Filing an Adversary Proceeding or Limiting Time The Completion of Discovery & Scheduling Trial On: ([11895-1] Motion For Contempt & S'port, [11895-2] Motion Enforce Confirmation Order, Bar Date Order & Injunction of Section 254 of the Bankruptcy Code by Crystal Oil Company - Until 8/31/97, Debtor & IDEM Shall not be Required to File Any Pleadings Re Indiana Princeton Refinery Claim Other Than Pleadings Pursuant to BR 3019 Seeking Approval of Compromise; If Parties do not File Pleadings Seeking Approval of Compromise by 8/31/97, or by Such Additional Time Which may be Granted, This Court may Impose Such Dates as Necessary With Respect to the Disposition of This Claim. (debb) [EOD 06/27/97] [86-12834]

8/14/97 11995 Hearing Held Re: [11844-1] Motion to File Proof of Claim by LA Dept. of Transportation & Development - Moot - no Need to File Claim; Order Hudson. (debb) [EOD 08/15/97] [86-12834]

8/14/97 11996 Hearing Held Re: DOT 9014 Motion Re: [11829-1] Motion To Enforce Confirmation Order & Bar Date Order by Crystal Oil Company - Motion Denied, Not Dischargeable; Order Hudson. (debb) [EOD 08/15/97] [86-12834]

8/28/97 11997 Fourth Joint Motion By Debtor Crystal Oil Company, Creditor State of Indiana (IDEM) To File Amended [11930-1] Order Limiting Time For Filing an Adversary Proceeding or Limiting Time The Completion of Discovery & Scheduling Trial On: ([11895-1] Motion For Contempt, [11895-2] Motion Enforce Confirmation Order, Bar Date Order & Injunction of Section 254 of the Bankruptcy Code by Crystal Oil Co.. (debb [EOD 08/28/97] [86-12834]

8/29/97 11998 Order Denying [11844-1] Motion to File Proof of Claim by LA Dept. of Transportation & Development (Matter is Moot) & Denying [11829-1] Motion To Enforce Confirmation Order & Bar Date Order by Crystal Oil Co. re LA Dept. of Transporation & Development - Hollywood/Pierremont Site. (debb) [EOD 08/29/97] [86-12834]

8/29/97 11999 Order Granting [11997-1] Motion To File Amended [11930-1] Order Limiting Time For Filing an Adversary Proceeding or Limiting Time The Completion of Discovery & Scheduling Trial On: ([11895-1] Motion For Contempt, [11895-2] Motion Enforce Confirmation Order, Bar Date Order & Injunction of Section 254 of the Bankruptcy Code by Crystal Oil Co. by State of Indiana (IDEM), Crystal Oil Company - Until 9/30/97, Debtor & IDEM Shall not be Required to File Any Pleadings re Indiana Princeton Refinery Claim Other Than Pleadings Pursuant to BR 9019 Seeking Approval of Compromise; If Parties do not File Pleadings Seeking Approval of Compromise by 9/30/97, or by Such Additional Time Which may be Granted, This Court may Impose Such Dates as Necessary With Respect to the Disposition of This Claim. (debb) [EOD 08/29/97] [86-12834]

Bx #5 Fld 53

9/22/97 12000 Transcript of Hearing Held on 8/14/97 (debb) [EOD 09/24/97] [86-12834]

Bx 5 Fld 54

9/29/97 12001 Joint Motion By Debtor Crystal Oil Company, Creditor State of Indiana (IDEM) For Approval of Compromise & For Order Barring All Related Claims. (debb) [EOD 10/02/97] [86-12834]

9/29/97 12002 Memorandum By Debtor Crystal Oil Company, Creditor State of Indiana (IDEM) In Support of [12001-1] Joint Motion For Approval of Compromise & For Order Barring All Related Claims. (debb) [EOD 10/02/97] [86-12834]

9/29/97 12003 Order Scheduling Hearing On: ([12001-1] Joint Motion For Approval of Compromise & For Order Barring All Related Claims by State of Indiana (IDEM), Crystal Oil Company - Hearing Schd For 1:30 12/1/97 at Courtroom Four, S'port; Objections Must be Filed 20 Days Prior to the Hearing Date; If Any Party Objects, This Hearing Will be Converted into a Scheduling Conference). (debb) [EOD 10/02/97] [86-12834]

9/29/97 12004 Notice of Hearing (Unserved) Re: [12001-1] Joint Motion For Approval of Compromise & For Order Barring All Related Claims by State of Indiana (IDEM), Crystal Oil Company Schd For 1:30 12/1/97 at Courtroom Four, S'port. (debb) [EOD 10/02/97] [86-12834]

10/2/97 12005 Certificate Of Service By James R. Jeter for Debtor Crystal Oil Company Of [12001-1] Application For Approval of Compromise & For Order Barring All Related Claims, [12002-1] Support Memorandum, [12003-1 & 2] Order Scheduling Hearing On: ([12001-1] Joint Motion For Approval of Compromise & Order Barring All Related Claims) & [12004-1] Notice Hearing Unserved. (debb) [EOD 10/03/97] [86-12834]

10/6/97 12006 Notice of Application for Taxation of Costs filed by Creditor LA Dept. of Transportation & Development In Re: [11998-1] Order w/Declaration & cert of svc. . (debb) [EOD 10/06/97] [86-12834]

10/6/97 12007 Taxation of Costs Re [11998-1] Order by Creditor LA Dept. of Transportation & Development ($9,597.24). (debb) [EOD 10/06/97] [86-12834]

10/6/97 12008 Taxation of Costs Re [11998-1] Order by Creditor LA Dept. of Transportation & Development ($9,597.24) (James Robert Jeter's Initials). (debb) [EOD 10/06/97] [86-12834]

10/23/97 12009 Motion By Debtor Crystal Oil Company To Extend Time To Accomplish Mediation (re AGB Oil Co.) w/cert of svc. (debb) [EOD 10/23/97] [86-12834]

10/23/97 12010 Order Granting [12009-1] Motion To Extend Time To Accomplish Mediation (re AGB Oil Co.) by Crystal Oil Company (Granted for a Period Through 12/31/97). (debb) [EOD 10/23/97] [86-12834]

11/7/97 12011 Objection By Creditors R.J. Oil & Refining Co., Inc. & Princeton Mining Co. To [12001-1] Application For Approval of Compromise & For Order Barring All Related Claims by State of Indiana (IDEM), Crystal Oil Company w/certs of svc. (debb) [EOD 11/07/97] [86-12834]

11/7/97 -- Added Attorney Mark L. Boos for R.J. Oil & Refining Co., Inc. & Princeton Mining Co. (debb) [EOD 11/07/97] [86-12834]

11/7/97 -- Added Attorney E. Keith Carter for R.J. Oil & Refining Co., Inc. & Princeton Mining Co. (debb) [EOD 11/07/97] [86-12834]

11/21/97 12012 Supplement to [12005-1] Service Certificate by James R. Jeter for Debtor Crystal Oil Company (debb) [EOD 11/21/97] [86-12834]

12/1/97 12013 Hearing (Scheduling Conference) Re: [12001-1] Application For Approval of Compromise & For Order Barring All Related Claims by State of Indiana (IDEM), Crystal Oil Company Cntd For 1:30 2/2/98 at Courtroom Four, S'port (debb) [EOD 12/01/97] [86-12834]

12/22/97 12014 Motion By Debtor Crystal Oil Company To Extend Time To Accomplish Mediation (re AGB Oil Co.) w/cert of svc. (debb) [EOD 12/22/97] [86-12834]

12/23/97 12015 Order Granting [12014-1] Motion To Extend Time To Accomplish Mediation (re AGB Oil Co.) by Crystal Oil Company (Granted for a Period Through 02/98). (debb) [EOD 12/23/97] [86-12834]

| | | |
|---|---|---|
| 2/2/98 | 12016 | Hearing (Scheduling Conference) Re: [12001-1] Application For Approval of Compromise & For Order Barring All Related Claims by State of Indiana (IDEM), Crystal Oil Company Cntd For 1:30 3/30/98 at Courtroom Four, S'port. (debb) [EOD 02/02/98] [86-12834] |
| 2/17/98 | 12017 | Order Setting Bar Dates & Continuing Scheduling Conference On: ([12001-1] Application For Approval of Compromise & For Order Barring All Related Claims by State of Indiana (IDEM), Crystal Oil Company - Response of Parties Objecting to Joint Motion & Pretrial Stipulations to be Submitted to Debtor's Counsel by 3/2/98; All Parties to File Exhibit List, Witness List, Joint Stipulations & Memorandums by 3/20/98; Scheduling Conference Cntd to 1:30 3/30/98 at Courtroom Four, S'port). (debb) [EOD 02/17/98] [86-12834] |
| 2/23/98 | 12018 | Report Regarding Mediation (re AGB Oil Co.) by Debtor w/cert of svc & Exhibit (debb) [EOD 02/23/98] [86-12834] |

Bx 5 Fld 55

| | | |
|---|---|---|
| 3/20/98 | 12019 | Pre-Hearing Memorandum By Debtor Crystal Oil Company In Support of [12001-1] Application For Approval of Compromise & For Barring All Related Claims by Crystal Oil Company, State of Indiana (IDEM) w/cert of svc. (debb) [EOD 03/23/98] [86-12834] |
| 3/20/98 | 12020 | Pre-Hearing Memorandum By Creditor State of Indiana (IDEM) In Support of [12001-1] Application For Approval of Compromise & For Order Barring All Related Claims by Crystal Oil Company, State of Indiana (IDEM) w/cert of svc. (debb) [EOD 03/23/98] [86-12834] |
| 3/20/98 | 12021 | Pre-Trial Stipulation Filed by Debtor Crystal Oil Company & Creditors State of Indiana (IDEM), R.J. Oil & Refining Co., Inc. & Princeton Mining Co. (debb) [EOD 03/23/98] [86-12834] |
| 3/30/98 | 12022 | Hearing (Scheduling Conference) Re: [12001-1] Application For Approval of Compromise & For Order Barring All Related Claims by Crystal Oil Company, State of Indiana (IDEM) - All Parties Absent; Cntd For 3:00 4/6/98 at Courtroom Four, S'port. (debb) [EOD 04/02/98] [Edit date 04/28/98] [86-12834] |
| 4/3/98 | 12023 | Memorandum By Creditors R.J. Oil & Refining Co., Inc. & Princeton Mining Co. In Opposition To [12001-1] Application For Approval of Compromise & For Order Barring All Related Claims by Crystal Oil Company, State of Indiana (IDEM) w/cert of svc & exhibits. (debb) [EOD 04/03/98] [86-12834] |



RAM00778

4/6/98 12024 Hearing (Scheduling Conference) Re: [12001-1] Application For Approval of Compromise & For Order Barring All Related Claims by Crystal Oil Company, State of Indiana (IDEM) - All Parties Present; Trial Schd For 1:30 5/15/98; 1:30 5/20/98 & 9:00 5/29/98 at Courtroom Four, S'port. (debb) [EOD 04/07/98] [Edit date 04/28/98] [86-12834]

4/8/98 12025 Order Setting Trial & Applicable Bar Dates Re: ([12001-1] Application For Approval of Compromise & For Barring All Related Claims by Crystal Oil Company, State of Indiana (IDEM) - Debtor to Produce Any Additional Information by 4/15/98; R.J. Oil & Princeton Mining to Submit Their Portion of Previously Required Pre-Trial Stipulations by 4/22/98; R.J. Oil & Princeton Mining to File Exhibit List & Witness List by 5/8/98 & Debtor & IDEM Shall File Any Opposition to Same by 5/8/98; Trial Schd For 1:30 5/15/98; 1:30 5/20/98 & 9:00 5/29/98 at Courtroom Four, S'port). (debb) [EOD 04/08/98] [86-12834]

4/8/98 12026 Certificate Of Service By Paula E. Funderburk, Judicial Assistant to Judge Stephen V. Callaway Of [12025-1] Order Setting Trial & Applicable Bar Dates Re: ([12001-1] Application For Approval of Compromise & For Barring All Related Claims by Crystal Oil Company, State of Indiana (IDEM). (debb) [EOD 04/08/98] [86-12834]

5/15/98 12027 Hearing Held Re: [12001-1] Application For Approval of Compromise & For Order Barring All Related Claims by Crystal Oil Company, State of Indiana (IDEM) - Debtor, Attorney Clement, Attorney Junk & Attorney Ratliff Absent; Attorney Jeter & Atty Carter Present; Objection of R.J. Oil & Refining Co. is Denied in Part & Granted in Part; R.J. is Further Dismissed From Proceedings; Order Signed; Findings of Facts & Conclusions of Law Filed & Signed; Motion Granted Order Signed. (debb) [EOD 05/17/98] [Edit date 05/18/98] [86-12834]

5/15/98 12028 Exhibits filed in Open Court 5/15/98 - By Reference Pretrial Stipulation Filed 3/20/98; Exhibits Books Volumes I, II & III are C.I. 1-150. (debb) [EOD 05/17/98] [86-12834]

Ex. 62-64
Bx. 19

5/15/98 12029 Findings of Fact and Conclusions of Law Re: [12001-1] Application For Approval of Compromise & For Order Barring All Related Claims by Crystal Oil Company, State of Indiana (IDEM) & [12011-1] Objection by R.J. Oil & Refining Co., Inc., Princeton Mining Co. (debb) [EOD 05/18/98] [86-12834]

5/15/98 12030 Order (JD#98-0017) Granting in Part, Denying in Part [12011-1] Objection by R.J. Oil & Refining Co., Inc.; Further, R.J. is Dismissed From These Proceedings. (debb) [EOD 05/18/98] [86-12834]

5/15/98 12031 Order (JD#98-0018) Granting [12001-1] Application For Approval of Compromise & For Order Barring All Related Claims by Oil Company, State of Indiana (IDEM). (debb) [EOD 05/18/98] [86-12834]

8/26/98 12032 Motion By Debtor Crystal Oil Company To Extend Stand Down Order, For Authority to Make an Offer of Judgment, For Authority to Take Video Deposition Either in State Court Proceedings or in These Proceedings, or Both, & To Set Date for Status Conference w/Exhibits & Cert. of Svc. (debb) [EOD 08/27/98] [86-12834]

8/26/98 12033 Notice of Hearing (Unserved) Re: [12032-1] Motion To Extend Stand Down Order, [12032-2] Motion For Authority to Make an Offer of Judgment, [12032-3] Motion For Authority to Take Video Deposition Either in State Court Proceedings or in These Proceedings, or Both, & [12032-4] Motion To Set Date for Status Conference by Crystal Oil Company Schd For 9:00 10/19/98 at Courtroom Four, S'port. (debb) [EOD 08/27/98] [86-12834]

8/28/98 12034 Certificate Of Service By James R. Jeter for Debtor Crystal Oil Company Of [12033-1] Notice of Hearing. (debb) [EOD 08/28/98] [86-12834]

Bx 5 Fld 56

10/13/98 12035 Joint Motion By Debtor Crystal Oil Company, Creditor State of Indiana (IDEM) To Dismiss [11856-1] Motion To Enforce Confirmation Order & Bar Date Order (re State of Indiana), [11895-1] Motion For Contempt & [11895-2] Motion To Enforce Confirmation Order, Bar Date Order & Injunction of Section 254 of the Bankruptcy Code With Respect to the Indiana Princeton Refinery Site Claim w/Exhibits. (debb) [EOD 10/13/98] [86-12834]

10/16/98 12036 Order Granting [12035-1] Motion To Dismiss [11856-1] Motion To Enforce Confirmation Order & Bar Date Order (re State of Indiana), [11895-1] Motion For Contempt & [11895-2] Motion To Enforce Confirmation Order, Bar Date Order & Injunction of Section 254 of the Bankruptcy Code With Respect to the Indiana Princeton Refinery Site Claim by State of Indiana (IDEM), Crystal Oil Company - Motions Dismissed With Prejudice. (debb) [EOD 10/16/98] [86-12834]

10/19/98 12037 Hearing Held Re: [12032-1] Motion To Extend Stand Down Order, [12032-2] Motion For Authority to Make an Offer of Judgment, [12032-3] Motion For Authority to Take Video Deposition Either in State Court Proceedings or in These Proceedings, or Both, & [12032-4] Motion To Set Date for Status Conference by Crystal Oil Company - Motion Granted; Order Signed; Status Conference Schd 3:00 09/27/99. (debb) [EOD 10/21/98] [86-12834]

INTERNAL USE ONLY: Events between 1/1/31 and 6/22/00. CLOSED
86-12834 In re: Crystal Oil Company

| | | |
|---|---|---|
| 10/19/98 | 12038 | Order Granting [12032-1] Motion To Extend Stand Down Order, [12032-2] Motion For Authority to Make an Offer of Judgment, [12032-3] Motion For Authority to Take Video Deposition Either in State Court Proceedings or in These Proceedings, or Both, & [12032-4] Motion To Set Date for Status Conference by Crystal Oil Company (Status Conference Schd 3:00 09/27/99). (debb) [EOD 10/21/98] [86-12834] |
| 10/19/98 | -- | Status Conference Schd for 3:00 9/27/99 at Courtroom Four, S'port - See Order [12038-1]. (debb) [EOD 10/21/98] [86-12834] |
| 12/8/98 | 12039 | Copy of Judgment by 5th Circuit Judges: Politz, Reavley & Jolly - The ruling of the District Court is affirmed. (tomm) [EOD 12/09/98] [86-12834] |
| 2/3/99 | 12040 | Joint Motion By Debtor Crystal Oil Company & Creditor AGB Oil Co. To Dismiss [11874-1] Motion To Enforce Confirmation Order Bar Date Order (re AGB Oil Co.) w/Exhibits. (debb) [EOD 02/04/99] [86-12834] |
| 2/3/99 | 12041 | Order Granting [12040-1] Motion To Dismiss [11874-1] Motion To Enforce Confirmation Order Bar Date Order (re AGB Oil Co.). (debb) [EOD 02/04/99] [86-12834] |
| 2/3/99 | -- | Terminated Deadline Re: Status Conference 9/27/99. (debb) [EOD 09/16/99] [86-12834] |
| 12/2/99 | 12042 | Motion by Debtor Crystal Oil Company For Order Closing Case. (debb) [EOD 12/02/99] [86-12834] |
| 12/2/99 | 12043 | Order Granting [12042-1] Motion For Order Closing Case by Crystal Oil Company. (debb) [EOD 12/02/99] [86-12834] |
| 12/14/99 | -- | Trustee Debtor Possession appointed. (bran) [EOD 12/14/99] |
| 12/14/99 | 12044 | Final Decree (bran) [EOD 12/14/99] |
| 12/14/99 | -- | Case Closed. (bran) [EOD 12/14/99] |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

IN RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS

**********

PLAINTIFF: ARKLA RELEASED GAS

versus

DEFENDANT: CRYSTAL OIL COMPANY

A.P. NUMBER 586-0445
Adversary Proceeding

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | ADVERSARY PROCEEDING RECORD |
|---|---|---|---|
| 10-31-86 | 467 | | COMPLAINT (Arkla) Declaratory judgement on the right of plaintiff to recoup overpayment<br>Plaintiffs:<br>1. ARKLA RELEASED GAS, A Division of ARKLA, Inc.<br>Defendants:<br>1. Crystal Oil Company<br>Attorney for Plaintiffs:<br>1. Robert W. Johnson<br>BLANCHARD, WALKER,O'QUIN & ROBERTS<br>1500 First National Bank Tower<br>400 Texas<br>Shreveport, La 71101<br>318 221-6858 |
| 11-03-86 | 500 | | SUMMONS issued |
| 11-07-86 | 530 | | SUMMONS reissued, replacing Summons No. 500<br>CALENDAR: PTC set for 11-21-86 at 1:30 P.M.<br>U.S. Bankruptcy Court, Third Floor<br>U.S. Court House, 500 Fannin St.(BS) |
| 11-12-86 | 543 | 467 | MOTION (Arkla) To Limit Notice of Hearing on Complaint |
| 11-12-86 | 544 | 467 | ORDER (Arkla) Limiting Notice, Copy of Notice Attached<br>CALENDAR: Pre-trial Conference set for 1:30 P.M., 11-21-86. Hearing on Complaint set for 12-12-86 at 10:00 P.M., U.S. Bankruptcy Court, Third Floor, U.S. Court House, 500 Fannin St.(CJH)<br>CALENDAR: Pre-trial Conference Continued To 12-12-86, 3:00 P.M., Third Floor (CJH) |

3x. 21
FID #3
Bar Code 5:86AP1445-AP001

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

IN RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02837
CHAPTER 11 PROCEEDINGS

**********

PLAINTIFF: ARKLA RELEASED GAS

A.P. NUMBER 586-0445
Adversary Proceeding

versus

DEFENDANT: CRYSTAL OIL COMPANY

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | ADVERSARY PROCEEDING RECORD |
|---|---|---|---|
| | | | CALENDAR: Pre-trial Conference Continued To 01-23-87, 10:00 A.M., Third Floor (CJH) |
| | | | CALENDAR: Pre-trial Conference Continued To 05-29-87, 1:30 P.M., Third Floor (CJH) |
| 11-14-86 | 564 | | CERTIFICATE (Arkla) Certificate of Service of Summons No. 530 |
| 11-14-86 | 565 | | CERTIFICATE (Arkla) Affidavit of Mailing to List of Attorneys and other Parties in Interest filing Notice of Hearing on Complaint for Declaratory Judgment and Allowance of Recoupment |
| 12-05-86 | 642 | | MOTION (Arkla) Joint Motion For Extension of Time To Respond |
| 12-05-86 | 643 | | ORDER (Arkla) Granting Motion 642 & requiring no notice, pursuant to Rule 2002(1) |
| 01-23-87 | 927 | | MOTION (Arkla) Joint Motion for Enlargment of Time |
| 01-23-87 | 928 | | ORDER (Arkla) Order Granting Motion #927 |
| 03-20-87 | 11277 | | MOTION (Arkla) Joint Motion for Extension of Time to Respond |
| 03-20-87 | 11278 | | ORDER (Arkla) Order Granting Motion #11277 |
| 05-05-87 | 11501 | | MOTION (Arkla) Joint Motion for Extension of Time to Respond. Proposed Order Attached |
| 05-11-87 | 11524 | | ORDER (Arkla) Order for Extension of Time |

CRYSTAL OIL

PAGE

586-02834

DOCKET NUMBER

| DATE FILED | ~~DATE OF ENTRY~~ | ~~DOC NUMBER~~ | RECORD |
|---|---|---|---|
| | DOC # | INDEXED TO | ADVERSARY NO. 586-0444 |
| May 29 | 011613 | | JOINT motion for extension of time to respond and for continuance or pre-trial conf. (ARKLA Energy Resources). (fac) |
| May 29 | 011614 | | MINUTES re hrg on complaint for declaratory judgment & allowance of recoupment (ARKLA Energy Resources), Con't to June 25,1987 @1:30p.m., pretrial conf. (fac) |
| May 29 | 011615 | | ORDER continuing pre-trial conf. to June25 1987 @ 1:30 p.m. EOD/NOE May 29, 87. (fac) |

B100E (7/86)

DOCKET – CONTINUATION

RAM00784

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

N RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02834
CHAPTER 11 PROCEEDINGS

**********

PLAINTIFF: ARKLA ENERGY RESOURCES

A.P. NUMBER 586-0444
Adversary Proceeding

versus

DEFENDANT: CRYSTAL OIL COMPANY

Bx 21
FID#2
Bar Code S: Bc AP1444-AP001

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | ADVERSARY PROCEEDING RECORD |
|---|---|---|---|
| 10-31-86 | 466 | | COMPLAINT (Arkla) Declaratory judgement on the right of plaintiff to recoup overpayment<br>Plaintiffs:<br>1. ARKLA Energy Resources, A Division of ARKLA, INC<br>Defendants:<br>1. Crystal Oil Company<br>Attorney for Plaintiffs:<br>1. Robert W. Johnson<br>Blanchard, Walker, O'Quin & Roberts<br>1500 First National Bank Tower<br>400 Texas<br>Shreveport, La 71101<br>318 221-6858 |
| 11-03-86 | 499 | | SUMMONS issued |
| 11-07-86 | 529 | | SUMMONS reissued, replacing Summons No. 499<br>CALENDAR: PTC set for 11-21-86 at 1:30 P.M.<br>U.S. Bankruptcy Court Third Floor<br>U.S. Court House, 500 Fannin St.(BS) |
| 11-12-86 | 541 | 466 | MOTION (Arkla) To Limit Notice of Hearing on Complaint |
| 11-12-86 | 542 | 466 | ORDER (Arkla) Limiting Notice, Copy of Notice Attached<br>CALENDAR: Pre-trial Conference set for 1:30 P.M., 11-21-86. Hearing on Complaint set for 12-12-86 at 10:00 P.M., U.S. Bankruptcy Court, Third Floor, U.S. Court House, 500 Fannin St.(CJH)<br>CALENDAR: Pre-trial Conference Continued To 12-12-86, 3:00 P.M., Third Floor (CJH) |

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

IN RE: CRYSTAL OIL COMPANY
Debtor

CASE NUMBER: 586-02837
CHAPTER 11 PROCEEDINGS

**********

PLAINTIFF: ARKLA ENERGY RESOURCES

versus

DEFENDANT: CRYSTAL OIL COMPANY

A.P. NUMBER 586-0444
Adversary Proceeding

| DATE OF ENTRY | DOCUMENT NUMBER | INDEXED TO | ADVERSARY PROCEEDING RECORD |
|---|---|---|---|
| | | | CALENDAR: Pre-trial Conference Continued to 01-23-87, 10:00 A.M.,Third Floor (CJH) |
| | | | CALENDAR: Pre-trial Conference Continued to 05-29-87, 1:30 A.M., Third Floor (CJH) |
| 11-14-86 | 563 | | CERTIFICATE (Arkla) Certificate of Service of Summons No. 529 |
| 11-14-86 | 566 | | CERTIFICATE (Arkla) Affidavit of Mailing to List of Attorneys and other Parties in Interest filing Notice of Hearing on Complaint for Declaratory Judgment and Allowance of Recoupment |
| 12-05-86 | 640 | | MOTION (Arkla) Joint Motion For Extension of Time To Respond |
| 12-05-86 | 641 | | ORDER (Arkla) Granting Motion 640 & requiring no notice, pursuant to Rule 2002(1) |
| 01-23-87 | 925 | | MOTION (Arkla) Joint Motion for Enlargment of Time |
| 01-23-87 | 926 | | ORDER (Arkla) Order Granting Motion #925 |
| 03-20-87 | 11275 | | MOTION (Arkla) Joint Motion for Extension of Time to Respond |
| 03-20-87 | 11276 | | ORDER (Arkla) Order Granting Motion #11275 |
| 05-05-87 | 11500 | | MOTION (Arkla) Joint Motion for Extension of Time to Respond. Proposed Order Attached |
| 05-11-87 | 11523 | | ORDER (Arkla) Order for Extension of Time |

CRYSTAL OIL

PAGE

586-02834

DOCKET NUMBER

| DATE FILED | ~~DATE OF~~ ENTRY | ~~DOC~~ NUMBER | RECORD |
|---|---|---|---|
| | DOC # | INDEXED TO | ADVERSARY NO586-0445 |
| May 29 | 011616 | | JOINT motion for extension of time to respond and for continuance or pre-trial conf. (Arkla Released Gas Co.). (fac) |
| May 29 | 011614 | | MINUTES re hrg on complaint for declaratory judgment and allowance of recoupment (Arkla Released Gas Co), Con't to June 25, 1987 @ 1:30 p.m. pre-trial conf. (fac) |
| May 29 | 011617 | | ORDER continuing pre-trial conf. to June 25, 1987 @ 1:30 p.m. EOD/NOE May 29,87. (fac) |

B100E (7/88)

DOCKET – CONTINUATION

RAM00787

UNITED STATES OF AMERICA

# State of Louisiana

## James H. "Jim" Brown

SECRETARY OF STATE

*As Secretary of State, of the State of Louisiana, I do hereby Certify that the annexed transcript was prepared by and in this office from the record on file, of which purports to be a copy, and that it is full, true and correct.*

*In testimony whereof, I have hereunto set my hand and caused the Seal of my Office to be affixed at the City of Baton Rouge on,*

February 24, 1984

Jim Brown

*Secretary of State*

STATE OF LOUISIANA
UNION JUSTICE CONFIDENCE
SECRETARY OF STATE

RAM00788

# UNITED STATES OF AMERICA

# State of Louisiana

## James H. "Jim" Brown

SECRETARY OF STATE

*As Secretary of State, of the State of Louisiana, I do hereby Certify that*

a copy of the Articles of Incorporation and Initial Report of

CRYSTAL OIL LOUISIANA, INC.,

Domiciled at New Orleans, Louisiana, Parish of Orleans,

A corporation organized under the provisions of R. S. 1950, Title 12, Chapter 1, as amended,

By Act executed on February 23, 1984, and acknowledged on February 23, 1984, the date when corporate existence began,

Was filed and recorded in this Office on February 24, 1984, in the Record of Charters Book 341,

And all fees having been paid as required by law, the corporation is authorized to transact business in this State, subject to the restrictions imposed by law, including the provisions of R. S. 1950, Title 12, Chapter 1, as amended.

*In testimony whereof, I have hereunto set my hand and caused the Seal of my Office to be affixed at the City of Baton Rouge on,*
February 24, 1984

Jim Brown

*Secretary of State*

STATE OF LOUISIANA — UNION JUSTICE CONFIDENCE — SECRETARY OF STATE

CERTIFICATE SS 102 S (R 3 80)

RAM00789

ARTICLES OF INCORPORATION

OF

CRYSTAL OIL LOUISIANA, INC.

I, the undersigned, being capable of contracting, for the purpose of forming a corporation pursuant to Chapter 1 of Title 12 of the Louisiana Revised Statutes, do hereby certify:

FIRST: The name of the corporation is Crystal Oil Louisiana, Inc.

SECOND: The purpose for which this corporation is formed is as follows:

To engage in any lawful activity for which corporations may be formed under the Louisiana Business Corporation Law.

THIRD: The duration of the corporation is perpetual.

FOURTH: The aggregate number of shares which the corporation shall have the authority to issue is Thirty Six Million (36,000,000), consisting of two classes. The designation of each class, the number of shares of each class, and the par value of the shares of each class, are as follows:

| Number of Shares | Class | Par Value Per Share |
|---|---|---|
| 35,000,000 | Common Stock | $1.00 |
| 1,000,000 | Preferred Stock | $5.00 |

The preferences, limitations and relative rights in respect of the shares of each class and the variations of the relative rights and preferences as between series of any preferred or special class in series, if any, or shall be provided for, are as follows:

COMMON STOCK

1. Voting Rights of Common Stock. Each holder of Common Stock shall be entitled to one (1)

vote for each share of common stock held thereby on each matter submitted to a vote of the shareholders of the corporation. No shareholder shall be entitled to cumulate his votes in the election of directors of the corporation, but each share shall be entitled to one (1) vote in the election of each director.

2. Dividends on Common Stock. The holders of Common Stock shall be entitled to receive dividends on shares of Common Stock when, if and as declared by the Board of Directors of the corporation.

3. Distribution on Common Stock in the Event of Dissolution, Liquidation or Winding Up. In the event of any voluntary or involuntary dissolution, liquidation or winding up of the corporation, after payment or provision for payment of the debts and other liabilities of the Corporation and the amounts to which the holders of all classes of Preferred Stock may be entitled, the holders of the Common Stock shall be entitled to share ratably in the remaining assets of the corporation.

PREFERRED STOCK

Authority of the Board of Directors to Amend These Articles to Fix the Preferences, Limitations and Relative Rights of Preferred Stock. There is hereby vested in the Board of Directors of the corporation the authority to amend these articles by resolution of such Board to fix the preferences, limitations and relative rights of the shares of Preferred Stock, and to establish and fix variations in relative rights as between series of Preferred Stock. In such regard and without limitation, the Board of Directors may by resolution from time to time classify or reclassify and issue in one or more series any unissued shares of Preferred Stock, and may fix or alter in any one or more respects, from time to time before issuance of such shares, the number and designation of any series or classification, liquidation and dividend rights, preferences, voting powers, redemption rights, conversion rights, and any other rights, restrictions and qualifications of and the terms of any purchase, retirement or sinking fund which may be provided for, such shares of Preferred Stock.

FIFTH: The full name and post office address of the incorporator is as follows:

| NAME | ADDRESS |
| --- | --- |
| Karen M. Nakfoor | Fulbright & Jaworski<br>Bank of the Southwest Bldg.<br>Houston, Texas 77002 |

SIXTH: Cash, property or share dividends, shares issuable to shareholders in connection with a reclassification of stock, and the redemption price of redeemed shares, which are not claimed by the shareholders entitled thereto within a reasonable time (not less than one year in any event) after the dividend or redemption price became payable or the shares became issuable, despite reasonable efforts by the corporation to pay the dividend or redemption price or deliver the certificates for the shares to such shareholders within such time, will, at the expiration of such time, revert in full ownership to the corporation, and the corporation's obligation to pay such dividend or redemption price or issue such shares, as the case may be, will thereupon cease; provided that the board of directors may, at any time, for any reason satisfactory to it, but need not, authorize (a) payment of the amount of any cash or property dividend or redemption price or (b) issuance of any shares, ownership of which has reverted to the corporation to the entity who or which would be entitled thereto had such reversion not occurred.

SEVENTH: Any director absent from a meeting of the board of directors or any committee thereof may be represented at such meeting by any other director or shareholder, who may cast the vote of the absent director according to the written instructions, general or special, of the absent director.

EIGHTH: Whenever by any provision of law, these articles of incorporation or the bylaws of the corporation, the affirmative vote of shareholders is required to authorize or constitute corporate action, such action may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by the shareholders holding that proportion of the total voting power on the question required by these articles of incorporation, by the bylaws of the corporation or by law, whichever requirement is higher. Such written consent shall have the same force and effect as an affirmative vote of the shareholders at a meeting of shareholders.

NINTH: Special meetings of the shareholders for any purpose or purposes shall be called by the secretary at the request in writing of shareholders entitled to vote on

matters relating to such purpose or purposes holding in the aggregate not less than twenty-five percent (25%) of the total voting power.

TENTH: Any proposed merger, consolidation or transfer (the sale, lease, exchange or other disposition) of all or substantially all of the assets of the corporation and any amendment to these articles must be approved by the shareholders of the corporation by a vote of that proportion of the voting power present which shall at least equal two-thirds of all the votes entitled to be cast on the matter.

ELEVENTH: This corporation reserves the right to amend, alter, change or repeal any provision contained in these articles in the manner now or hereafter prescribed hereby or by statute, and all rights conferred upon shareholders herein are granted subject to this reservation.

IN WITNESS WHEREOF I the undersigned, am capable of contracting, have hereunto affixed my signature on this 23rd day of February, 1984.

Karen M. Nakfoor

Karen M. Nakfoor

STATE OF TEXAS §
§
COUNTY OF HARRIS §

BE IT KNOW, that on this 23rd day of the month of February, in the year of our Lord, 1984, before me, the undersigned, a Notary Public in and for the County and State aforesaid duly commissioned and qualified, there came and appeared Karen M. Nakfoor, known to me, Notary, and known by me to be the person whose name appears upon the foregoing instrument and said appearer declared and acknowledged unto me, Notary, that she executed the said instrument for the uses and purposes therein set forth and apparent.

IN WITNESS WHEREOF, said appearer has signed these presents, and I have hereunto set my official hand and seal on the day and date first hereinabove written.

Karen M. Nakfoor

(NOTARIAL SEAL)

NOTARY PUBLIC
GAY R. RUSHING
Notary Public in and for the State of Texas
My Commission Expires November 9, 1985

# INITIAL REPORT BY DOMESTIC CORPORATIONS

(To be f when the Articles of Incorporation are filed)
(R.S. 1950, 12:101)

e of Louisiana

h of New Orleans

The Secretary of State
Baton Rouge, Louisiana

plying with R.S. 1950, 12:101, Crystal Oil Louisiana, Inc.
(Name of Corporation)

dy makes its initial report as follows:

tion & Post Office address of its Registered Office:
1300 Hibernia Building, New Orleans, Louisiana 70112

e & Post Office address of each of its Registered Agents
C T CORPORATION SYSTEM, 1300 Hibernia Building, New Orleans, Louisiana 70112

es & Addresses of the First Directors (if selected when articles are filed)

| | |
|---|---|
| Robert F. Roberts<br>Mark A. Roberts | 229 Milam Street |
| L. G. Caskey<br>Richard H. Sucher | P. O. Box 21101 |
| R. Gordon Bader<br>James E. Hogle, Jr. | Shreveport, Louisiana 71120 |

Dated at 3:00 p.m., on the 23rd, day of February, 19 84

Karen M. Nakfoor
Karen M. Nakfoor

(To be signed by Each Incorporator or a duly authorized agent, 12:24A)

This form prepared and furnished by:
WADE O. MARTIN, JR., Secretary of State

RAM00795

In effect 5/4/84

# BYLAWS

# OF

# CRYSTAL OIL LOUISIANA, INC.

## ARTICLE I

## OFFICES

Section 1. Principal Office. The registered office of the Company shall be located in Shreveport, Louisiana. The Company shall maintain a principal office in Shreveport, Louisiana as required by law. The address of the Company's principal office is 229 Milam Street, Shreveport, Louisiana 71101.

Section 2. Other Offices. The Company may also have offices in such other places either within or without the State of Louisiana as the Board of Directors may from time to time designate or as the business of the Company may require.

## ARTICLE II
## CORPORATE SEAL

The corporate seal of the Company shall have inscribed therein the name of the Company, the year of its organization and the words "Corporate Seal, Louisiana". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

## ARTICLE III
## FISCAL YEAR

The Company's fiscal year shall begin with the first day of January and end with the thirty-first day of December each year.

## ARTICLE IV
## SHAREHOLDERS

Section 1. Place. Meetings of the shareholders of the Company shall be held in Shreveport, Louisiana, or at such other place within the United States as may from time to time be designated by the Board of Directors and stated in the notice of meeting.

Section 2. Annual Meetings. An annual meeting of the shareholders of the Company shall be held each year within 31 days of the fourth Friday of April each year (or if that be a legal holiday, then on the next business day) between the hours of 9:00 a.m. and 4:00 p.m. for the election of directors and for the transaction of such other business as may be brought before the meeting. Failure to hold any annual meeting or meetings shall not work a forfeiture or dissolution of the Company.

Section 3. Special Meetings. Special meetings of the shareholders may be called by the President or the Board of Directors, or by the Secretary upon the written request by shareholders holding in the aggregate that proportion of the total voting power which shall at least equal to twenty-five percent (25%) of all the votes entitled to be cast at such meeting. Such request shall state the purpose or purposes of such meeting and the matters proposed to be acted on thereat.

Section 4. Notice. Not less than ten days nor more than sixty days before the date of every shareholders meeting, the Secretary shall give to each shareholder entitled to vote at such meeting, written or printed notice stating the time and place of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, either by mail or in person. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to each shareholder at his address as it appears on the records of the Company with postage thereon prepaid.

Section 5. Closing of Transfer Books and Fixing Record Date. For the purposes of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend or to receive or exercise subscription or other rights, or to participate in a reclassification of stock or in order to make a determination of shareholders for any other proper purpose, the Board of Directors of the Company may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, sixty (60) days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the stock transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than sixty (60) days and



RAM00797

not less than ten (10) days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders, the record date for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the date on before the notice of the meeting is mailed or if notice is waived, the close of business, on the day before the meeting, and the record date for any other purpose shall be at the close of business on the day on which the resolution relating thereto of the Board of Directors is adopted.

Section 6. List of Shareholders. A complete list of the shareholders entitled to vote at any meeting of shareholders, arranged in alphabetical order, with the number of shares and class of shares held by each, shall be certified by the Secretary or the Company's transfer agent and shall remain open to inspection by the shareholders at the time and place at such meeting.

Section 7. Quorum. The presence, in person or by proxy, of the holders of a majority of the total voting power entitled to vote thereat, shall constitute a quorum, except that in no event shall a quorum consist of less than ⅓ of the total voting power; provided, however, that if there be less than a quorum, the holders of a majority of the stock so present or represented by proxy may convene and adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum has been constituted.

At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. In the case of any meeting called for the election of directors, those who attend the second of such adjourned meetings, although less than a quorum as fixed herein, shall nevertheless constitute a quorum for the purpose of electing directors.

Section 8. Voting. (a) Unless the charter provides for a greater or lesser number of votes per share or limits or denies voting rights, each outstanding share of capital stock, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. No shareholder shall have the right to cumulate his votes for the election of directors.

(b) A shareholder may vote the shares owned of record by him either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact but all proxies shall be filed with the Secretary of the meeting at or prior to the meeting.

(c) Shares standing in the name of another corporation may be voted by its president, any vice-president, secretary or treasurer or proxy appointed in writing by any of such officers, unless some other person appointed by bylaw or resolution of the board of directors to vote the shares shall produce a certified copy of such bylaw or resolution, in which case the other person shall be entitled to vote the shares.

(d) Shares held by an administrator, executor, guardian, conservator or other fiduciary may be voted by him, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a receiver or trustee may be voted by him, either in person or by proxy, but no reciver or trustee shall be entitled to vote shares held by him without a transfer of such shares into his name. It shall not be necessary for such fiduciary to obtain a court order authorizing him to vote such shares.

(e) Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority so to do is contained in an appropriate order of the court by which such receiver was appointed.

(f) A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred on the books of the Company into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

(g) At all elections of directors, the voting shall be by ballot. The Board of Directors, or, if the Board shall not have made their appointment, the chairman presiding at any meeting of shareholders, shall have the power to appoint one or more persons to act as inspectors, to receive, canvass and report the votes cast by the shareholders at such meeting; provided, however, that no candidate for director shall be appointed as inspector at any meeting for the election of directors.

Section 9. Chairman of Meeting. The Chairman of the Board of the Company or, in his absence, the President or a Vice-President shall preside at all meetings of shareholders.

Section 10. Secretary of Meeting. The Secretary of the Company shall act as secretary of all meetings of the shareholders; and in his absence, the chairman may appoint any person to act as secretary of the meeting.

Section 11. Record of Shareholders. The Company shall maintain at its principal place of business or the office of its transfer agents and registrars, a record of its shareholders, giving the names and addresses of all shareholders and the number and class of the shares held by each and dates on which the certificates were issued.

Section 12. Shareholders' Consents. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by shareholders holding that proportion of the total voting power on the question which is required by the articles of incorporation or by law, whichever requirement is higher. The consent, together with a certificate by the secretary of the Company to the effect that the subscribers to the consent constitute all or the required proportion of the shareholders entitled to vote on the particular question, shall be filed with the records of proceedings of the shareholders. If the consent is signed by fewer than all of the shareholders having voting power on the question, prompt notice shall be given to all of the shareholders of the action taken pursuant to the consent.

## ARTICLE V
## BOARD OF DIRECTORS

Section 1. Management of Company. The property, business and affairs of the Company shall be managed and controlled by its Board of Directors.

Section 2. Number, Qualification and Term. The Board of Directors shall consist of three or more directors, not to exceed fifteen, as determined from time to time by the Board of Directors of the Company. Such number may be increased or decreased by the Board of Directors, provided that no decrease shall effect a shortening of the term of any incumbent director. Except as otherwise provided in Section 4 of this Article V, each position on the Board of Directors shall be filled by election at the annual meeting of shareholders. Directors need not be residents of the State of

Louisiana or shareholders of the Company. Unless removed in accordance with these Bylaws, each director shall hold office until the next annual meeting of shareholders and until his successor shall have been duly elected and qualified.

Section 3. Removal. Any director or the entire Board of Directors may be removed from office, either for or without cause, at any special meeting of shareholders by the affirmative vote of a majority in number of the shares of the shareholders present in person or by proxy and entitled to vote at such meeting, if notice of the intention to act upon such matter shall have been given in the notice calling such meeting. If the notice calling such meeting shall have so provided, the vacancy caused by such removal may be filled at such meeting by the affirmative vote of a majority in number of the shares of the shareholders present in person or by proxy and entitled to vote.

Section 4. Vacancies. Whenever any vacancy shall occur in the Board of Directors, by reason of death, removal, resignation or increase in the number of directors or otherwise, it may be filled by a majority of the remaining directors, though less than a quorum, for the balance of the term until the next annual meeting of shareholders.

Section 5. Meetings. (a) A regular meeting of the Board of Directors shall be held for the election of officers and for the transaction of any other business as soon as practicable after the adjournment of the annual meeting of shareholders. The regular meeting shall be held at such time and place as the Board of Directors shall determine. No notice need be given of such regular meeting.

(b) Special meetings of the Board of Directors may be called by the Chairman of the Board or the President of the Company at any time; and the President must, upon the written request of a majority of the directors, call a special meeting to be held not more than ten (10) days after the receipt of such request. The Secretary shall give written notice of special meetings to each director at his usual business or residence address by his personal delivery or by mailing such notice at least three (3) days before the meeting, or by telegram or telephone at least one (1) day before the meeting. Such notice need not specify the business to be transacted at, nor the purpose of, such meeting. No notice shall be necessary for any adjourned meeting. A waiver of notice of any special meeting, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated herein, shall be equivalent

to the giving of such notice. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purposes of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 6. Quorum. A majority of the number of directors fixed by the Board of Directors pursuant to these Bylaws shall constitute a quorum for the transaction of business, but in no case shall less than one-third of the entire Board of Directors, and in no event less than two directors, constitute a quorum for the transaction of business. The action of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Procedure at Meetings. The Board of Directors, at each regular meeting held immediately following the annual meeting of shareholders, if there is no acting Chairman of the Board of Directors, shall appoint one of their number to act as Chairman of Board of Directors, who may also be an officer of the Company, and who shall preside at meetings of the Board of Directors. In his absence at any meeting a member of the Board to be selected by the members present shall preside. The Secretary of the Company shall act as secretary at all meetings of the Board, or, in his absence, the presiding officer of the meeting may designate any person to act as secretary. At meetings of the Board of Directors, business shall be transacted in such order as from time to time the Board may determine.

Section 8. Presumption of Assent. A director of the Company who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Company immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 9. Compensation. The compensation of non-officer members of the Board attending any regular or

special meeting of said Board which has been duly called, whether a quorum is present or not, shall be the sum as determined from time to time by the Board. The compensation of officer members of the Board attending any regular or special meeting of said Board which has been duly called, whether a quorum is present or not, shall be the sum as determined from time to time by the Board. Directors' expenses in attending meetings may be paid in addition to the above prescribed compensation.

Section 10. Executive Committee. The Board of Directors may elect from their own number an Executive Committee composed of two or more directors who shall have full power and authority between meetings of the Board to act for the Company in the same manner as the Board might do except that the Executive Committee shall not have the power to declare dividends, to issue stock or to recommend to shareholders any action requiring shareholders' approval. The Executive Committee shall report to the Board at its next regular meeting any action taken by such committee and the Board may confirm or reject any such action at such meeting; provided, however, that the rights of third parties have not intervened. The expenses of any member of the Executive Committee in attending meetings, or other legitimate expenses of any member of the Committee, including compensation for services rendered, may be allowed by the Board, but no member of the Executive Committee who receives regular compensation from the Company as an officer, agent or employee shall receive any additional compensation for acting as a member of the Executive Committee.

In the absence of any member of the Executive Committee, the members thereof present at any meeting, whether or not they constitute a quorum, may request a member of the Board to act in the place of such absent member.

The designation of an Executive Committee and the delegation of authority thereto shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed upon it or him by law.

Section 11. Audit Committee. The Board of Directors may elect from their own number an Audit Committee composed of two or more non-officer members of the Board who shall be responsible for reporting to the Board with respect to the Company's financial position and its relationship with its independent accountants from time to time. The expenses of any member of the Audit Committee in attending meetings, or other legitimate expenses of any member of the Audit

committee, including compensation for services rendered, may be allowed by the Board.

Section 12. Advisory Committee. The Board of Directors may for its convenience, and at its discretion, appoint one or more advisory committees of two or more directors each; but no such advisory committees shall have any power or authority except to advise the Board of Directors. Any such committee shall exist solely at the pleasure of the Board of Directors, no minutes of the proceedings of any such committee shall be kept, and no member of any such committee shall receive any compensation for such membership except by way of reimbursement for reasonable expenses actually incurred by him by reason of such membership or as determined from time to time by the Board of Directors.

Section 13. Directors' Action by Written Consent. Any action required to be or which may be taken at a meeting of the Board of Directors or any committee thereof may be taken without a meeting if consent in writing, setting forth the action so taken shall be signed by each director entitled to vote at such meeting, and such written consent shall have the same force and effect as a unanimous vote of the Board of Directors or any committee thereof.

Section 14. Directors' Action by Telephone Conference Calls. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors may participate in a meeting of the board of directors, by means of telephone conference calls or similar communications equipment provided all persons participating in the meeting can hear and communicate with each other, and such participation in a meeting shall constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened.

## ARTICLE VI
## OFFICERS

Section 1. Titles. The officers of this Company shall consist of a President, an Executive Vice-President, one or more Group Vice-Presidents, one or more Vice-Presidents, a Secretary and a Treasurer, and in addition, such other officers and assistant officers and agents as may be deemed necessary and elected or appointed by the Board of Directors. The President shall be selected from among the directors. Any two or more offices may be held by the same person except

that the President and Group Vice-President shall not be the same person and no person shall execute, acknowledge or verify any instrument in more than one capacity. In its discretion the Board of Directors may leave unfilled any office except those of President, one Vice-President, Treasurer and Secretary.

Section 2. Election; Term; Qualification. Officers shall be chosen by the Board of Directors annually at the meeting of the Board of Directors following the annual shareholders' meeting. Each officer shall hold office until his successor has been chosen and qualified, or until his death, or resignation, or removal.

Section 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors with or without cause but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create any contract rights.

Section 4. Vacancies. Any vacancy in any office may be filled by the Board of Directors at any meeting.

Section 5. Duties. The officers of the Company shall have such powers and duties, except as modified by the Board of Directors, as generally pertain to their offices, respectively, as well as such powers and duties as from time to time shall be conferred by the Board of Directors and these Bylaws.

Section 6. The President. The President shall be the chief executive officer of the Company, and shall have general supervision over its several officers, subject however, to the control of the Board of Directors. He shall at each annual meeting, and from time to time, report to the shareholders and to the Board of Directors all matters within his knowledge which, in his opinion, the interest of the Company may require to be brought to their notice; may sign with the Secretary or Assistant Secretary any or all certificates of stock of the Company; shall preside at all meetings of the shareholders in the absence of the Chairman of the Board; shall sign and execute in the name of the Company all contracts or other instruments authorized by the Board of Directors, except in cases where the signing and execution thereof shall be expressly delegated or permitted by the Board or by these Bylaws to some other officer or agent of the Company; and in general shall perform all duties as from time to time may be assigned to him by the Board of Directors

or as are prescribed by these Bylaws.

Section 6(a). Executive Vice-President. The Executive Vice-President shall report to the President and shall have such duties and responsibilities as the President or the Board of Directors may from time to time assign.

Section 7. The Group Vice-Presidents and the Vice-Presidents. At the request of the President, or in his absence or disability, any Group Vice-President shall perform the duties of the President, and, when so acting, shall have all the powers of, and be subject to all restrictions upon, the President. Any action taken by a Group Vice-President in the performance of the duties of the President shall be conclusive evidence of the absence or inability to act of the President at the time such action was taken. Any Group Vice-President shall perform such other duties as may, from time to time, be assigned to him by the Board of Directors or President or in the case of a Vice-President, by a Group Vice-President. A Group Vice-President or a Vice-President may also sign with the Secretary or an Assistant Secretary certificates of stock of the Company.

Section 8. Secretary. The Secretary shall: (a) keep the minutes of all meetings of the shareholders, of the Board of Directors, and of all committees of the Board of Directors, in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Company and see that the seal of the Company is affixed to all documents the execution of which on behalf of the Company under its seal is duly authorized; (d) have general charge of the stock certificate books, transfer books and stock ledgers, and such other books and papers as the Board of Directors may direct, of the Company, all of which shall, at all reasonable times, be open to the examination of any director, upon application at the office of the Company during business hours; and (e) in general perform all duties and exercise all powers incident to the office of the Secretary and such other duties and powers as the Board of Directors or the President from time to time may assign to or confer on him.

Section 9. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds, notes, securities, and other valuables of the Company; (b) deposit all funds in the name of the Company in such banks, trust companies or depositories as shall be selected in accordance with the provisions of these Bylaws; (c) keep

complete and accurate records of account showing accurately at all times the financial condition of the Company; (d) render a statement of the conditions of the finances of the Company at all regular meetings of the Board of Directors and a full financial report at the annual meeting of the shareholders if called upon to do so; and (e) in general perform all duties and exercise all powers as the Board of Directors or the President from time to time may assign to or confer on him.

Section 10. Assistant Officers. Any Assistant Vice-President, Assistant Secretary or Assistant Treasurer appointed by the Board of Directors shall have power to perform, and shall perform, all duties incumbent upon a Vice-President, the Secretary or the Treasurer of the Company, respectively, subject to the general direction of such officers, and shall perform such other duties as the Bylaws may require or the Board of Directors may prescribe.

Section 11. Salaries. The salaries of the officers of the Company shall be fixed from time to time by the Board of Directors. No officer shall be prevented from receiving such salary or other compensation by reason of the fact that he is also a director of the Company.

Section 12. Bonds of Officers. The Board of Directors may secure the fidelity of any or all of such officers by bond or otherwise, in such terms and with such surety or sureties, conditions, penalties or securities as shall be required by the Board of Directors.

Section 13. Delegation. The Board of Directors may designate temporarily the powers and duties of any officer of the Company, in case of his absence or for any other reason, to any other officer, and may authorize the delegation by any officer of the Company of any of his powers and duties to any agent or employee subject to the general supervision of such officer.

## ARTICLE VII
## Capital Stock

Section 1. Certificates Representing Shares. Certificates representing shares of stock of the Company shall be in such form or forms as comply with the requirements of law and the Articles of Incorporation and as the Board of Directors shall approve. Such certificates shall be signed by the President or a Vice-President, and the Secretary or an Assistant Secretary of the Company and shall be sealed with the seal of the Company or a facsimile thereof.

The signatures of the President or Vice-President and the Secretary or Assistant Secretary may be facsimiles, engraved or printed, if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the Company itself or an employee of the Company. In case any officer or officers who have signed or whose facsimile signature or signatures have been placed upon such certificates shall have ceased to be such officer or officers before such certificate is issued, it may be adopted and issued by the Company with the same effect as if he or they had not ceased to be such officer or officers as of the date of its issuance, and issuance and delivery thereof by the Company shall constitute adoption thereof by the Company. The certificates shall be consecutively numbered and a record thereof shall be entered in the books of the Company as they are issued.

As long as the Company is authorized to issue shares of more than one class there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the Company will furnish to any shareholder upon request and without charge, a full or summary statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and, if the Company is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 2. Transfer Agent. The Board of Directors shall have the power to appoint one or more Transfer Agents and Registrars for the transfer and registration of certificates of stock of any class, and may require that stock certificates shall be countersigned and registered by one or more of such Transfer Agents and Registrars.

Section 3. Stock Ledger. The Secretary of the Company shall maintain, among other records, at the Company's principal place of business, an original or duplicate stock ledger containing the names and addresses of all shareholders and the number of shares of each class held by each shareholder.

Section 4. Transfer of Stock. The shares represented by any stock certificates of the Company are transferable only on the books of the Company by the holder of record thereof in person or by a duly authorized attorney or legal representative upon surrender of the certificate for

such shares properly endorsed or assigned. The Board of Directors may make such rules and regulations as it deems desirable or necessary concerning the issue, transfer and registration or replacement of stock certificates.

Section 5. Holder of Record. The Company shall be entitled to treat the holder of record of any share or shares of stock of the Company as the owner thereof for all purposes, and shall not be bound to recognize any equitable or other claim to, or interest in, such shares or any rights deriving from such shares on the part of any other person, including (but without limitation) a purchaser, assignee or transferee, unless and until such other person becomes the holder of record of such shares, whether or not the Company shall have either actual or constructive notice of the interest of such other person.

Section 6. Lost, Stolen or Destroyed Certificates. The Company may issue a new certificate for shares of stock in the place of any certificate therefore issued and alleged to have been lost, stolen or destroyed. The Board of Directors or the Transfer Agent may require the owner of such lost, stolen or destroyed certificate, or his legal representative, to furnish an affidavit as to such loss, theft, or destruction and to give a bond in such form and substance, and with such surety or sureties, with fixed or open penalty, as it may direct, to indemnify the Company, and the Transfer Agents and Registrars, against any claim made on account of the alleged loss, theft or destruction of such certificate. Any such new certificate shall be plainly marked "Duplicate" on its face.

Section 7. Fractional Shares. Only whole shares of the stock of the Company shall be issued. In case of any transaction by reason of which a fractional share might otherwise be issued, the Board of Directors, or the officers in the exercise of powers delegated by the Board of Directors, shall take such measures consistent with law, the Articles of Incorporation and these Bylaws, including (for example, and not by way of limitation), the payment in cash of any amount equal to the fair market value of any fractional share, as they deem proper to avoid the issuance of any fractional share.

## ARTICLE VIII
## Miscellaneous

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, of the

Company to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Company, and such authority may be general or confined to specific instances; and, unless so authorized by the Board of Directors or by these Bylaws, no officer, agent or employee shall have any power or authority to bind the Company by any contract or engagement, or to pledge its credit or to render it liable pecuniarily to any purpose or to any amount.

Section 2. Checks, Drafts, etc. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Company shall be in such form as shall from time to time be authorized pursuant to these Bylaws or by resolution of the Board of Directors.

Section 3. Depositories. All funds of the Company shall be deposited from time to time to the credit of the Company in such banks, trust companies, or other depositories as the Board of Directors may from time to time designate, upon such terms and conditions as shall be fixed by the Board of Directors. The Board of Directors may from time to time authorize the opening and keeping with any such depository as it may designate of general and special bank accounts, and may make such special rules and regulations with respect thereto, not inconsistent with the provisions of these Bylaws, as it may deem expedient.

Section 4. Dividends. The Board of Directors may declare, from the net profits or surplus of the Company, dividends upon its capital stock, payable at such time and for such amounts, in cash, in property or in shares of the capital stock, as they may determine in conformity with the Articles of Incorporation and the laws of Louisiana.

Section 5. Voting of Shares Owned by the Company. Unless otherwise ordered by the Board of Directors, the President or in his absence or inability to act, any Vice-President shall have full power and authority on behalf of the Company to attend and to vote and to grant proxies to be used at any meeting of shareholders of any corporation in which the Company may hold stock. The Board of Directors may confer like powers upon any other person or persons.

Section 6. Endorsement of Stock Certificates. Subject to the specific directions of the Board of Directors any share or shares of stock issued by any corporation and owned by the Company (including reacquired shares of the Company) may, for sale or transfer, be endorsed in the name

of the Company by the President or any Vice-President, and attested or witnessed by the Secretary or any Assistant Secretary either with or without affixing the Corporate Seal.

Section 7. Resignations. Any director or officer may resign at any time. Such resignations shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 8. Fidelity Bonds. The officers and employees of the Company shall in the discretion of the President or Board of Directors, give bonds for the faithful discharge of their respective duties in such form and for such amounts as may be directed.

## ARTICLE IX
## Indemnification of Directors and Officers

Section 1. Indemnification. (a) The Company shall indemnify any person who is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative, or investigative, including an action by or in the right of the Company, by reason of the fact that he is or was a director or officer of the Company, or is or was serving at the request of the Company as a director or officer of another corporation, partnership, joint venture, trust or other enterprise in which it owns shares of capital stock or other interests or which it is a creditor, against any expenses and costs, including, but not limited to, legal and accounting fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful; provided that no indemnification shall be made to any such person who is adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct in the performance of his duty to the Company.

(b) The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in

good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(c) The determination that any person is entitled to indemnification under subsection (a) shall be made (i) by a majority vote of a quorum of the Board of Directors consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable or a quorum of disinterested directors so elect, upon the written opinion of independent legal counsel or (iii) by the shareholders of the Company.

Section 2. Expenses. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Company to such person in advance of the final disposition of such action, suit or proceeding if authorized by the Board of Directors in the manner provided in subsection (c)(i) above upon receipt of any undertaking by or on behalf of such person to repay such amount in the event that it shall ultimately be determined that he is not entitled to indemnification by the Company as authorized by these Bylaws.

Section 3. Non-Exclusive Indemnity. The indemnification provided by these Bylaws shall not be deemed exclusive of any other right to indemnification to which such persons may be entitled under any law, charter or bylaw of the Company, agreement, authorization of the shareholders or disinterested directors or otherwise, whether as to action taken in his official capacity or as to action in any other capacity while holding such office, and such indemnification shall continue and inure to the benefit of persons who have ceased to be a director or officer and the heirs, executors and administrators of such a person.

Section 4. Insurance. The Board of Directors may from time to time on behalf of the Company purchase and maintain insurance on behalf of any person who is or was a director or officer of the Company, or is or was serving at the request of the Company as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or incurred by him in any such capacity, or arising out of his status as such, whether or not the Company would have the power to indemnify him against such liability under the provisions of this Bylaw.

## ARTICLE X
## Amendments

These Bylaws may be altered, amended, or repealed, or new Bylaws may be adopted, by a majority of the Board of Directors at any duly held meeting of directors or by the holders of a majority of the shares represented at any duly held meeting of shareholders; provided, that notice of such proposed action shall have been contained in the notice of any such meeting.

CRYSTAL OIL LOUISIANA, INC.

Consent of Directors in Lieu
of Organization Meeting

Pursuant to Section 12:81(C)(9) of the Business Corporation Law of the State of Louisiana, the undersigned, being all of the directors of Crystal Oil Louisiana, Inc., a Louisiana corporation (the "Company"), and in lieu of an organization meeting of directors, the call of which is hereby expressly waived, do hereby consent to the adoption of the following resolutions:

RESOLVED, that the form, terms and provisions of the Articles of Incorporation of the Company approved and filed in the office of the Secretary of State of the State of Louisiana on the 24th day of February, 1984, and a certified copy of which was recorded in the office of the Recorder of Mortgages of Caddo Parish, Louisiana, on the 9th day of April, 1984, are hereby in all respects approved, and that the Secretary is hereby instructed to file in the minute book of the Company a copy of the Certificate of Incorporation of the Company;

RESOLVED, that the by-laws attached hereto as Exhibit A are hereby adopted as the by-laws of the Company;

RESOLVED, that the following persons are hereby elected to the offices of the Company set before their respective names until their respective successors are elected and qualified or until their earlier resignation or removal:

| Name | Office |
|---|---|
| Robert F. Roberts | Chairman of the Board, President and Chief Executive Officer |
| Mark A. Roberts | Executive Vice President |
| Richard D. Miller | Senior Vice President |
| Sam J. Clinton | Senior Vice President |
| W. E. Warnock | Vice President-Engineering |
| Daniel Grubb | Vice President-Exploration |
| Joseph B. Boddie | Vice President-Corporate Affairs and Administration |
| James W. Renz | Vice President and Controller |
| L. G. Caskey | Secretary |
| Bryce Crider | Treasurer |
| Earl Etzel | Assistant Secretary |
| J. Ron Gordon | Assistant Vice President |
| L. D. Todd | Assistant Vice President |

RESOLVED, that the form of stock certificate representing shares of Common Stock of the Company attached hereto as Exhibit B is approved and adopted and that the Secretary is instructed to insert a specimen thereof in the minute book;

RESOLVED, that the seal, an impression of which is hereto affixed, is adopted as the corporate seal of the Company;

RESOLVED, that the proper officers are authorized and directed to open accounts in the name of the Company with Louisiana Bank & Trust Company and Bankers Trust Company;

RESOLVED, that the proper officers of the Company are authorized and directed to execute such signature cards and other documents in connection with such accounts as may be necessary or advisable;

RESOLVED, that the proper officers of the Company are authorized and directed to issue to Crystal Oil Company, a Maryland corporation, a certificate representing one share of common stock of the Company, $1.00 par value (the "Company Common Stock"), for $1,000;

RESOLVED, that of the $1,000 consideration received for the issuance of the foregoing share of the Company Common Stock, $1.00 is hereby allocated to the capital stock account and $999 is hereby allocated to the paid-in surplus account on the books of the Company;

RESOLVED, that the proper officer of the Company is hereby authorized to pay all fees and expenses incident to and necessary for the organization of the Company;

RESOLVED, that the fiscal year of the Company shall end on December 31 of each calendar year;

RESOLVED, that the authorized number of Directors constituting the whole Board of Directors of the corporation shall be six;

RESOLVED, that the president or a vice president and the secretary or assistant secretary of the Company are authorized and directed to execute the Certificate of Correction in the form attached hereto as Exhibit C, which corrects the Company's registered office to 229 Milam, Shreveport, Louisiana 71101;

RESOLVED, that the proper officers are authorized and directed to file the Certificate of Correction with the Secretary of State of the State of Louisiana;

RESOLVED, that the Board of Directors hereby deem the merger of the Company with Crystal Oil Company, a Maryland corporation, ("Crystal"), in the best interests of the Company and declare such merger to be advisable on the terms as set forth herein and in the Plan of Reorganization and Agreement of Merger as reviewed by the directors;

RESOLVED, that the form, terms and provisions of the Plan of Reorganization and Agreement of Merger (the "Agreement") attached hereto as Exhibit D to be entered into by the Company and Crystal, in the form before this meeting, providing for the merger of Crystal into the Company (the "Merger") and setting forth the terms and

conditions of said Merger and the mode of carrying the same into effect, are hereby in all respects approved; that the President or any Vice President is hereby authorized and directed, for and in the name and on behalf of the Company to execute and deliver agreements substantially in the form of the Agreement submitted to and approved at this meeting, with such changes therein or additions thereto as the executing officer, with advice of counsel, shall approve, such approval to be conclusively evidenced by such execution and delivery, and to cause the corporate seal of the Company to be affixed thereto and attested by the Secretary of the Company;

RESOLVED, that such Agreement be submitted to the stockholder of the Company in the manner required by law and the bylaws of the Company for approval;

RESOLVED, that upon approval of such Agreement by the stockholder of the Company in the manner required by law, (i) the President or any Vice President is hereby authorized and directed, for and in the name and on behalf of the Company to execute such Agreement and to cause the corporate seal to be affixed thereto and attested by the Secretary of the Company, (ii) the Secretary of the Company is hereby authorized and directed to certify on such Agreement, under the seal of the Company, the fact that at least two-thirds of the total number of the outstanding shares of common stock of the Company voted in favor of the adoption of such Agreement and file the Agreement with the Secretary of State of the State of Louisiana, and (iii) the President or any Vice President and the Secretary of the Company are hereby authorized and directed to execute and verify a Certificate or Articles of Merger in the form required by law and to file such Certificate or Articles of Merger with the Secretary of State of the State of Maryland;

RESOLVED, that the officers of the Company be, and each of them hereby is, authorized to cause to be issued for and in the name of the Company such number of shares of the Company Common Stock as may be issuable in exchange for

all of the outstanding shares of common stock, $1.00 par value, of Crystal in accordance with the terms of the Agreement, and that the authority of the transfer agents and registrars for the Company Common Stock be, and it hereby is, extended to include such number of shares of common stock, and upon the effective time of the Merger, such shares shall be deemed to be validly issued, fully paid and non-assessable and not issued in violation of any pre-emptive rights of any person;

RESOLVED, that the Company reserve, out of its authorized but unissued shares of Company Common Stock, such number of shares of Company Common Stock as may from time to time be issuable upon conversion of Crystal's outstanding 11 3/8% Convertible Subordinated Debentures due 2000 and its 9% Convertible Subordinated Debentures due 1991 and that the authority of the transfer agents and registrars for the Company Common Stock be, and it hereby is, extended to include such number of shares of common stock as may be issuable from time to time upon conversion of such convertible securities;

RESOLVED, that Republic Bank Dallas is appointed as Transfer Agent and Registrar of the Company Common Stock;

RESOLVED, that substitution application be made to the American Stock Exchange for the substitution listing of the Company Common Stock for the common stock, $1.00 par value, of Crystal and the substitution listing of the 12 5/8% Subordinated Debentures due June 15, 1990 of Crystal, the 11 3/8% Convertible Subordinated Debentures due 2000 of Crystal, the 13 3/4% Subordinated Debentures due July 15, 2000 of Crystal, the 9% Convertible Subordinated Debentures due 1991 of Crystal, the 12 5/8% Subordinated Debentures due December 15, 2001 of Crystal and the 14 7/8% Senior Subordinated Debentures due December 15, 1998 of Crystal for the Company's 12 5/8% Subordinated Debentures due June 15, 1990, the Company's 11 3/8% Convertible Subordinated Debentures due 2000, the Company's 13 3/4% Subordinated Debentures due July 15, 2000, the Company's 9% Convertible Subordinated Debentures

due 1991, the Company's 12 5/8% Subordinated Debentures due December 15, 2001 and the Company's 14 7/8% Senior Subordinated Debentures due December 15, 1998 (the "Company Debentures"), and that the President or any Vice President is hereby authorized and directed to sign said application and any listing agreements or documents required by said Exchange in connection therewith and to make such changes in any of same as may be necessary to conform with the requirements for listing, and to appear (if requested) before officials of said Exchange;

RESOLVED, that the President or any Vice President and the Secretary of the Company are authorized and directed to execute and deliver on behalf of the Company any supplemental indentures and other instruments and documents in order to succeed to and be substituted for Crystal with the same effect as if the Company had been named in the following indentures and the Company shall become liable and be bound for and shall expressly assume the due and punctual payment of the principal of and premium, if any, and interest on, and the performance and observance of each and every covenant and condition in connection with the Indenture dated as of June 15, 1978 between Crystal and Bankers Trust Company, Trustee relating to the 12 5/8% Subordinated Debentures due June 15, 1990 of Crystal, the Indenture dated as of April 15, 1980 between Crystal and Bankers Trust Company, Trustee relating to the 11 3/8% Convertible Subordinated Debentures due 2000 of Crystal, the Indenture dated as of July 15, 1980 between Crystal and Bankers Trust Company, Trustee relating to the 13 3/4% Subordinated Debentures due July 15, 2000 of Crystal, the Indenture dated as of May 1, 1981 between Crystal and First City National Bank of Houston, Trustee relating to the 9% Convertible Subordinated Debentures due 1991 of Crystal, the Indenture dated as of December 15, 1981 between Crystal and Bankers Trust Company, Trustee relating to the 12 5/8% Subordinated Debentures due December 15, 2001 of Crystal and the Indenture dated as of December 15, 1983 between Crystal and Bank of the Southwest National Association, Houston, Trustee relating

to the 14 7/8% Senior Subordinated Debentures due December 15, 1998 of Crystal, in order to implement and carry out the Merger, the execution of any such document and the taking of any such action to be conclusive evidence of the necessity or advisability thereof and the authorization hereunder;

RESOLVED, that the President or any Vice President and the Secretary are authorized and directed to execute such consents and amendments and other instruments and documents, and to take such other actions, as such officer deems necessary or advisable with respect to the Loan Agreements dated July 28, 1982, between Crystal and Bankers Trust Company or other agreements or mortgages in order to implement and carry out the Merger, the execution of any such document and the taking of any such action to be conclusive evidence of the necessity or advisability thereof and the authorization hereunder;

RESOLVED, that upon such adoption and execution of such Agreement, the proper officers of the Company are hereby authorized and directed to take all such steps and perform all such acts and things to effectuate and consummate such Agreement as may be provided by law or as may to them seem necessary or proper;

RESOLVED, in connection with the Merger, that it is desirable and in the best interest of the Company that the Company Common Stock and the Company Debentures be qualified or registered for sale in various states; that the President or any Vice President and the Secretary or any Assistant Secretary hereby are authorized to determine the states in which appropriate action shall be taken to qualify or register for sale all or such part of the securities of the Company as said officers may deem advisable; that said officers are hereby authorized to perform on behalf of the Company any and all such acts as they may deem necessary or advisable in order to comply with the applicable laws of any such states, and in connection therewith to execute and file all requisite papers and documents, including, but not limited to, applications, reports, surety bonds, irrevocable consents and appointments of attorneys for

service of process; and the execution by such officers of any such paper or document or the doing by them of any act in connection with the foregoing matters shall conclusively establish their authority therefor from the Company and the approval and ratification by the Company of the papers and documents so executed and the action so taken;

RESOLVED, that, in order to effectuate the foregoing resolutions, there shall be deemed to be adopted any 'haec verba' resolutions required by the authorities of the various jurisdictions as counsel shall advise are necessary, the form of such resolutions to be filed with the records of this meeting, and the Secretary or Assistant Secretary is authorized to certify the said resolutions as having been adopted 'in haec verba';

RESOLVED, that the Company hereby adopts effective simultaneously upon the Merger, the Crystal Oil Company Amended and Restated Pension Plan, as amended to date (the "Plan"), and further directs the amendment of the Plan as of the effective date of the adoption to substitute the name of the Company for that of Crystal, as set forth in that document entitled "Agreement for Adoption and Amendment of Crystal Oil Company Amended and Restated Pension Plan", it being intended that the Plan shall continue uninterrupted by such Merger and that there shall be no gap or lapse in time or effect in the transition thereof or in the maintenance of the Plan and Trust in their qualified and exempt status under the Internal Revenue Code of 1954, as amended (the "Code");

RESOLVED, that the Company contribute the full amount of the contribution to the Plan which is required under the terms of the Plan, within the time required by the terms of the Plan;

RESOLVED, that for the purpose of computing the limitations under Section 415 of the Code, the Company hereby elects as the limitation year for the Plan, the twelve (12) month period beginning on the first day of the Plan Year and

ending on the last day of that Plan Year, as that term is defined in the Plan from time to time;

RESOLVED, that the Company hereby elects to use the compensation accrued for an entire limitation year for purposes of applying the limitations of Section 415 for the Code; and

RESOLVED, that the proper officers of the Company are hereby authorized and directed to execute the Agreement for Adoption and Amendment of Crystal Oil Company Amended and Restated Pension Plan, to transfer the contribution required by the formula set out in the Plan to Louisiana Bank & Trust Company, as Trustee of the Plan, to execute such other documents and to do such other things as may be necessary or appropriate to make such adoption and amendment of the Plan effective, and to execute and deliver any such documents as may be required in order to secure the approval of the adoption and amendment by the Company of the Plan by the Internal Revenue Service as a qualified plan under Section 401 of the Code.

Dated as of the 6 day of April, 1984.

DIRECTORS:

Robert F. Roberts

Mark A. Roberts

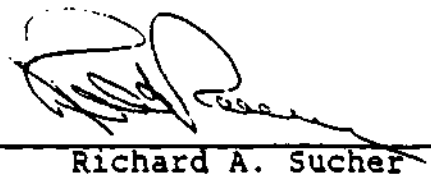
L. G. Caskey

RAM00822

Richard A. Sucher

R. Gordon Bader

James E. Hogle, Jr.



Richard A. Sucher

R. Gordon Bader

James E. Hogle, Jr.

RAM00824

UNITED STATES OF AMERICA

# State of Louisiana

## James H. "Jim" Brown

SECRETARY OF STATE

*As Secretary of State, of the State of Louisiana, I do hereby Certify that*

a Certificate of Correction to the Initial Report of CRYSTAL OIL LOUISIANA, INC., was filed in this Office on April 19, 1984, in the Records of Charter Book 341, indicating that the registered office should read Shreveport, Louisiana, in replacement of New Orleans, Louisiana, originally appearing therein through error.

*In testimony whereof, I have hereunto set my hand and caused the Seal of my Office to be affixed at the City of Baton Rouge on,*
April 19, 1984.

Jim Brown

*Secretary of State*

STATE OF LOUISIANA · SECRETARY OF STATE ·

RAM00825

CERTIFICATE SS 102 S (R 3/80)

# UNITED STATES OF AMERICA

# State of Louisiana

## James H. "Jim" Brown

SECRETARY OF STATE

*As Secretary of State, of the State of Louisiana, I do hereby Certify that*

the attached is a multiple original of the instrument on file in this office.

*In testimony whereof, I have hereunto set my hand and caused the Seal of my Office to be affixed at the City of Baton Rouge on,*
April 19, 1984.

Jim Brown

*Secretary of State*

STATE OF LOUISIANA — UNION, JUSTICE AND CONFIDENCE — SECRETARY OF STATE

CERTIFICATE OF CORRECTION

Pursuant to Section 12:35 of the Louisiana Business Corporation Law, Crystal Oil Louisiana, Inc., a Louisiana corporation, hereby corrects the Initial Report by Domestic Corporations filed with the Secretary of State of the State of Louisiana on February 24, 1984 as follows;

The location and post office address of its registered office is 229 Milam, P. O. Box 21101, Shreveport, Louisiana 71120.

Dated as of the 6 day of April, 1984.

CRYSTAL OIL LOUISIANA, INC.

By _____
Robert F. Roberts, Chairman of the Board, President and Chief Executive Officer

By _____
L. G. Caskey, Secretary

THE STATE OF LOUISIANA

PARISH OF CADDO

BEFORE ME, the undersigned authority, on this day personally appeared Robert F. Roberts, Chairman of the Board, President and Chief Executive Officer of Crystal Oil Louisiana, Inc., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 6th day of April, 1984.

Carla Virginia Bryant
Notary Public for the
State of Louisiana

My Commission Expires: At Death

RAM00828

CRYSTAL OIL LOUISIANA, INC.

Consent of Directors in Lieu
of Special Meeting

Pursuant to Section 12:81(c)(9) of the Business Corporation Law of the State of Louisiana, the undersigned, being all of the directors of Crystal Oil Louisiana, Inc. a Louisiana corporation (the "Company"), and in lieu of a meeting of directors, the call of which is hereby expressly waived, do hereby consent to the adoption of the following resolutions:

> RESOLVED, that for the purpose of authorizing the Company to transact business in Alabama, Arkansas, Colorado, Florida, Illinois, Indiana, Kansas, Kentucky, Michigan, Mississippi, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Utah and Wyoming, and in any other state, territory or dependency of the United States or any foreign country in which it is necessary or expedient for the Company to transact business, the proper officers of the Company are hereby authorized to appoint and substitute all necessary agents or attorneys for service of process, to designate and change the location of all necessary statutory offices and, under the corporate seal or otherwise, to make and file all necessary certificates, reports, powers of attorney and other instruments as may be required by the laws of such state, territory, dependency or country to authorize the Company to transact business therein and, whenever it is expedient for the Company to cease doing business therein and withdraw therefrom, to revoke any appointment of agent or attorney for service of process, and to file such certificates, reports, revocation of appointment or surrender of authority as may be necessary to terminate the authority of the Company to do business in any such state, territory, dependency or country;

RESOLVED, that the Board of Directors consents that service of process upon the registered agent of the Company in Arkansas, or upon the Secretary of State of Arkansas, in any action brought or pending in Arkansas, shall be a valid service upon the Company;

RESOLVED, that the President and Secretary shall certify to a copy of this resolution and file same with the Secretary of State of the State of Arkansas;

RESOLVED, that the President or any Vice President and Secretary or an Assistant Secretary of the Company be and they are hereby authorized and instructed to execute, in the manner provided in Kansas Statutes Annotated Section 17-7301 and all acts amendatory thereto, the Company's written consent to be sued in the State of Kansas;

RESOLVED, that CT Corporation System, 118 North Congress Street, Jackson, Mississippi 39205 be and it hereby is designated and appointed registered agent of the Company in the State of Mississippi upon whom service of process against the Company may be had in the event of any suit against the Company in Mississippi; that all prior designations and appointments of registered agents be and the same are hereby revoked; that 118 North Congress Street, c/o CT Corporation System, Jackson, Mississippi 39205 be and hereby is designated as the registered office; and that the address of its registered office and the address of the business office of its registered agent, will be identical;

RESOLVED, that the officers of the Company are hereby further authorized, for and in the name of and on behalf of the Company, to file all necessary documents, to incur all necessary expenses therefor and to take all such further action and to incur all such further expenses as may be necessary and proper to carry out the intent of the foregoing resolutions;

RESOLVED, that the form, terms and conditions of the First Supplemental Indentures attached hereto as Exhibit A with respect to the

following Indentures are hereby approved:

(i) Indenture dated as of June 15, 1978, between the Company and Bankers Trust Company with respect to 12 5/8% Subordinated Debentures due June 15, 1990;

(ii) Indenture dated as of April 15, 1980, between the Company and Bankers Trust Company with respect to 11 3/8% Convertible Subordinated Debentures due 2000;

(iii) Indenture dated as of July 15, 1980, between the Company and Bankers Trust Company with respect to 13 3/4% Subordinated Debentures due July 15, 2000;

(iv) Indenture dated as of December 15, 1981, between the Company and Bankers Trust Company with respect to 12 5/8% Subordinated Debentures due December 15, 2000;

(v) Indenture dated as of December 15, 1983, between the Company and Bank of the Southwest National Association, Houston with respect to 14 7/8% Senior Subordinated Debentures due December 15, 1998; and

(vi) Indenture dated as of May 1, 1981, between the Company and First City National Bank of Houston with respect to 9% Convertible Subordinated Debentures due 1991;

RESOLVED, that the proper officers of the Company are hereby authorized and directed, for and in the name and on behalf of the Company to execute and deliver the First Supplemental Indentures substantially in the forms submitted to and approved at this meeting, with such changes therein or additions thereto as the executing officer, with advice of counsel, shall approve, such approval to be conclusively evidenced by such execution and delivery, and to cause the corporate seal of the Company to be affixed thereto and attested by the Secretary of the Company;

RESOLVED, that Bankers Trust Company is designated as the officer or agency for presentations, demands, etc., and as paying agent and

Registrar of the following debentures to be effective upon the merger of Crystal Oil Company into the Company: (i) 12 5/8% Subordinated Debentures due June 15, 1990; (ii) 11 3/8% Convertible Subordinated Debentures due 2000; (iii) 13 3/4% Subordinated Debentures due July 15, 2000; (iv) 12 5/8% Subordinated Debentures due December 15, 2000, and is authorized to sign an agreement with the American Stock Exchange to notify it of issuances, and, if necessary, the termination of services as transfer agent of the Company's Debentures;

RESOLVED, that Bank of the Southwest National Association, Trustee is designated as the office or agency for presentations, demands, etc., and as paying agent and Registrar for the 14 7/8% Senior Subordinated Debentures due 1998, and is authorized to sign an agreement with the American Stock Exchange to notify it of issuances, and, if necessary, the termination of services as transfer agent of the Company's 14 7/8% Senior Subordinated Debentures due 1998.

RESOLVED, that First City National Bank of Houston is designated as the office or agency for presentations, demands, etc., and as paying agent and Registrar for the 9% Convertible Subordinated Debentures due 1991 and is authorized to sign an agreement with the American Stock Exchange to notify it of issuances, and, if necessary, the termination of services as transfer agent of the Company's 9% Convertible Subordinated Debentures due 1991.

DATED as of the 2nd day of May, 1984.

DIRECTORS:

Robert F. Roberts

Mark A. Roberts

L. G. Caskey

James E. Hogle, Jr.

R. Gordon Bader

Richard H. Sucher



RAM00833

CRYSTAL OIL LOUISIANA, INC.

Consent of Sole Shareholder

Pursuant to Section 12:76 of the Louisiana Business Corporation Law, the undersigned, being the sole shareholder of Crystal Oil Louisiana, Inc., a Louisiana corporation (the "Company") does hereby consent to the adoption of the following resolutions:

> RESOLVED, that the form, terms and provisions of the Plan of Reorganization and Agreement of Merger attached hereto as Exhibit A providing for the merger of Crystal Oil Company, a Maryland corporation ("Crystal") into the Company, a Louisiana corporation and wholly owned subsidiary of Crystal, and the conversion of each share of Crystal Common Stock, $1.00 par value, into one share of the Company's Common Stock, $1.00 par value, are hereby approved and adopted; and
>
> RESOLVED, that the proper officers of the Company be, and they hereby are, authorized to take any and all actions and to execute, acknowledge and deliver any and all instruments and documents, under the corporate seal of the Company or otherwise, as they may, in their sole discretion, deem necessary or desirable in order to give effect to the purpose and intent of the foregoing resolution.

Dated as of this 2nd day of May, 1984.

SOLE SHAREHOLDER:

CRYSTAL OIL COMPANY

By: _____
Robert F. Roberts, Chairman of the Board, President and Chief Executive Officer

COPYRIGHT 1930 BY
DWIGHT & M. H. JACKSON
CHICAGO
PATENT PENDING

JT 1334

FOR PENALTY SEE REVERSE SIDE BEFORE SIGNING TRANSFER

INCORPORATED UNDER THE LAWS OF THE STATE OF

LOUISIANA

NUMBER
-1-

SHARES
1,000

# CRYSTAL OIL LOUISIANA, INC.

AUTHORIZED CAPITAL 35,000,000 SHARES $1.00 PAR VALUE

This Certifies That Crystal Oil Company is the owner of

----One Thousand---------- fully paid and non-assessable

SHARES OF THE CAPITAL STOCK OF Crystal Oil Louisiana, Inc.

transferable on the books of the Corporation in person or by duly authorized Attorney upon surrender of this Certificate properly endorsed.

In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and sealed with the Seal of the Corporation.

this _____ day of April A. D. 19 84

L.G. Caskey SECRETARY

Robert F. Roberts PRESIDENT

THOUSANDS
0 1 2
3 4 5
HUNDREDS
1 1 1
2 2 2
3 3 3
4 4 4
5 5 5
6 6 6
7 7 7
8 8
9 9 9
0 0 0
CHECK

RAM00835

DWIGHT & M. H. JACKSON
CHICAGO
CORPORATION SUPPLIES

For Value Received, hereby sell, assign and transfer unto

_____ Shares

represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney

to transfer the said Shares on the books of the within named Corporation with full power of substitution in the premises.

Dated _____ 19____

In presence of

_____ _____

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE, IN EVERY PARTICULAR WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER

# RESTRICTIONS

"The shares represented by this certificate have not been registered under the Securities Act of 1933. The shares have been acquired for investment and may not be sold, transferred, pledged or hypothecated in the absence of an effective registration statement for the shares under the Securities Act of 1933 or an opinion of counsel satisfactory to the Company that registration is not required under the Act.

THIS SPACE IS NOT TO BE COVERED IN ANY WAY

RAM00836

CRYSTAL OIL COMPANY

BOARD OF DIRECTORS

SPECIAL MEETING

FEBRUARY 22, 1984

9:00 a.m.

A Special Meeting of the Board of Directors of Crystal Oil Company was held at 9:00 a.m. on Wednesday, February 22, 1984, at the offices of the Company, 400 Crystal Building, Shreveport, Louisiana, pursuant to written notice to all Directors. Mr. Robert F. Roberts, Chairman of the Company, served as chairman of the meeting and Mr. L. G. Caskey, Corporate Secretary, served as Secretary of the meeting. Present were Mr. R. Gordon Bader, Mr. James E. Hogle, Jr., Mr. Mark A. Roberts, and Mr. Richard H. Sucher, constituting a quorum for the transaction of business.

Mr. Robert F. Roberts noted the presence of a quorum and called the meeting to order at 9:00 a.m. Central Standard Time.

Approval of minutes of Prior Meetings

The Chairman stated that the first order of business was the approval of the minutes of the Board meeting of December 14, 1983, and the Unanimous Consents dated January 3, 1984, and two Consents dated February 1, 1984. A copy of these documents was enclosed in each Director's packet.

After discussion, upon the motion of R. Gordon Bader and the second of L. G. Caskey, the following resolution was unanimously adopted:

> RESOLVED, that the minutes of the meeting of December 14, 1983, and the Unanimous Consents dated January 3, 1984, and the two Consents dated February 1, 1984, are hereby approved and ratified and ordered filed with the Minutes of the Board of Directors Meeting.

Amend By-Laws and set date for Annual Meeting of Stockholders

The Chairman next discussed the issue associated with the reincorporation of the Company in the State of Louisiana and the need to amend the By-Laws to permit the Annual meeting of Stockholders to be held on April 27, 1984. He



RAM00837

also stated that the attorneys had studied of this matter and had prepared the following resolutions for the Board to consider in setting date for such Annual meeting and the related action for such meeting.

After discussion, upon motion by R. Gordon Bader and the second of James E. Hogle, the following resolutions were unanimously adopted:

Amendment to By-Laws

RESOLVED, Article III, Section 2 of the By-laws of the Company is hereby amended to read as follows:

"Section 2. Annual Meetings. An annual meeting of the stockholders of the Company shall be held each year within 31 days of the fourth Friday of April each year (or if that be a legal holiday, then on the next business day) between the hours of 9:00 a.m. and 4:00 p.m. for the election of directors and for the transaction of such other business as may be brought before the meeting. Failure to hold any annual meeting or meetings shall not work a forfeiture or dissolution of the Company."

Designation of Place, Time, and Date for 1984 Annual Meeting of Stockholders

RESOLVED, that the Annual Meeting of Stockholders of the Company for the year 1984 be held at the Regency Motor Hotel, Shreveport, Louisiana, or such other location in Shreveport, Louisiana, as may be selected by the President in his sole discretion; such meeting to be held on Friday, April 27, 1984, at 10:00 a.m., Shreveport Time; that the stockholders of record at the close of business on March 14, 1984, will be entitled to notice of and to vote at the 1984 Annual Meeting of Stockholders of the Company; and

RESOLVED FURTHER, that the Secretary is hereby authorized and directed to serve notice to the RepublicBank of Dallas, National Association, the transfer agent for the Company, the American Stock Exchange, and the Securities and Exchange Commission of the 1984 Annual Meeting of Stockholders.

Authorization for the Preparation of Proxy Material and the Mailings to Stockholders

RESOLVED, that the officers of the Company are hereby authorized and directed to prepare or to cause to be prepared and mailed to each stockholder of record at the close of business on March 14, 1984, an appropriate Notice of the 1984 Annual Meeting of Stockholders, Proxy Statement, Form of Proxy, and 1983 Annual Report, and such further communications to said stockholders that said officers upon the advice of counsel may approve.

RESOLVED FURTHER, that the officers of the Company are hereby authorized to instruct the Secretary to file such Notice of the 1984 Annual Meeting of Stockholders, Proxy Statement, and Form of Proxy with the American Stock Exchange and the Securities and Exchange Commission.

Designation of Persons To Be Named in Proxy and Appointment of Inspectors for 1984 Annual Meeting of Stockholders

RESOLVED, that Mr. Robert F. Roberts and R. Gordon Bader, or either of them, are herby designated as persons to be named as proxies in the form of Proxy to be prepared and mailed to stockholders of record at the close of business on March 14, 1984, and that William E. Warnock, Jr. and L. D. Todd be appointed as Inspectors of Election at the 1984 Annual Meeting of



RAM00838

Stockholders of the Company, with the authority to tabulate votes and subscribe to such affidavits at such meeting as may be required.

Adoption of Slate of Nominees for Director of the Company

RESOLVED, that the following names be submitted as nominees for director of the Company at the 1984 Annual Meeting of Stockholders such nominees to hold office until the 1985 Annual Meeting of Stockholders and until their successors shall have been duly elected and qualified:

Robert F. Roberts
Mark A. Roberts
R. Gordon Bader
L. G. Caskey
James E. Hogle, Jr.
Richard H. Sucher

Appointment of Auditors for 1984

RESOLVED, that the recommendation of the audit committee selecting Touche Ross & Co. as independent auditors of the Company for the year 1984 is hereby adopted by this Board of Directors, and that such appointment be submitted to the stockholders of the Company at the 1984 Annual Meeting of Stockholders for ratification.

Reincorporation

RESOLVED, that the Board of Directors hereby deem the reincorporation of the Company into the State of Louisiana in the best interests of the Company and declare such reincorporation to be advisable on the terms as set forth herein and in the Plan of Reorganization and Agreement of Merger as reviewed by the directors;

RESOLVED, that the form, terms and provisions of the Plan of Reorganization and Agreement of Merger (the "Agreement") attached hereto as Exhibit A to be entered into by the Company and Crystal Oil Louisiana, Inc., a Louisiana corporation and wholly owned subsidiary of the Company ("Crystal Louisiana"), in the form before this meeting, providing for the merger of the Company into Crystal Louisiana (the "Merger") and setting forth the terms and conditions of said Merger and the mode of carrying the same into effect, are hereby in all respects approved; that the President or any Vice President is hereby authorized and directed, for and in the name and on behalf of the Company to execute and deliver agreements substantially in the form of the Agreement submitted to and approved at this meeting, with such changes therein or additions thereto as the executing officer, with advice of counsel, shall approve, such approval to be conclusively evidenced by such execution and delivery; and to cause the corporate seal of the Company to be affixed thereto and attested by the Secretary of the Company;

RESOLVED, that such Agreement be submitted to the stockholders of the Company in the manner required by law and the bylaws of the Company for approval at the next Annual Meeting of Stockholders and that the Proxy Statement to be submitted to the stockholders prior to the meeting to include such proposal;

RESOLVED, that upon approval of such Agreement by the stockholders of the Company in the manner required by law, (i) the President or any Vice President is hereby authorized and directed, for and in the name and on behalf of the Company to execute such Agreement and to cause the corporate seal to be affixed thereto and attested by the Secretary of the Company, (ii) the Secretary of the Company is hereby authorized and directed to certify on such Agreement, under the seal of the Company, the fact that at least two-thirds of the total number of the outstanding shares of common stock of the Company voted



RAM00839

in favor of the adoption of such Agreement and file Articles of Merger with the Secretary of State of the State of Louisiana, and (iii) the President or any Vice President and the Secretary of the Company are hereby authorized and directed to execute and verify a Certificate or Articles of Merger in the form required by law and to file such Certificate or Articles of Merger with the Secretary of State of the State of Maryland;

RESOLVED, that substitution application be made to the American Stock Exchange for the substitution listing of the common stock, $1.00 par value, of Crystal Louisiana for the common stock, $1.00 par value, of the Company and that the President or any Vice President is hereby authorized and directed to sign said application and any listing agreements or documents required by said Exchange in connection therewith and to make such changes in any of same as may be necessary to conform with the requirements for listing, and to appear (if requested) before officials of said Exchange;

RESOLVED, that the President or any Vice President and the Secretary of the Company are authorized and directed to execute and deliver on behalf of the Company any supplemental indentures and other instruments and documents in connection with the outstanding debentures of the Company in order to implement and carry out the Merger, the execution of any such document and the taking of any such action to be conclusive evidence of the necessity or advisability thereof the authorization hereunder;

RESOLVED, that the President or any Vice President and the Secretary are authorized and directed to execute such consents and other instruments and documents, and to take such other actions, as such officer deems necessary or advisable with respect to the Company's loan agreements or other agreements in order to implement and carry out the Merger, the execution of any such document and the taking of any such action to be conclusive evidence of the necessity or advisability thereof and the authorization hereunder;

RESOLVED, that upon such adoption and execution of such Agreement, the proper officers of the Company are hereby authorized and directed to take all such steps and perform all such acts and things to effectuate and consummate such Agreement as may be provided by law or as may to them seem necessary or proper;

Approval for Authority for Expenditures (AFE)

The Chairman then stated that it was necessary to consider the approval of the following AFEs on behalf of the Company:

Arkana Field, Bossier Parish, Louisiana

(1) Barnett J #1, AFE #31174, $1,437,713; 87.5% W. I.; 10,900 feet, Smackover

(2) Covington B #1, AFE #40044; $1,235,368; 75.3733% W. I.; 11,000 feet, Smackover

(3) Geaslin B #1; AFE #31134, Supplement #1; $1,439,065; 90.62125% W. I. This AFE required to revise the original objective from Pettet to Haynesville; 11,000 feet; (includes $395,675 from original AFE)

(4) IPCO V #1 Alternate; AFE #40010; $1,189,132; 72.15606% W. I.; 11,000 feet, Haynesville

Carterville Field, Webster Parish, Louisiana

(1) Holland #1, AFE #40110; $1,610,063; 96.875% W. I.; 11,200 feet, Smackover



RAM00840

(2) IRCO U #1; AFE #31133; $1,646,000; 100% W. I.; 10,900 feet, Smackover

(3) Waller Estate #1, AFE 40041; $1,[illegible]7.125; 96.875% W. I.; 11,000 feet, Haynesville and Smackover

North Shongaloo-Red Rock, Webster Parish, Louisiana

(1) Turner A #1; AFE #40109; $1,913,863; 96.875% W. I.; 11,450 feet, Smackover

Springhill Field, Webster Parish, Louisiana

(1) Timmons #1, AFE #40165; $1,217,000; 100% W. I.; 11,200 feet, re-enter and complete in the Smackover

Vernon Field, Jackson Parish, Louisiana

(1) Davis Bros M #1, AFE #31175; $4,407,000; 100% W. I.; 14,000 feet, Lower Cotton Valley

(2) Robinson #1; AFE #40145; $4,991,766; 98.4375% W. I.; 14,000 feet, Lower Cotton Valley

(3) Wilson #1, AFE #40148; $4,285,313; 93.75% W. I.; 14,000 feet, Cotton Valley

After discussion, upon the motion of Richard Sucher and the second of Mark A. Roberts, the following resolution was unanimously adopted:

> RESOLVED, that Authority for Expenditure numbers 31174, 40044, 31134, 40010, 40110, 31133, 40041, 40109, 40165, 31175, 40145, and 40148 are hereby approved and ratified and that the appropriate officers are hereby authorized to take whatever actions shall be needed to make such expenditures.

Authorization of Entrants to Incentive Bonus Plan

The Chairman stated that the next item on the agenda was the approval of two entrants to the Incentive Bonus Plan. Mr. Roberts stated that the individuals named in the resolution had become eligible for inclusion.

After discussion, upon the motion of James E. Hogle and the second of Mark A. Roberts the following resolution was unanimously adopted:

> RESOLVED, that the employees named below in the table are hereby elected to participate in the Incentive Bonus Plan effective with the date as set forth opposite his name.

| Name | Title | Salary | Date Eligible to Participate |
|---|---|---|---|
| Richard S. Power | Energy Management Engineer | $36,000 | 02/09/84 |
| Carl Boetticher | Tax Coordinator | $40,000 | 02/15/84 |

Approval of the Recommendations of the Compensation Committee with Respect to the Incentive Bonus Plan

The Chairman then stated that it was appropriate to approve the recommendations of the Compensation Committee and authorize the payments



RAM00841

under the Incentive Bonus Plan for the year 1984 and to approve for payment installments under the Plan.

After discussion, upon the motion of R. Gordon Bader and the second of Ricard Sucher, it was:

> RESOLVED, that the payments recommended by the Compensation Committee aggregating approximately $1,090,000 pursuant to the terms of the Incentive Bonus Plan payable to certain approved eligible participants in the Incentive Bonus Plan in four equal payments except no payment will be made to any participant not in the employ of Crystal on the payment dates on or before March 1, 1984, June 1, 1984, August 31, 1984 and November 30, 1984, are hereby ratified and approved for all purposes.

Confirmation of book values of Longview and Adobe Refineries

The Chairman stated that it is now appropriate for the Board to confirm that the officers of the Company are continuously monitoring the alternatives in the best interest of the Company with respect to the Longview, Texas refinery and the LaBlanca, Texas refinery and to confirm the book values of such refineries.

After discussion, upon motion of R. Gordon Bader and the second of Mark A. Roberts, the following resolutions were unanimously adopted:

> WHEREAS, Crystal Oil Company, a Maryland corporation (the "Company"), owns a refinery located at Longview, Texas; and
>
> WHEREAS, the officers of the Company have been continuously monitoring the economic environment in the refinery industry and are presently evaluating various alternatives concerning the Longview, Texas refinery operation, including but not limited to the continuance of maintaining the refinery as a temporarily closed facility, evaluation of uses of the facility, and the possible sale of this refinery property owned by the Company; and
>
> WHEREAS, the Directors of the Company have given careful consideration of the question of the advisability of such alternatives and deem such alternatives to be in the best interest of the Company and have further concluded that the Longview, Texas refinery is not a permanently abandoned facility;
>
> RESOLVED THEREFORE, it is the Company's intention to continue considering the above alternatives, however, if the alternative of selling the Longview, Texas refinery is determined to be in the best interest of the Company, it will be sold for an aggregate consideration of not significantly less than the approximate book value covering the sale of all property, plant, equipment, inventories, and other assets owned by, or related to, the refinery on the effective date of the sale. (Approximately $29,000,000)
>
> WHEREAS, the Company owns a refinery at LaBlanca, Texas; and
>
> WHEREAS, the officers of the Company have concluded, based on present regulatory and economic conditions, that the LaBlanca, Texas refinery should be held for resale; and



RAM00842

WHEREAS, the Directors of the Company have given careful consideration to such matters and deem it to be in the best interest of the Company;

RESOLVED THEREFORE, it is the Company's intention to continue seeking buyers for the LaBlanca, Texas refinery and that such refinery will not be sold for an aggregate consideration of significantly less than the approximate book value covering the sale of all property, plant, equipment, inventories, and other assets owned by, or related to, the refinery on the effective date of the sale. (Approximately $3,900,000)

Acceptance of Resignation of Mr. James W. Doyal

The Chairman then stated that the next item on the agenda was the consideration of the resignation of Mr. James W. Doyal, as Vice President, Government and Regulatory Affairs.

After discussion, upon the motion of R. Gordon Bader and the second of James E. Hogle, the following resolution was unanimously adopted:

RESOLVED, that the resignation of James W. Doyal, as Vice President of Government and Regulatory Affairs, effective February 3, 1984, be and it hereby is accepted.

Ratify Settlement of Gulfstream Petroleum Corporation Litigation

The Chairman stated the next item of business was to ratify the action of the Officers of the Company in the out-of-court settlement of The Gulfstream Petroleum Corporation litigation.

After discussion, upon the motion of Richard Sucher and the second of James E. Hogle, the following resolutions were unanimously adopted:

RESOLVED, that the action of the Officers in negotiating the out-of-court settlement of the Gulfstream Petroleum Corporation litigation for an aggregate sum of $2,107,532.16 is hereby in all respects ratified, confirmed and accepted.

FURTHER RESOLVED, that the appropriate officers are hereby authorized and directed to execute any and all documents, upon the advice of counsel, to effectuate and consumate such settlement.

Ratify the Action of the Officers in Bidding on Amoco's Tensas Parish, Louisiana leasehold

The Chairman stated that the next item of buisness was to ratify the action of the officers in their successful bid of Amoco's leasehold interest in the Pecan Landing, North Newlight Field, Tensas Parish, Louisiana. The producing oil wells earned by this successful bid are:

| Amoco Wells | Working Interest | Royalty Interest | Daily Oil Production |
|---|---|---|---|
| Chicago Mill C-1 | 1.00 | .775 | 12 |
| Chicago Mill C-3 | 1.00 | .775 | 12 |
| Chicago Mill B-2 | 1.00 | .775 | 24 |
| Prather #1 | 1.00 | .8008 | 31 |



RAM00843

| Guaranty Wells | Working Interest | Royalty Interest | Daily Oil Production |
|---|---|---|---|
| Chicago Mill #1 | .30 | .2325 | 86 |
| Chicago Mill #2* | | | |
| Chicago Mill #3* | | | |

* Amoco holds a 2.5% ORI with the option to convert to a 30% WI at payout.

After discussion, upon the motion of R. Gordon Bader, and the second of Richard Sucher, the following resolution was unanimously adopted:

> RESOLVED, that the bid solicited by Amoco and submitted for and on behalf of Crystal Oil Company for four 100% working interest operating oil wells and one 30% working interest oil well, and present and contingent non-operating interests in producing and held by production leaseholds in Tensas Parish, Louisiana, for $1,077,000 is hereby in all respects ratified, confirmed, and accepted.

Declaration of the 39th Cash Dividend

The Chairman stated that the next order of business was to declare the 39th cash dividend on the common stock of the Company.

After discussion, upon the motion of James E. Hogle and the second of R. Gordon Bader the following resolution was unanimously adopted:

> RESOLVED, that a quarterly cash dividend in the amount of $.09 per share is hereby declared on the outstanding common stock of the Company, payable on April 5, 1984, to holders of record on March 22, 1984.

The Chairman asked if there was any further business to come before the meeting. There being no further business, the meeting was adjourned at 10:25 a.m.

L. G. Caskey, Secretary
Crystal Oil Company



RAM00844

CRYSTAL OIL COMPANY

UNANIMOUS CONSENT OF DIRECTORS

We, the undersigned, being all of the Directors of Crystal Oil Company, a Maryland corporation, acting herein in writing pursuant to Section 2-408 of the Maryland Corporations Code, do hereby adopt the following resolutions by unanimous consent:

> WHEREAS, the Board of Directors at a meeting held on February 22, 1984, selected Friday, April 29, 1984, as the date of the 1984 Annual Meeting of Stockholders of the Company; and
>
> WHEREAS, the Board of Directors deem it in the best interest of the Company to change such date, be it
>
> RESOLVED, that the Annual Meeting of Stockholders of the Company for the year 1984 be held on Friday, May 4, 1984, at 10 a.m., Shreveport, Louisiana time; and
>
> RESOLVED, that the Secretary is hereby authorized and directed to serve notice to RepublicBank Dallas, National Association, the transfer agent of the Company, the American Stock Exchange and the Securities and Exchange Commission of the 1984 Annual Meeting of Stockholders.

IN WITNESS WHEREOF, the undersigned have executed this Consent, which will be effective as of February 24, 1984, regardless of whether any part is signed before or after such date.

Robert F. Roberts

Mark A. Roberts

R. Gordon Bader

L. G. Caskey

James E. Hogle, Jr.

Richard H. Sucher

CRYSTAL OIL COMPANY

UNANIMOUS CONSENT OF DIRECTORS

We, the undersigned, being all of the Directors of Crystal Oil Company, a Maryland corporation, acting herein in writing pursuant to Section 2-408 of the Maryland Corporations Code, do hereby adopt the following resolutions by unanimous consent:

> WHEREAS, the Board of Directors at a meeting held on February 22, 1984, selected Friday, April 29, 1984, as the date of the 1984 Annual Meeting of Stockholders of the Company; and
>
> WHEREAS, the Board of Directors deem it in the best interest of the Company to change such date, be it
>
> RESOLVED, that the Annual Meeting of Stockholders of the Company for the year 1984 be held on Friday, May 4, 1984, at 10 a.m., Shreveport, Louisiana time; and
>
> RESOLVED, that the Secretary is hereby authorized and directed to serve notice to RepublicBank Dallas, National Association, the transfer agent of the Company, the American Stock Exchange and the Securities and Exchange Commission of the 1984 Annual Meeting of Stockholders.

IN WITNESS WHEREOF, the undersigned have executed this Consent, which will be effective as of February 24, 1984, regardless of whether any part is signed before or after such date.

| | |
|---|---|
| Robert F. Roberts | Mark A. Roberts |
| R. Gordon Bader | L. G. Caskey |
| James E. Hogle, Jr. | Richard H. Sucher |

CRYSTAL OIL COMPANY

UNANIMOUS CONSENT OF DIRECTORS

We, the undersigned, being all of the Directors of Crystal Oil Company, a Maryland corporation, acting herein in writing pursuant to Section 2-408 of the Maryland Corporations Code, do hereby adopt the following resolutions by unanimous consent:

> WHEREAS, the Board of Directors at a meeting held on February 22, 1984, selected Friday, April 29, 1984, as the date of the 1984 Annual Meeting of Stockholders of the Company; and
>
> WHEREAS, the Board of Directors deem it in the best interest of the Company to change such date, be it
>
> RESOLVED, that the Annual Meeting of Stockholders of the Company for the year 1984 be held on Friday, May 4, 1984, at 10 a.m., Shreveport, Louisiana time; and
>
> RESOLVED, that the Secretary is hereby authorized and directed to serve notice to RepublicBank Dallas, National Association, the transfer agent of the Company, the American Stock Exchange and the Securities and Exchange Commission of the 1984 Annual Meeting of Stockholders.

IN WITNESS WHEREOF, the undersigned have executed this Consent, which will be effective as of February 24, 1984, regardless of whether any part is signed before or after such date.

Robert F. Roberts

Mark A. Roberts

R. Gordon Bader

L. G. Caskey

James E. Hogle, Jr.

Richard H. Sucher

CRYSTAL OIL COMPANY

SECRETARY'S CERTIFICATE

The undersigned, L. G. Caskey, Corporate Secretary of CRYSTAL OIL COMPANY (the "Company"), a Maryland corporation, does hereby certify that the following is a true and correct copy of a resolution of the 1984 Annual Meeting of Stockholders of the Company as the same appears in the Minute Book of the Company, duly adopted by more than two-thirds vote of the shareholders, dated May 4, 1984, and this resolution remains in full force and effect as of the date hereof and has not been amended, repealed, modified, or rescinded in any manner whatsoever:

> RESOLVED, that the form, terms and provisions of the Plan of Reorganization and Agreement of Merger attached hereto as Exhibit A providing for the merger of Crystal Oil Company, a Maryland corporation ("Crystal") into the Company, a Louisiana corporation and wholly owned subsidiary of Crystal, and the conversion of each share of Crystal Common Stock, $1.00 par value, into one share of the Company's Common Stock, $1.00 par value, are hereby approved and adopted; and
>
> RESOLVED, that the proper officers of the Company be, and they hereby are, authorized to take any and all actions and to execute, acknowledge and deliver any and all instruments and documents, under the corporate seal of the Company or otherwise, as they may, in their sole discretion, deem necessary or desirable in order to give effect to the purpose and intent of the foregoing resolution.

IN WITNESS WHEREOF, the undersigned has executed this Certificate this 4th day of May, 1984.

L. G. Caskey
Corporate Secretary
CRYSTAL OIL COMPANY

FULBRIGHT & JAWORSKI
BANK OF THE SOUTHWEST BUILDING
HOUSTON, TEXAS 77002
TELEPHONE (713) 651-5151
TELEX 76-2629

1150 CONNECTICUT AVE., N. W.
WASHINGTON, D. C. 20036
TELEPHONE (202) 452-6800
TELEX 89-2602

AMERICAN BANK TOWER, SUITE 1740
221 WEST SIXTH STREET
AUSTIN, TEXAS 78701
TELEPHONE (512) 474-5201

IN DALLAS
DUMAS, HUGUENIN, BOOTHMAN & MORROW
AND
FULBRIGHT & JAWORSKI
2001 BRYAN TOWER, SUITE 1400
DALLAS, TEXAS 75201
TELEPHONE (214) 969-0969 (DH&M)
TELEPHONE (214) 969-1969 (F&J)

LANDMARK BUILDING, SUITE 200
705 EAST HOUSTON AVENUE
SAN ANTONIO, TEXAS 78205
TELEPHONE (512) 224-5575

2 ST. JAMES'S PLACE
LONDON, SW1A 1NP
TELEPHONE (01) 629-1207
TELEX 28310

February 15, 1984

Re: Crystal Oil Company
Commission File No. 1-4892

Securities and Exchange Commission
Office of Chief Counsel
Division of Corporate Finance
450 5th Street, N.W.
Judiciary Plaza
Washington, D.C. 20549

Dear Sirs:

We are counsel for Crystal Oil Company, a Maryland corporation (the "Company"), which proposes to effect a reincorporation from its current state of domicile into its home state of Louisiana (the "Reincorporation"). The Company will present to its stockholders for their approval at its 1984 Annual Meeting of Stockholders to be held on April 27, 1984, a proposal that the Company be merged into its wholly owned subsididary, Crystal Oil Louisiana, Inc. (the "Crytal Louisiana"), which will be organized under the laws of the State of Louisiana solely for the purpose of the Reincorporation. Crystal Louisiana will be the surviving corporation and, as part of the transaction, will change its name to "Crystal Oil Company". The outstanding shares of the common stock, $1.00 par value, of the Company will be automatically converted into shares of common stock, $1.00 par value of Crystal Louisiana ("Crystal Louisiana Common Stock"), on a one for one basis at the effective time of the merger. Pursuant to the provisions of Rule 145(a)(2) ("Rule 145") of the General Rules and Regulations of the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933 (the "Act"), the Company proposes to effectuate the Reincorporation without registration of such shares of common

stock of Crystal Louisiana under the Act. On behalf of the Company we hereby request that the Division of Corporate Finance not recommend any enforcement action by the Commission in connection with the Reincorporation without such registration based on the Company's reliance upon the provisions of Rule 145 of the Act and that such Division issue to us a letter indicating such "no-action" position.

Background of the Reincorporation Proposal

The Company has two classes of equity securities authorized, common stock, $1.00 par value (the "Company Common Stock") and preferred stock, $5.00 par value; however, it currently only has Company Common Stock outstanding. The Company Common Stock is registered under Section 12(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and is listed for trading on the American Stock Exchange, Pacific Stock Exchange and InterMountain Stock Exchange. In addition, the Company has six series of subordinated debentures outstanding each of which are registered under Section 12(b) of the Exchange Act and are listed for trading on the American Stock Exchange. The Board of Directors of the Company believes it desireable to carry out the Reincorporation in order to move from a jurisdiction in which it has no operations or substantive involvement to one in which it has a substantial amount of operations and its headquarters. The fact that the Company is a Maryland corporation is largely an historical quirk -- a predecessor of the Company engaged primarily in the lumber business was incorporated there in 1926. As a Maryland corporation based in Louisiana, the Company pays franchise taxes in both states. Double taxation would be eliminated by the Reincorporation and other attributes of Louisiana law which are not present in Maryland law would be obtained. Both the Louisiana and Maryland statutes covering business corporations are modern and flexible statutes although certain substantive areas which are discussed hereinafter are different.

The Company's Board of Directors intends to solicit proxies for the Annual Meeting in accordance with Regulation 14A under the Exchange Act. Accordingly, preliminary proxy materials will be filed with the Commission in the near future.

Under Maryland law, the affirmative vote of the holders of two-thirds of the outstanding shares of the

Company Common Stock entitled to vote at the meeting is required to approve the Reincorporation. As noted above, as a result of the Reincorporation, each outstanding share of the Company Common Stock would become one issued and outstanding share of the Crystal Louisiana Common Stock. The shares of Crystal Louisiana Common Stock will have the same voting rights, dividend rights and liquidation rights as shares of the Company Common Stock. Crystal Louisiana will have authorized preferred stock substantially the same as the Company's. There is no present intention to issue any shares of the preferred stock. Shares thereof are issuable in series. Should any such series be issued in the future, the rights of holders of Crystal Louisiana Common Stock could be affected thereby, just as the rights of holders of Company Common Stock could be affected by the issuance of preferred stock by the Company. It is anticipated that the Crystal Louisiana Common Stock will be simultaneously listed for trading on the American Stock Exchange, Pacific Stock Exchange and Inter-Mountain Stock Exchange and will appropriately registered under the Exchange Act.

No Change in Business of the Company

The Reincorporation will effect a change in the legal domicile of the Company and certain other changes of a legal nature, but will not result in any change in the name, business, management, location of the principal executive offices, capitalization, assets or liabilities of the Company. The business of Crystal Louisiana will be carried on in the same places and in the same manner as the business of the Company. Crystal Louisiana will possess all the assets and be responsible for all the liabilities of the Company. The purposes of Crystal Louisiana stated in its Articles of Incorporation will permit it in the future to enter into any lawful business activity as do Maryland law and the Company's present Restated Articles of Incorporation. No change in the business of the Company is presently contemplated. The by-laws of Crystal Louisiana are substantially the same as the present by-laws of the Company. The officers and directors of the Company immediately prior to the Merger will be the officers and directors of Crystal Louisiana.

The Company's employee benefit plans and arrangements will be continued by Crystal Louisiana upon the same terms and subject to the same conditions as in effect at present.

At the effective time of the merger, the Company will be governed by Louisiana law, by new Articles of Incorporation and by new By-laws, which will result in certain changes in the rights of stockholders. The significant changes will include, among others, (1) a change in the right to inspect records of the Company, (2) changes under certain circumstances in dissenter's rights of appraisal in connection with certain important corporate transactions, (3) the elimination of "fair price" measures or special voting requirements for certain business combinations and (4) a change in the calculation of surplus available for share repurchases.

## Principal Reasons for Changing the State of Incorporation

The Board of Directors believes that the best interests of the Company and its stockholders will be served by changing its state of incorporation from Maryland to Louisiana. The Company was incorporated in 1926 to own land and timber. It became principally engaged in crude oil and natural gas exploration and production when it merged with Roberts Petroleum Company in 1963. The Company has no operations or activities or any other contacts in or with the State of Maryland. Rather, the fact that the Company is at present a Maryland corporation is a historical matter which is inconsistent with the Company's present status as one of the largest public corporations based in Louisiana and one of its well known corporate citizens. Not only are the Company's principal executive offices in Louisiana, but its most important operations are also in such state. Accordingly, the Board of Directors has concluded that the historical inconsistency should be eliminated.

Further, the reincorporation will eliminate franchise taxes in Maryland and the necessity of qualifying as a foreign corporation to do business in Louisiana, both with their attendant administrative burdens and expenses.

Finally, the Board of Directors has investigated the Louisiana BCL and has concluded that it is a modern corporate statute which was comprehensively rewritten in 1968. In one respect of interest and importance to the Company it is an improvement over the Maryland GCL and that is in the Louisiana BCL's consistent treatment of the calculation of surplus for both dividend and stock repurchase

purposes. The Maryland GCL permits dividends to stockholders out of surplus and accumulated depletion for oil and gas concerns, but restricts stock repurchases to surplus only, while the Louisiana BCL allows both dividends and stock repurchases to be made from accumulated depletion. The Company has considered stock repurchases in the past and, depending upon market conditions, financing, lender consents and other considerations may in the future determine to repurchase some of its outstanding shares. The Louisiana BCL provides greater flexibility, i.e., a larger source of legal funding, to the Company should it desire to do so, to enter into such stock repurchase transactions in the future than does the Maryland GCL, while at the same time allowing the Company to continue to pay dividends on its common stock.

Certain Significant Differences Between Maryland and Louisiana Corporation Laws

The Board of Directors believes that the rights of holders of Crystal Louisiana Common Stock will be substantially similar to the present rights of holders of Company Common Stock. Some of the differences between the Maryland and Louisiana corporation laws, as such differences may affect the rights of stockholders, are set forth below. In certain instances, Louisiana law provides differently than Maryland law with respect to particular matters, but permits, in effect, conformity with the treatment of such matters under Maryland law by allowing the inclusion of provisions in the Louisiana Articles of Incorporation of the particular corporation which have the effect of changing what the Louisiana law would otherwise be. In connection with the Reincorporation, it is the intention of the Board of Directors to have the rights of stockholders under Louisiana law remain the same as under Maryland law where the two can be made consistent by provisions in the Crystal Louisiana Articles of Incorporation. Accordingly, hereinafter in this subheading and the following one, reference will be made to the use of special charter provisions to maintain such consistency.

*Inspection of Records*

The Maryland GCL provides that any stockholder may inspect and copy during usual business hours the corporation's Bylaws, minutes of the proceedings of stockholders, annual statement of affairs and voting trust agreements on file at the corporation's prinicipal office. Any stockholder of a

Maryland corporation may present to any officer or resident agent of a corporation a written request for a statement showing all stock and securities issued by the corporation during a specified period of not more than twelve months before the date of the request.

The Louisiana BCL provides that any stockholder, expect a business competitor, who has been the holder of record of at least two percent of all outstanding shares of the corporation for at least six months, upon at least five days written demand, has the right to examine at any reasonable time, for any proper and reasonable purpose, any and all of the records and accounts of the corporation and to make extracts therefrom. In the case of stock held or acquired by a business competitor, or a person who owns stock or is otherwise interested in a corporation which is a business competitor, he or it must own not less than twenty-five percent of all outstanding shares of the corporation for a period of six months before he or it may demand the right to examine the records and accounts of the corporation.

*Stockholders' Rights in Certain Transactions*

The Maryland GCL provides that a stockholder of a Maryland corporation has the right to demand and receive payment of the fair value of his stock if (1) the corporation consolidates or mergers with another corporation, (2) such stockholder's stock is to be acquired in a share exchange, (3) the corporation transfers its assets in a manner requiring corporate action under the Maryland GCL, (4) the corporation amends its charter in a way which alters the contract rights, as expressly set forth in the charter, of any outstanding stock and substantially adversely affects the stockholders' rights, unless the right to do so is reserved by the charter of the corporation or (5) the transaction is a business combination with an interested stockholder (any person that is the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the outstanding voting stock of the corporation or an affiliate of the corporation).

Fair value is determined as of the day the stockholders voted on the transaction objected to, except that it does not include any appreciation or depreciation which directly or indirectly results from the transaction objected to or from its proposal.

The Maryland GCL also provides that a stockholder may not demand the fair value of his stock and is bound by the terms of the transaction if (1) the stock held thereby hold is listed on a national securities exchange on the record date for determining stockholders entitled to vote on the transaction as to which such stockholders may object or (2) the stock is to be changed or converted in whole or in part in the merger into something other than either stock in the successor or cash, scrip, or other rights or interest, arising out of provisions for the treatment of fractional shares of stock in the successor.

The stockholders of a Maryland corporation which is the surviving corporation in a merger are not entitled to demand the fair value of their stock unless the merger alters the contract rights of the stock as expressly set forth in the charter and the charter does not reserve the right to do so, or the stock is to be changed or converted in whole or in part in the merger into something other than either stock in the successor or cash.

The Lousiana BCL provides that if a corporation has, by vote of its stockholders, authorized a sale, lease or exchange of all of its assets, or has, by vote of its stockholders, become a party to a merger or consolidation, then, unless such authorization or action shall have been given or approved by at least eighty percent of the total voting power, a stockholder who voted against such corporate action has the right to dissent. Such stockholder may file with the corporation a demand in writing for the fair cash value of his shares as of the day before such vote was taken.

The Louisiana BCL also provides that the right to dissent does not exist in the case of:

(1) A sale pursuant to an order of a court having jurisdiction in the premises;

(2) A sale for cash on terms requiring distribution of all or substantially all of the net proceeds to the shareholders in accordance with their respective interests within one year after the date of the sale;

(3) Shareholders holding shares of any class of stock which, at the record date fixed

> to determine shareholders entitled to receive notice of and to vote at the meeting of shareholders at which a merger or consolidation was acted on were listed on a national securities exchange, unless the articles of the corporation issuing such stock provide otherwise or the shares of such shareholders were not converted by the merger or consolidation solely into shares of the surviving or new corporation.

Also, stockholders of a Louisiana corporation do not have a right to dissent if eighty percent of the shares entitled to vote on such transaction voted in favor of such transaction.

The Maryland GCL has a special procedure, which would apply to the Company, for certain transactions included above that involve an "interested stockholder", as defined in the Maryland GCL. A business combination with an interested stockholder must be recommended by the board of directors and approved by the affirmative vote of at least (i) 80 percent of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation and (ii) two-thirds of the votes entitled to be cast by holders of voting stock other than voting stock held by the interested stockholder or an affiliate thereof. The effect of this provision is to deter the use of the "two step" type of tender offer and provide for an equalization of prices paid for shares to all stockholders. Louisiana has no similar provision.

Accordingly, one effect of the Reincorporation is to eliminate a measure which might be regarded as a deterent to a takeover of the Company. The legislative history of this provision indicates that it was adopted to protect stockholders from certain attempted takeovers of Maryland corporations by means of a so-called "front-end loaded, two-step" tender offer where a company offers to purchase up to a certain amount of shares for a cash price and follows with a forced merger in which the consideration received by stockholders is of less value per share than the cash price in the tender offer step of the transaction. The second step merger is subject to a higher vote requirement under Maryland law unless the price in the second transaction is as high as that in the tender transaction. The Company has had no discussions with any person as to its takeover and knows of no such intentions on the part of any person.

*Special Meetings of Stockholders*

Under the Maryland GCL, the Board of Directors, President or holders of 25% of the outstanding stock eligible to vote may call a special meeting of stockholders. Under the Louisiana BCL, the Board of Directors, President or holders of 20% of the outstanding shares of capital stock entitled to vote are needed to call a special meeting of stockholders, unless otherwise provided in the articles or bylaws. This inconsistency in the laws of the two states has been eliminated since Crystal Louisiana Articles of Incorporation require holders of 25% of the outstanding stock eligible to vote to call a special meeting of stockholders.

*Surplus for Dividends and Stock Repurchases*

The Maryland GCL provides that dividends are to be paid from surplus. It also provides that a corporation which is substantially engaged in the exploitation of wasting assets may distribute the net income derived from the exploitation of the wasting asset without making any deduction or allowance for the depletion of the asset if adequate provision is made for debts and liabilities and notice is given not later than the time of payment to stockholders receiving the dividend that no deduction or allowance has been made for the depletion. The Maryland GCL provides that a corporation may repurchase or redeem its stock only out of surplus, but makes no provision for not making any deduction or allowance for the depletion of an asset as it does with the payment of dividends.

The Louisiana BCL directs that both dividends and repurchases of shares shall be made from surplus. "Surplus" is defined as the excess of assets over liabilities plus stated capital. Stated capital is the total amount received for all issued par value stock, up to the total par value. The amount received in excess of par value may be allocated by the board of directors to stated capital or may be allocated to capital surplus. Capital surplus includes any amount arising from a re-evaluation of assets to reflect the appreciation of actual value over book value of assets. "Earned surplus" is defined as the excess of surplus over capital surplus and is described as the current balance of undistributed net income from the time of organization. In computing surplus, a corporation must make proper allowance for depreciation and depletion sustained, and ascertained or known

losses of every character. A corporation which owns wasting assets intended for sale in the ordinary course of business, or which owns property having a limited life, such as a lease for a term of years, does not need to make allowance for depletion or amortization of the cost of such assets in computing surplus. This allows both dividends *and* stock repurchases to be made from surplus and accumulated depreciation in contrast to existing Maryland law.

*Miscellaneous*

While the Company does not regard the following differences between the Maryland and Louisiana corporation laws as significant to its stockholders in deciding how to vote in the Reincorporation, the following additional differences are noted.

*Right of Director to Vote by Proxy*

The Louisiana BCL provides that the articles of incorporation of a Louisiana corporation may provide that any director absent from a meeting of the board or any committee thereof, may be represented by any other director or stockholder, who may cast the vote of the absent director according to written instructions, general or special, of the absent director. The Crystal Louisiana Articles of Incorporation allow this procedure. The Maryland GCL has no such provision.

*Stockholders' Written Consents*

The Maryland GCL requires that written consents of stockholders, in lieu of stockholder action at a meeting thereof, must be signed by each stockholder entitled to vote on the matter. The Louisiana BCL provides that if the articles of incorporation of a Louisiana corporation provide that a written consent of stockholders may be signed by fewer than all of the stockholders having voting power on any question, the consent need be signed only by stockholders holding that proportion of the total voting power on the question which is required by law, the articles or by laws, whichever is higher. Crystal Louisiana Articles of Incorporation have such a provision.

Certain Differences Between Charter Documents

In order that the rights of stockholders of Crystal Louisiana remain as similar as possible to those of stockholders of the Company, where allowed by the Louisiana BCL,

appropriate provisions were made in the Crystal Louisiana Articles of Incorporation and Bylaws. The following provisions of the Crystal Louisiana Articles of Incorporation, although not found in the Company's Restated Certificate of Incorporation, are consistent with the treatment of such matters under Maryland corporate law, with the exception of the provision discussed under "Right of Director to Vote by Proxy", which is a provision permitted by Louisiana law but not by Maryland law.

*Stockholder Approval*

The Crystal Louisiana Articles of Incorporation require that any proposed consolidation, merger, share exchange (a transaction in which a corporation acquires all the issued or outstanding shares of stock of one or more classes of another corporation by a stockholder vote and which does not affect the corporate existence of either corporation) or transfer (the sale, lease, exchange or otherwise transfer all or substantially all of the assets of a corporation) be approved by the stockholders of each corporation by the affirmative vote of two-thirds of all votes entitled to be cast on the matter. The Louisiana BCL would otherwise require only a two-thirds vote of stockholders present or represented by proxy, if a quorum were present or so represented.

*Special Meeting of Stockholders*

The Crystal Louisiana Articles of Incorporation require that holders of 25% of the outstanding stock eligible to vote may call a special meeting of stockholders. The Louisiana BCL would otherwise permit the holders of 20% of such stock to call a special meeting of stockholders.

*Right of Directors to Vote by Proxy*

The Crystal Louisiana Articles of Incorporation provide that any director absent from a meeting of the board or any committee thereof, may be represented at such meeting by any other director or stockholder, who may cast the vote of the absent director according to the written instructions, general or specific, of the absent director.

*Reversion of Dividends, Stock and Redeemed Shares*

The Crystal Louisiana Articles of Incorporation, in accordance with the Louisiana BCL, have a provision that cash, property or share dividends, shares issuable to shareholders in connection with a reclassification of stock, and the redemption price of redeemed shares, which are not claimed by the shareholders entitled thereto within a reasonable time (not less than one year in any event) after the dividend or redemption price became payable or the shares became issuable, despite reasonable efforts by the corporation to pay the dividend or redemption price or deliver the certificates for the shares to such shareholders within such time, will, at the expiration of such time, revert in full ownership to Crystal Louisiana, and Crystal Louisiana's obligation to pay such dividend or redemption price or issue such shares, as the case may be, will thereupon cease; provided that the board of directors may, at any time, for any reason satisfactory to it, but need not, authorize (a) payment of the amount of any cash or property dividend or redemption price or (b) issuance of any shares, ownership of which has reverted to Crystal Louisiana to the entity who or which would be entitled thereto had such reversion not occurred. The Maryland GCL does not allow the inclusion of this provision in the Articles of Incorporation. The Board of Directors of the Company believes that the inclusion of this provision in the Crystal Louisiana Articles of Incorporation is in the best interests of the Company and its stockholders.

Conclusion

Pursuant to various letters you have issued in the past you have stated a no action position in connection with a reincorporation in which the material features are substantially the same as the Company now proposes. Further, you have recognized that there is no sound reason to construe the Rule so narrowly as to require registration under the Act when inherent changes in the laws of the participating jurisdictions are different, particularly where disclosure of the impact on stockholders of the proposed Reorganization is given pursuant to the proxy solication rules and where compliance with the registration requirement would not afford the stockholders any further disclosure of relevent information.

We are of the opinion that the proposed merger of the Company with and into Crystal Louisiana in the manner

described above is excepted from Rule 145 under the last clause thereof because the Reincorporation is solely a change in domicile and, therefore, that the issuance by Crystal Louisiana of its securities pursuant to such transaction will not require registration of such securities under the Act. Accordingly, we respectfully request your advice that the Division of Corporation Finance will not recommend that the Commission take any enforcement action if the Company and Crystal Louisiana proceed with the proposed merger without compliance with the registration requirements under the Act and in reliance upon such opinion.

If any member of the Commission's staff should have a question or inquiry with respect to the foregoing request, such staff member should communicate the question or inquiry to Charles H. Still, Franklin Myers or Karen M. Nakfoor of this firm.

Very truly yours,

Fulbright & Jaworski

FULBRIGHT & JAWORSKI
BANK OF THE SOUTHWEST BUILDING
HOUSTON, TEXAS 77002
TELEPHONE (713) 651-5151
TELEX 76-2629

1150 CONNECTICUT AVE., N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 452-6800
TELEX 89-2602

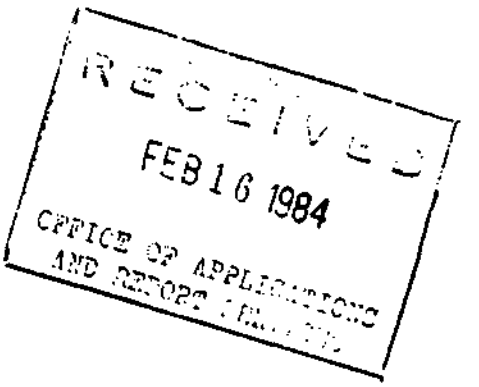
AMERICAN BANK TOWER, SUITE 1740
221 WEST SIXTH STREET
AUSTIN, TEXAS 78701
TELEPHONE (512) 474-5201

IN DALLAS
DUMAS, HUGUENIN, BOOTHMAN & MORROW
AND
FULBRIGHT & JAWORSKI
2001 BRYAN TOWER, SUITE 1400
DALLAS, TEXAS 75201
TELEPHONE (214) 969-0969 (DH&M)
TELEPHONE (214) 969-1969 (F&J)

2200 INTERFIRST PLAZA
300 CONVENT STREET
SAN ANTONIO, TEXAS 78205
TELEPHONE (512) 224-5575

8 ST. JAMES'S PLACE
LONDON, SW1A 1NP
TELEPHONE (01) 629-1207
TELEX 28310

February 15, 1984




Re: Crystal Oil Company
Commission File No. 1-4892

Office of Chief Counsel
Division of Corporate Finance
Securities and Exchange Commission
450 5th Street, N.W.
Judiciary Plaza
Washington, D. C. 20549

Dear Sirs:

On behalf of Crystal Oil Company (the "Company"), there are enclosed for filing one original and seven copies of a request that the Division of Corporate Finance not recommend any enforcement action by the Securities and Exchange Commission.

The Company anticipates in its time schedule that its proxy statement for its Annual Meeting of Stockholders will be mailed on March 26, 1984. We would appreciate your assistance in permitting this time schedule to be met and accordingly request that your response be communicated by March 16, 1984.

If any member of the Commission's staff has any question or comment with respect to the enclosed material or desires further information or clarification therewith, such staff member should telephone Charles H. Still, T. Franklin Myers or Karen M. Nakfoor of this firm collect.

Very truly yours,

Fulbright & Jaworski

Fulbright & Jaworski

Enclosures
cc: Ms. Ann Glickman

FULBRIGHT & JAWORSKI
BANK OF THE SOUTHWEST BUILDING
HOUSTON, TEXAS 77002
TELEPHONE (713) 651-5151
TELEX 76-2829

1150 CONNECTICUT AVE., N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 452-6800
TELEX 89-2602

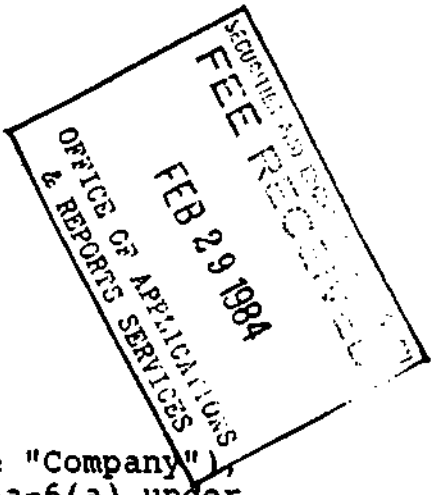
AMERICAN BANK TOWER, SUITE 1740
221 WEST SIXTH STREET
AUSTIN, TEXAS 78701
TELEPHONE (512) 474-5201

IN DALLAS
DUMAS, HUGUENIN, BOOTHMAN & MORROW
AND
FULBRIGHT & JAWORSKI
2001 BRYAN TOWER, SUITE 1400
DALLAS, TEXAS 75201
TELEPHONE (214) 969-0969 (DH&M)
TELEPHONE (214) 969-1969 (F&J)

2200 INTERFIRST PLAZA
300 CONVENT STREET
SAN ANTONIO, TEXAS 78205
TELEPHONE (512) 224-5575

2 ST. JAMES'S PLACE
LONDON, SW1A 1NP
TELEPHONE (01) 629-1207
TELEX 28310

February 28, 1984




RE: Crystal Oil Company

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Dear Sirs:

On behalf of Crystal Oil Company (the "Company"), we have enclosed for filing pursuant to Rule 14a-6(a) under the Securities Exchange Act of 1934, five copies of the Company's preliminary proxy materials and the form of proxy concerning its 1984 annual meeting of stockholders to be held May 4, 1984. Also enclosed is the Company's check in the amount of $1,000 for filing fees.

If any member of the Commission's staff has any question or comment with respect to the enclosed material or desires further information or clarification therewith, such staff member should telephone Charles H. Still, T. Franklin Myers or Karen M. Nakfoor of this firm collect.

Very truly yours,

Fulbright & Jaworski

Fulbright & Jaworski

RAM00863

FULBRIGHT & JAWORSKI
BANK OF THE SOUTHWEST BUILDING
HOUSTON, TEXAS 77002
TELEPHONE (713) 651-5151
TELEX 76-2629

1150 CONNECTICUT AVE., N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 452-6800
TELEX 89-2602

AMERICAN BANK TOWER, SUITE 1740
221 WEST SIXTH STREET
AUSTIN, TEXAS 78701
TELEPHONE (512) 474-5201

IN DALLAS
DUNAS, HUGUENIN, BOOTHMAN & MORROW
AND
FULBRIGHT & JAWORSKI
2001 BRYAN TOWER, SUITE 1400
DALLAS, TEXAS 75201
TELEPHONE (214) 969-0969 (DH B&M)
TELEPHONE (214) 969-1969 (F&J)

2200 INTERFIRST PLAZA
300 CONVENT STREET
SAN ANTONIO, TEXAS 78205
TELEPHONE (512) 224-5575

2 ST. JAMES'S PLACE
LONDON, SW1A 1NP
TELEPHONE (01) 629-1207
TELEX 28310

March 1, 1984

RE: Crystal Oil Company

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Dear Sirs:

On behalf of Crystal Oil Company (the "Company"), we have enclosed for filing pursuant to Rule 14a-6(b) under the Securities Exchange Act of 1934, five preliminary copies of additional soliciting material relating to the Company's 1984 annual meeting of stockholders to be held May 4, 1984.

Subsequent to the filing of the preliminary proxy material, it has come to our attention that there is an additional 5% stockholder of the Company. CIGNA Corporation, Philadelphia, Pennsylvania 19103, beneficially owns 1,115,713 shares of common stock, $1.00 par value (the "Common Stock"), of the Company (5.3% of the outstanding Common Stock). CIGNA Corporation has sole voting power with respect to 884,300 shares of Common Stock and shared voting power with respect to 231,413 shares of Common Stock although it has sole investment discretion with respect to the entire 1,115,713 shares. This will be reflected in the definitive proxy materials.

If any member of the Commission's staff has any question or comment with respect to the enclosed material, such staff member should telephone Charles H. Still, T. Franklin Myers or Karen M. Nakfoor of this firm, collect.

Very truly yours,

Fulbright & Jaworski

Fulbright & Jaworski

RAM00864

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

March 20, 1984

Charles H. Still, Esq.
Fulbright & Jaworski
Bank of the Southwest Building
Houston, Texas 77002

Dear Mr. Still:

In response to your letter of February 15, 1984 we have attached our answer at the end of the enclosed photocopy of your correspondence. By doing this, we are able to avoid having to recite or summarize the facts set forth in your letter.

Sincerely,

Peter J. Romeo

Peter J. Romeo
Chief Counsel

Enclosures

1933 Act/Rule 145(a)(2)

FULBRIGHT & JAWORSKI
BANK OF THE SOUTHWEST BUILDING
HOUSTON, TEXAS 77002
TELEPHONE (713) 651-5151
TELEX 76-2829

1150 CONNECTICUT AVE., N.W.
WASHINGTON, D.C. 20036
TELEPHONE 202-452-6800
TELEX 89-2602

AMERICAN BANK TOWER, SUITE 1740
221 WEST SIXTH STREET
AUSTIN, TEXAS 78701
TELEPHONE (512) 474-5201

IN DALLAS
DUMAS, HUGUENIN, BOOTHMAN & MORROW
AND
FULBRIGHT & JAWORSKI
2001 BRYAN TOWER, SUITE 2600
DALLAS, TEXAS 75201
TELEPHONE (214) 969-0999 (DH&M)
TELEPHONE (214) 969-1999 (F&J)

LANDMARK BUILDING, SUITE 200
105 EAST HOUSTON AVENUE
SAN ANTONIO, TEXAS 78205
TELEPHONE (512) 224-5578

2 ST. JAMES'S PLACE
LONDON, SW1A 1NP
TELEPHONE (01) 629-1807
TELEX 28310

SECURITIES & EXCHANGE COMMISSION
FEB 2
RECEIVED
FEB 16 1984
Office of Chief Counsel
CORPORATION FINANCE

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
FEB 16 1984
OFFICE OF APPLICATIONS AND REPORT SERVICES

February 15, 1984

Re: Crystal Oil Company
Commission File No. 1-4892

Securities and Exchange Commission
Office of Chief Counsel
Division of Corporate Finance
450 5th Street, N.W.
Judiciary Plaza
Washington, D.C. 20549

Dear Sirs:

We are counsel for Crystal Oil Company, a Maryland corporation (the "Company"), which proposes to effect a reincorporation from its current state of domicile into its home state of Louisiana (the "Reincorporation"). The Company will present to its stockholders for their approval at its 1984 Annual Meeting of Stockholders to be held on April 27, 1984, a proposal that the Company be merged into its wholly owned subsididary, Crystal Oil Louisiana, Inc. (the "Crytal Louisiana"), which will be organized under the laws of the State of Louisiana solely for the purpose of the Reincorporation. Crystal Louisiana will be the surviving corporation and, as part of the transaction, will change its name to "Crystal Oil Company". The outstanding shares of the common stock, $1.00 par value, of the Company will be automatically converted into shares of common stock, $1.00 par value of Crystal Louisiana ("Crystal Louisiana Common Stock"), on a one for one basis at the effective time of the merger. Pursuant to the provisions of Rule 145(a)(2) ("Rule 145") of the General Rules and Regulations of the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933 (the "Act"), the Company proposes to effectuate the Reincorporation without registration of such shares of common

stock of Crystal Louisiana under the Act. On behalf of the Company we hereby request that the Division of Corporate Finance not recommend any enforcement action by the Commission in connection with the Reincorporation without such registration based on the Company's reliance upon the provisions of Rule 145 of the Act and that such Division issue to us a letter indicating such "no-action" position.

Background of the Reincorporation Proposal

The Company has two classes of equity securities authorized, common stock, $1.00 par value (the "Company Common Stock") and preferred stock, $5.00 par value; however, it currently only has Company Common Stock outstanding. The Company Common Stock is registered under Section 12(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and is listed for trading on the American Stock Exchange, Pacific Stock Exchange and InterMountain Stock Exchange. In addition, the Company has six series of subordinated debentures outstanding each of which are registered under Section 12(b) of the Exchange Act and are listed for trading on the American Stock Exchange. The Board of Directors of the Company believes it desireable to carry out the Reincorporation in order to move from a jurisdiction in which it has no operations or substantive involvement to one in which it has a substantial amount of operations and its headquarters. The fact that the Company is a Maryland corporation is largely an historical quirk -- a predecessor of the Company engaged primarily in the lumber business was incorporated there in 1926. As a Maryland corporation based in Louisiana, the Company pays franchise taxes in both states. Double taxation would be eliminated by the Reincorporation and other attributes of Louisiana law which are not present in Maryland law would be obtained. Both the Louisiana and Maryland statutes covering business corporations are modern and flexible statutes although certain substantive areas which are discussed hereinafter are different.

The Company's Board of Directors intends to solicit proxies for the Annual Meeting in accordance with Regulation 14A under the Exchange Act. Accordingly, preliminary proxy materials will be filed with the Commission in the near future.

Under Maryland law, the affirmative vote of the holders of two-thirds of the outstanding shares of the

Company Common Stock entitled to vote at the meeting is required to approve the Reincorporation. As noted above, as a result of the Reincorporation, each outstanding share of the Company Common Stock would become one issued and outstanding share of the Crystal Louisiana Common Stock. The shares of Crystal Louisiana Common Stock will have the same voting rights, dividend rights and liquidation rights as shares of the Company Common Stock. Crystal Louisiana will have authorized preferred stock substantially the same as the Company's. There is no present intention to issue any shares of the preferred stock. Shares thereof are issuable in series. Should any such series be issued in the future, the rights of holders of Crystal Louisiana Common Stock could be affected thereby, just as the rights of holders of Company Common Stock could be affected by the issuance of preferred stock by the Company. It is anticipated that the Crystal Louisiana Common Stock will be simultaneously listed for trading on the American Stock Exchange, Pacific Stock Exchange and Inter-Mountain Stock Exchange and will appropriately registered under the Exchange Act.

No Change in Business of the Company

The Reincorporation will effect a change in the legal domicile of the Company and certain other changes of a legal nature, but will not result in any change in the name, business, management, location of the principal executive offices, capitalization, assets or liabilities of the Company. The business of Crystal Louisiana will be carried on in the same places and in the same manner as the business of the Company. Crystal Louisiana will possess all the assets and be responsible for all the liabilities of the Company. The purposes of Crystal Louisiana stated in its Articles of Incorporation will permit it in the future to enter into any lawful business activity as do Maryland law and the Company's present Restated Articles of Incorporation. No change in the business of the Company is presently contemplated. The by-laws of Crystal Louisiana are substantially the same as the present by-laws of the Company. The officers and directors of the Company immediately prior to the Merger will be the officers and directors of Crystal Louisiana.

The Company's employee benefit plans and arrangements will be continued by Crystal Louisiana upon the same terms and subject to the same conditions as in effect at present.

At the effective time of the merger, the Company will be governed by Louisiana law, by new Articles of Incorporation and by new By-laws, which will result in certain changes in the rights of stockholders. The significant changes will include, among others, (1) a change in the right to inspect records of the Company, (2) changes under certain circumstances in dissenter's rights of appraisal in connection with certain important corporate transactions, (3) the elimination of "fair price" measures or special voting requirements for certain business combinations and (4) a change in the calculation of surplus available for share repurchases.

## Principal Reasons for Changing the State of Incorporation

The Board of Directors believes that the best interests of the Company and its stockholders will be served by changing its state of incorporation from Maryland to Louisiana. The Company was incorporated in 1926 to own land and timber. It became principally engaged in crude oil and natural gas exploration and production when it merged with Roberts Petroleum Company in 1963. The Company has no operations or activities or any other contacts in or with the State of Maryland. Rather, the fact that the Company is at present a Maryland corporation is a historical matter which is inconsistent with the Company's present status as one of the largest public corporations based in Louisiana and one of its well known corporate citizens. Not only are the Company's principal executive offices in Louisiana, but its most important operations are also in such state. Accordingly, the Board of Directors has concluded that the historical inconsistency should be eliminated.

Further, the reincorporation will eliminate franchise taxes in Maryland and the necessity of qualifying as a foreign corporation to do business in Louisiana, both with their attendant administrative burdens and expenses.

Finally, the Board of Directors has investigated the Louisiana BCL and has concluded that it is a modern corporate statute which was comprehensively rewritten in 1968. In one respect of interest and importance to the Company it is an improvement over the Maryland GCL and that is in the Louisiana BCL's consistent treatment of the calculation of surplus for both dividend and stock repurchase

purposes. The Maryland GCL permits dividends to stockholders out of surplus and accumulated depletion for oil and gas concerns, but restricts stock repurchases to surplus only, while the Louisiana BCL allows both dividends and stock repurchases to be made from accumulated depletion. The Company has considered stock repurchases in the past and, depending upon market conditions, financing, lender consents and other considerations may in the future determine to repurchase some of its outstanding shares. The Louisiana BCL provides greater flexibility, i.e., a larger source of legal funding, to the Company should it desire to do so, to enter into such stock repurchase transactions in the future than does the Maryland GCL, while at the same time allowing the Company to continue to pay dividends on its common stock.

Certain Significant Differences Between Maryland and Louisiana Corporation Laws

The Board of Directors believes that the rights of holders of Crystal Louisiana Common Stock will be substantially similar to the present rights of holders of Company Common Stock. Some of the differences between the Maryland and Louisiana corporation laws, as such differences may affect the rights of stockholders, are set forth below. In certain instances, Louisiana law provides differently than Maryland law with respect to particular matters, but permits, in effect, conformity with the treatment of such matters under Maryland law by allowing the inclusion of provisions in the Louisiana Articles of Incorporation of the particular corporation which have the effect of changing what the Louisiana law would otherwise be. In connection with the Reincorporation, it is the intention of the Board of Directors to have the rights of stockholders under Louisiana law remain the same as under Maryland law where the two can be made consistent by provisions in the Crystal Louisiana Articles of Incorporation. Accordingly, hereinafter in this subheading and the following one, reference will be made to the use of special charter provisions to maintain such consistency.

*Inspection of Records*

The Maryland GCL provides that any stockholder may inspect and copy during usual business hours the corporation's Bylaws, minutes of the proceedings of stockholders, annual statement of affairs and voting trust agreements on file at the corporation's prinicipal office. Any stockholder of a

Maryland corporation may present to any officer or resident agent of a corporation a written request for a statement showing all stock and securities issued by the corporation during a specified period of not more than twelve months before the date of the request.

The Louisiana BCL provides that any stockholder, expect a business competitor, who has been the holder of record of at least two percent of all outstanding shares of the corporation for at least six months, upon at least five days written demand, has the right to examine at any reasonable time, for any proper and reasonable purpose, any and all of the records and accounts of the corporation and to make extracts therefrom. In the case of stock held or acquired by a business competitor, or a person who owns stock or is otherwise interested in a corporation which is a business competitor, he or it must own not less than twenty-five percent of all outstanding shares of the corporation for a period of six months before he or it may demand the right to examine the records and accounts of the corporation.

*Stockholders' Rights in Certain Transactions*

The Maryland GCL provides that a stockholder of a Maryland corporation has the right to demand and receive payment of the fair value of his stock if (1) the corporation consolidates or mergers with another corporation, (2) such stockholder's stock is to be acquired in a share exchange, (3) the corporation transfers its assets in a manner requiring corporate action under the Maryland GCL, (4) the corporation amends its charter in a way which alters the contract rights, as expressly set forth in the charter, of any outstanding stock and substantially adversely affects the stockholders' rights, unless the right to do so is reserved by the charter of the corporation or (5) the transaction is a business combination with an interested stockholder (any person that is the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the outstanding voting stock of the corporation or an affiliate of the corporation).

Fair value is determined as of the day the stockholders voted on the transaction objected to, except that it does not include any appreciation or depreciation which directly or indirectly results from the transaction objected to or from its proposal.

The Maryland GCL also provides that a stockholder may not demand the fair value of his stock and is bound by the terms of the transaction if (1) the stock held thereby hold is listed on a national securities exchange on the record date for determining stockholders entitled to vote on the transaction as to which such stockholders may object or (2) the stock is to be changed or converted in whole or in part in the merger into something other than either stock in the successor or cash, scrip, or other rights or interest, arising out of provisions for the treatment of fractional shares of stock in the successor.

The stockholders of a Maryland corporation which is the surviving corporation in a merger are not entitled to demand the fair value of their stock unless the merger alters the contract rights of the stock as expressly set forth in the charter and the charter does not reserve the right to do so, or the stock is to be changed or converted in whole or in part in the merger into something other than either stock in the successor or cash.

The Lousiana BCL provides that if a corporation has, by vote of its stockholders, authorized a sale, lease or exchange of all of its assets, or has, by vote of its stockholders, become a party to a merger or consolidation, then, unless such authorization or action shall have been given or approved by at least eighty percent of the total voting power, a stockholder who voted against such corporate action has the right to dissent. Such stockholder may file with the corporation a demand in writing for the fair cash value of his shares as of the day before such vote was taken.

The Louisiana BCL also provides that the right to dissent does not exist in the case of:

(1) A sale pursuant to an order of a court having jurisdiction in the premises;

(2) A sale for cash on terms requiring distribution of all or substantially all of the net proceeds to the shareholders in accordance with their respective interests within one year after the date of the sale;

(3) Shareholders holding shares of any class of stock which, at the record date fixed

> to determine shareholders entitled to receive notice of and to vote at the meeting of shareholders at which a merger or consolidation was acted on were listed on a national securities exchange, unless the articles of the corporation issuing such stock provide otherwise or the shares of such shareholders were not converted by the merger or consolidation solely into shares of the surviving or new corporation.

Also, stockholders of a Louisiana corporation do not have a right to dissent if eighty percent of the shares entitled to vote on such transaction voted in favor of such transaction.

The Maryland GCL has a special procedure, which would apply to the Company, for certain transactions included above that involve an "interested stockholder", as defined in the Maryland GCL. A business combination with an interested stockholder must be recommended by the board of directors and approved by the affirmative vote of at least (i) 80 percent of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation and (ii) two-thirds of the votes entitled to be cast by holders of voting stock other than voting stock held by the interested stockholder or an affiliate thereof. The effect of this provision is to deter the use of the "two step" type of tender offer and provide for an equalization of prices paid for shares to all stockholders. Louisiana has no similar provision.

Accordingly, one effect of the Reincorporation is to eliminate a measure which might be regarded as a deterent to a takeover of the Company. The legislative history of this provision indicates that it was adopted to protect stockholders from certain attempted takeovers of Maryland corporations by means of a so-called "front-end loaded, two-step" tender offer where a company offers to purchase up to a certain amount of shares for a cash price and follows with a forced merger in which the consideration received by stockholders is of less value per share than the cash price in the tender offer step of the transaction. The second step merger is subject to a higher vote requirement under Maryland law unless the price in the second transaction is as high as that in the tender transaction. The Company has had no discussions with any person as to its takeover and knows of no such intentions on the part of any person.

*Special Meetings of Stockholders*

Under the Maryland GCL, the Board of Directors, President or holders of 25% of the outstanding stock eligible to vote may call a special meeting of stockholders. Under the Louisiana BCL, the Board of Directors, President or holders of 20% of the outstanding shares of capital stock entitled to vote are needed to call a special meeting of stockholders, unless otherwise provided in the articles or bylaws. This inconsistency in the laws of the two states has been eliminated since Crystal Louisiana Articles of Incorporation require holders of 25% of the outstanding stock eligible to vote to call a special meeting of stockholders.

*Surplus for Dividends and Stock Repurchases*

The Maryland GCL provides that dividends are to be paid from surplus. It also provides that a corporation which is substantially engaged in the exploitation of wasting assets may distribute the net income derived from the exploitation of the wasting asset without making any deduction or allowance for the depletion of the asset if adequate provision is made for debts and liabilities and notice is given not later than the time of payment to stockholders receiving the dividend that no deduction or allowance has been made for the depletion. The Maryland GCL provides that a corporation may repurchase or redeem its stock only out of surplus, but makes no provision for not making any deduction or allowance for the depletion of an asset as it does with the payment of dividends.

The Louisiana BCL directs that both dividends and repurchases of shares shall be made from surplus. "Surplus" is defined as the excess of assets over liabilities plus stated capital. Stated capital is the total amount received for all issued par value stock, up to the total par value. The amount received in excess of par value may be allocated by the board of directors to stated capital or may be allocated to capital surplus. Capital surplus includes any amount arising from a re-evaluation of assets to reflect the appreciation of actual value over book value of assets. "Earned surplus" is defined as the excess of surplus over capital surplus and is described as the current balance of undistributed net income from the time of organization. In computing surplus, a corporation must make proper allowance for depreciation and depletion sustained, and ascertained or known

losses of every character. A corporation which owns wasting assets intended for sale in the ordinary course of business, or which owns property having a limited life, such as a lease for a term of years, does not need to make allowance for depletion or amortization of the cost of such assets in computing surplus. This allows both dividends *and* stock repurchases to be made from surplus and accumulated depreciation in contrast to existing Maryland law.

*Miscellaneous*

While the Company does not regard the following differences between the Maryland and Louisiana corporation laws as significant to its stockholders in deciding how to vote in the Reincorporation, the following additional differences are noted.

*Right of Director to Vote by Proxy*

The Louisiana BCL provides that the articles of incorporation of a Louisiana corporation may provide that any director absent from a meeting of the board or any committee thereof, may be represented by any other director or stockholder, who may cast the vote of the absent director according to written instructions, general or special, of the absent director. The Crystal Louisiana Articles of Incorporation allow this procedure. The Maryland GCL has no such provision.

*Stockholders' Written Consents*

The Maryland GCL requires that written consents of stockholders, in lieu of stockholder action at a meeting thereof, must be signed by each stockholder entitled to vote on the matter. The Louisiana BCL provides that if the articles of incorporation of a Louisiana corporation provide that a written consent of stockholders may be signed by fewer than all of the stockholders having voting power on any question, the consent need be signed only by stockholders holding that proportion of the total voting power on the question which is required by law, the articles or by laws, whichever is higher. Crystal Louisiana Articles of Incorporation have such a provision.

Certain Differences Between Charter Documents

In order that the rights of stockholders of Crystal Louisiana remain as similar as possible to those of stockholders of the Company, where allowed by the Louisiana BCL.

appropriate provisions were made in the Crystal Louisiana Articles of Incorporation and Bylaws. The following provisions of the Crystal Louisiana Articles of Incorporation, although not found in the Company's Restated Certificate of Incorporation, are consistent with the treatment of such matters under Maryland corporate law, with the exception of the provision discussed under "Right of Director to Vote by Proxy", which is a provision permitted by Louisiana law but not by Maryland law.

*Stockholder Approval*

The Crystal Louisiana Articles of Incorporation require that any proposed consolidation, merger, share exchange (a transaction in which a corporation acquires all the issued or outstanding shares of stock of one or more classes of another corporation by a stockholder vote and which does not affect the corporate existence of either corporation) or transfer (the sale, lease, exchange or otherwise transfer all or substantially all of the assets of a corporation) be approved by the stockholders of each corporation by the affirmative vote of two-thirds of all votes entitled to be cast on the matter. The Louisiana BCL would otherwise require only a two-thirds vote of stockholders present or represented by proxy, if a quorum were present or so represented.

*Special Meeting of Stockholders*

The Crystal Louisiana Articles of Incorporation require that holders of 25% of the outstanding stock eligible to vote may call a special meeting of stockholders. The Louisiana BCL would otherwise permit the holders of 20% of such stock to call a special meeting of stockholders.

*Right of Directors to Vote by Proxy*

The Crystal Louisiana Articles of Incorporation provide that any director absent from a meeting of the board or any committee thereof, may be represented at such meeting by any other director or stockholder, who may cast the vote of the absent director according to the written instructions, general or specific, of the absent director.

*Reversion of Dividends, Stock and Redeemed Shares*

The Crystal Louisiana Articles of Incorporation, in accordance with the Louisiana BCL, have a provision that cash, property or share dividends, shares issuable to shareholders in connection with a reclassification of stock, and the redemption price of redeemed shares, which are not claimed by the shareholders entitled thereto within a reasonable time (not less than one year in any event) after the dividend or redemption price became payable or the shares became issuable, despite reasonable efforts by the corporation to pay the dividend or redemption price or deliver the certificates for the shares to such shareholders within such time, will, at the expiration of such time, revert in full ownership to Crystal Louisiana, and Crystal Louisiana's obligation to pay such dividend or redemption price or issue such shares, as the case may be, will thereupon cease; provided that the board of directors may, at any time, for any reason satisfactory to it, but need not, authorize (a) payment of the amount of any cash or property dividend or redemption price or (b) issuance of any shares, ownership of which has reverted to Crystal Louisiana to the entity who or which would be entitled thereto had such reversion not occurred. The Maryland GCL does not allow the inclusion of this provision in the Articles of Incorporation. The Board of Directors of the Company believes that the inclusion of this provision in the Crystal Louisiana Articles of Incorporation is in the best interests of the Company and its stockholders.

Conclusion

Pursuant to various letters you have issued in the past you have stated a no action position in connection with a reincorporation in which the material features are substantially the same as the Company now proposes. Further, you have recognized that there is no sound reason to construe the Rule so narrowly as to require registration under the Act when inherent changes in the laws of the participating jurisdictions are different, particularly where disclosure of the impact on stockholders of the proposed Reorganization is given pursuant to the proxy solication rules and where compliance with the registration requirement would not afford the stockholders any further disclosure of relevent information.

We are of the opinion that the proposed merger of the Company with and into Crystal Louisiana in the manner

described above is excepted from Rule 145 under the last clause thereof because the Reincorporation is solely a change in domicile and, therefore, that the issuance by Crystal Louisiana of its securities pursuant to such transaction will not require registration of such securities under the Act. Accordingly, we respectfully request your advice that the Division of Corporation Finance will not recommend that the Commission take any enforcement action if the Company and Crystal Louisiana proceed with the proposed merger without compliance with the registration requirements under the Act and in reliance upon such opinion.

If any member of the Commission's staff should have a question or inquiry with respect to the foregoing request, such staff member should communicate the question or inquiry to Charles H. Still, Franklin Myers or Karen M. Nakfoor of this firm.

Very truly yours,

Fulbright & Jaworski

March 20, 1984

RESPONSE OF THE OFFICE OF CHIEF COUNSEL
DIVISION OF CORPORATION FINANCE

Re: Crystal Oil Company
Incoming letter dated February 15, 1984

On the basis of the facts presented, this Division will not recommend any enforcement action to the Commission if Crystal Oil Company, in reliance on your opinion as counsel that the proposed transaction is within the exception for changes of domicile set forth in Rule 145(a)(2), effects the merger in the manner described in your letter without compliance with the registration requirements of the 1933 Act.

Because this position is based upon the representations made to the Division in your letter, it should be noted that any different facts or conditions might require a different conclusion. Further, this response only expresses the Division's position on enforcement action and does not purport to express any legal conclusion on the questions presented.

Sincerely,

D. Michael Lefever

D. Michael Lefever
Special Counsel

FULBRIGHT & JAWORSKI
BANK OF THE SOUTHWEST BUILDING
HOUSTON, TEXAS 77002
TELEPHONE (713) 651-5151
TELEX 76-2629

1150 CONNECTICUT AVE., N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 452-6800
TELEX 89-2602

AMERICAN BANK TOWER, SUITE 1740
221 WEST SIXTH STREET
AUSTIN, TEXAS 78701
TELEPHONE (512) 474-5201

IN DALLAS
DUMAS, HUGUENIN, BOOTHMAN & MORROW
AND
FULBRIGHT & JAWORSKI
2001 BRYAN TOWER, SUITE 1400
DALLAS, TEXAS 75201
TELEPHONE (214) 969-0969 (DH&M)
TELEPHONE (214) 969-1969 (F&J)

2200 INTERFIRST PLAZA
300 CONVENT STREET
SAN ANTONIO, TEXAS 78205
TELEPHONE (512) 224-5575

2 ST. JAMES'S PLACE
LONDON, SW1A 1NP
TELEPHONE (01) 629-1207
TELEX 28310

March 26, 1984

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
MAR 27 1984
OFFICE OF APPLICATIONS
AND REPORT SERVICES

RE: Crystal Oil Company

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Dear Sirs:

On behalf of Crystal Oil Company (the "Company"), and pursuant to Rule 14A-6(c) under the Securities Exchange Act of 1934, there are enclosed for filing eight copies of the definitive proxy statement, form of proxy and other soliciting material relating to the Company's 1984 Annual Meeting of Stockholders to be held May 4, 1984.

Also enclosed is an additional copy of such definitive proxy statement, form of proxy and soliciting material, each of which has been marked to indicate the changes therein from the preliminary proxy material previously filed with the Commission.

Also enclosed are seven copies of the Company's Annual Report to Stockholders solely for your information.

Very truly yours,

Fulbright & Jaworski

Fulbright & Jaworski

Enclosures

cc: American Stock Exchange, Inc.

RAM00880

FULBRIGHT & JAWORSKI
BANK OF THE SOUTHWEST BUILDING
HOUSTON, TEXAS 77002
TELEPHONE (713) 651-5151
TELEX 76-2626

1150 CONNECTICUT AVE., N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 452-6800
TELEX 89-2602

AMERICAN BANK TOWER, SUITE 1740
221 WEST SIXTH STREET
AUSTIN, TEXAS 78701
TELEPHONE (512) 474-5201

IN DALLAS
DUMAS, HUGUENIN, BOOTHMAN & MORROW
AND
FULBRIGHT & JAWORSKI
2001 BRYAN TOWER, SUITE 1400
DALLAS, TEXAS 75201
TELEPHONE (214) 969-0969 (DH&M)
TELEPHONE (214) 969-1969 (F&J)

2200 INTERFIRST PLAZA
300 CONVENT STREET
SAN ANTONIO, TEXAS 78205
TELEPHONE (512) 224-5575

5 ST. JAMES'S PLACE
LONDON, SW1A 1NP
TELEPHONE (01) 629-1207
TELEX 28110

May 10, 1984

SECURITIES AND EXCHANGE COMMISSION
FEE RECEIVED
MAY 11 1984
OFFICE OF APPLICATIONS
AND REPORT SERVICES

Re: Crystal Oil Company

Securities and Exchange Commission
450 5th Street, N.W.
Judiciary Plaza
Washington, D.C. 20549

Dear Sirs:

On behalf of Crystal Oil Company, a Louisiana corporation (the "Company"), there are enclosed for filing one executed and seven conformed copies with exhibits of the Registration Statement on Form 8-B. The Form 8-B relates to the Company's Common Stock, $1.00 par value, 14 7/8% Senior Subordinated Debentures due December 15, 1998, 12 5/8% Subordinated Debentures due June 15, 1990, 11 3/8% Convertible Subordinated Debentures due 2000, 13 3/4% Subordinated Debentures due July 15, 2000, 9% Convertible Subordinated Debentures due 1991 and 12 5/8% Subordinated Debentures due December 15, 2001.

If any member of the Commission's staff has any questions with respect to the enclosed, such staff member should call (collect) Karen M. Nakfoor at (713) 651-5151.

Very truly yours,

Fulbright & Jaworski

Fulbright & Jaworski

Enclosures

cc: Mr. David Weissman, American Stock Exchange

RAM00881

FULBRIGHT & JAWORSKI
BANK OF THE SOUTHWEST BUILDING
HOUSTON, TEXAS 77002
TELEPHONE (713) 651-5151
TELEX 76-2629

1150 CONNECTICUT AVE., N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 452-6800
TELEX 89-2602

AMERICAN BANK TOWER, SUITE 1740
221 WEST SIXTH STREET
AUSTIN, TEXAS 78701
TELEPHONE (512) 474-5201

IN DALLAS
DUMAS, HUGUENIN, BOOTHMAN & MORROW
AND
FULBRIGHT & JAWORSKI
2001 BRYAN TOWER, SUITE 1400
DALLAS, TEXAS 75201
TELEPHONE (214) 969-0969 (DH&M)
TELEPHONE (214) 969-1969 (F&J)

2200 INTERFIRST PLAZA
300 CONVENT STREET
SAN ANTONIO, TEXAS 78205
TELEPHONE (512) 224-5575

2 ST. JAMES'S PLACE
LONDON, SW1A 1NP
TELEPHONE (01) 839-1207
TELEX 28310

June 8, 1984

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
JUN 11 1984
OFFICE OF APPLICATIONS AND REPORT SERVICES

RE: Crystal Oil Company

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Dear Sirs:

On behalf of Crystal Oil Company (the "Company"), we have enclosed for filing pursuant to the Securities and Exchange Act of 1934 one executed and seven conformed copies of Amendment No. 1 on Form 8 of the Company's Registration of Securities of Certain Successor Issuers on Form 8-B.

Very truly yours,

Fulbright & Jaworski

Fulbright & Jaworski

KMN:vmj

Enclosure

cc: Mr. Brian Scott-Murray
w/enclosures

UNITED STATES OF AMERICA
BEFORE THE
SECURITIES AND EXCHANGE COMMISSION

June 15, 1984

| | |
|---|---|
| In the Matter of | ORDER DECLARING REGISTRATION EFFECTIVE PURSUANT TO SECTION 12(d) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. |
| CRYSTAL OIL CO/LA | |
| File No. 1-8715 | |

The above named registrant having filed, pursuant to Section 12(b), (c) and (d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder, with the Commission and the Pacific Stock Exchange, Inc., an application on Form 8-B for registration on such exchange of Common Stock, $1.00 Par Value; and

The authorities of the said Exchange having certified to the Commission, pursuant to Section 12(d) of the said Act and the rules thereunder, that such classes of securities have been approved for listing and registration; and

Acceleration having been requested that registration of such classes of securities be made effective prior to the expiration of thirty days after the date of receipt by the Commission of such certifications and for the reason that acceleration appears appropriate in the public interest and for the protection of investors;

IT IS ORDERED that registration of such classes of securities shall become effective immediately on the Pacific Stock Exchange, Inc.

For the Commission, by the Division of Corporation Finance, pursuant to delegated authority.

George A. Fitzsimmons
Secretary

Shirley E. Hollis

By: Shirley E. Hollis
Assistant Secretary

SEC 1111 (12-78)

RAM00883

# CRYSTAL OIL COMPANY

**400 Crystal Building**
**Shreveport, Louisiana 71101**

## NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

**May 4, 1984**

Notice is hereby given that the Annual Meeting of Stockholders of Crystal Oil Company (the "Company") will be held at the Regency Motor Hotel, 102 Lake Street, Shreveport, Louisiana, on Friday, May 4, 1984, at 10:00 a.m., Central Time, for the following purposes:

1. To adopt and approve a proposal to change the state of incorporation of the Company from Maryland to Louisiana by adoption and approval of a Plan of Reorganization and Agreement of Merger, attached hereto to Appendix A, pursuant to which the Company will be merged into Crystal Oil Louisiana, Inc., a Louisiana corporation ("Crystal Louisiana"). Crystal Louisiana will be the surviving corporation and each outstanding share of the Company's Common Stock, $1.00 par value, will be converted into one share of the Common Stock, $1.00 par value, of Crystal Louisiana, and the internal affairs of the Company will be governed by new Articles of Incorporation and Bylaws and by Louisiana law which differ in certain respects from the Restated Certificate of Incorporation of the Company and from Maryland law which currently govern the internal affairs of the Company.

2. To elect six directors of the Company to hold office until the next annual meeting of stockholders and until their respective successors are duly elected and qualified.

3. To ratify the selection by the Board of Directors of the Company of Touche Ross & Co. as the Company's independent auditors for 1984.

4. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on March 14, 1984, as the record date for the determination of stockholders entitled to notice of and to vote at such Annual Meeting and any adjournment thereof.

The Board of Directors welcomes the personal attendance of stockholders at the meeting. However, whether or not you expect to be present at the meeting, please fill in, date and sign the enclosed proxy and return it to the Company in the enclosed envelope, which requires no postage if mailed in the United States.

By Order of the Board of Directors,

L. G. CASKEY
*Secretary*

Dated: March 26, 1984

# CRYSTAL OIL COMPANY

**400 Crystal Building**
**Shreveport, Louisiana 71101**

## PROXY STATEMENT

This Proxy Statement and enclosed form of proxy are being mailed on or about March 26, 1984, to the record holders of Common Stock, $1.00 par value ("Company Common Stock"), of Crystal Oil Company (the "Company") on March 14, 1984. The enclosed form of proxy is solicited by the Board of Directors of the Company to be used at the Annual Meeting of Stockholders to be held on May 4, 1984 (the "Annual Meeting"), or any adjournment thereof. Any stockholder giving such proxy may revoke it at any time before it is voted by notifying the holder thereof of the fact of revocation or by voting in person at the Annual Meeting. Otherwise, if received in time, the proxy will be voted at the Annual Meeting.

Holders of record of Company Common Stock at the close of business on March 14, 1984 (the "Record Date"), will be entitled to notice of and to vote at the Annual Meeting. Each outstanding share of Company Common Stock will be entitled to one vote. On the Record Date there were outstanding 20,937,454 shares of Company Common Stock. There were no other voting securities of the Company outstanding. The presence, in person or by proxy, of a majority of the shares of Company Common Stock outstanding on the Record Date is necessary to constitute a quorum to transact business at the Annual Meeting.

The Company's Annual Report to Stockholders for the fiscal year ended December 31, 1983, accompanies this Proxy Statement. The Annual Report, however, does not constitute a part of this Proxy Statement.

The Annual Meeting will be held at 10:00 a.m., Central Time, on May 4, 1984, at the Regency Motor Hotel, 102 Lake Street, Shreveport, Louisiana.

### PRINCIPAL STOCKHOLDERS

The following table sets forth as of the Record Date, the beneficial ownership of Company Common Stock by each person known by the Board of Directors of the Company to be the owner of more than five percent of the outstanding Company Common Stock and the number of shares of Company Common Stock owned by all executive officers and directors as a group:

| Name and Address of Beneficial Owner | Number of Shares Beneficially Owned | Percent Ownership of Common Stock(1) |
|---|---|---|
| Mathers and Company, Inc.(2)<br>125 South Wacker Drive<br>Chicago, Illinois 60606 | 2,980,341 | 14.24 |
| Robert F. Roberts(3)<br>400 Crystal Building<br>Shreveport, Louisiana 71101 | 1,800,000 | 8.60 |
| CIGNA Corporation(4)<br>Philadelphia, Pennsylvania 19103 | 1,115,713 | 5.30 |
| All officers and directors as a group<br>(13 persons including Mr. Roberts) | 3,845,242 | 18.37 |

(1) The percentages shown are based upon 20,937,454 shares of Company Common Stock outstanding on the Record Date eligible to vote at the Annual Meeting which do not include 2,045,884 shares of Company Common Stock reserved for issuance upon the conversion of the Company's 11¾% Convertible Subordinated Debentures due 2000 or 832,000 shares of Company Common Stock reserved for issuance upon conversion of the Company's 9% Convertible Subordinated Debentures due 1991.

(2) Includes 884,250 shares held for the account of Mathers Fund, Inc. and 2,096,091 shares held for accounts over which Mathers and Company, Inc. has investment discretion. The Company has been advised by Mathers and Company, Inc. that it does not have voting power with respect to these shares; however, persons who are officers of Mathers and Company, Inc. also serve as officers of Mathers Fund, Inc. In their capacity as officers of Mathers Fund, Inc., these persons vote the 884,250 shares which are owned by Mathers Fund, Inc.

(3) Mr. Roberts owned beneficially and of record the shares of Company Common Stock listed as of the Record Date. Mr. Roberts may be deemed to be a "parent" of the Company as that term is defined under applicable regulations of the Securities and Exchange Commission.

(4) CIGNA Corporation owned of record the shares of the Company Common Stock indicated in the table but only exercises sole voting power with respect to 231,413 shares although it has sole investment discretion with respect to the entire 1,115,713 shares.

## MANAGEMENT

### Election of Directors

At the Annual Meeting, six directors (constituting the entire Board of Directors) are to be elected to hold office until the next Annual Meeting of Stockholders and until their respective successors shall have been elected and qualify. It is the intention of the persons named in the enclosed form of proxy to vote such proxy for the election of the nominees named below. The nominees have indicated that they are willing to serve as directors. The Board of Directors does not contemplate that any of the nominees will be unable or become unavailable to serve as a director for any reason. However, should any of the following nominees for the Board of Directors be unable to serve as a director or become unavailable for any reason, proxies which do not withhold authority to vote for that nominee will be voted for another nominee to be selected by the Board of Directors.

The following table sets forth (i) the name and age of each nominee, (ii) the positions with the Company of each nominee, (iii) the year during which each nominee first became a director of the Company and (iv) the number of shares of Company Common Stock beneficially owned by each nominee, both directly and indirectly, on the Record Date. Such table has been prepared from information obtained from the respective nominees.

| Name | Age | Positions and Offices With the Company | Served as Director Since | Shares of Common Stock Beneficially Owned on the Record Date | Percent Ownership of Common Stock(1) |
|---|---|---|---|---|---|
| Robert F. Roberts(2) | 59 | Chairman of the Board, President and Chief Executive Officer | 1963 | 1,800,000 | 8.60 |
| Mark A. Roberts(3) | 26 | Executive Vice President and Director | 1980 | 700,000 | 3.34 |
| L. G. Caskey(4) | 57 | Secretary and Director | 1965 | 7,327 | * |
| Richard H. Sucher(5) | 56 | Director | 1971 | 823,984 | 3.94 |
| R. Gordon Bader(6) | 65 | Director | 1974 | 372,824 | 1.78 |
| James E. Hogle, Jr.(7) | 46 | Director | 1974 | 128,167 | * |

* Represents less than one percent (1%) of outstanding class of Company Common Stock.

(1) The percentages shown are based upon 20,937,454 shares of Company Common Stock outstanding on the Record Date eligible to vote at the Annual Meeting which do not include 2,045,884 shares of Company Common Stock reserved for issuance upon the conversion of the Company's 11¾% Convertible Subordinated Debentures due 2000 or 832,000 shares of Company Common Stock reserved for issuance upon conversion of the Company's 9% Convertible Subordinated Debentures due 1991.



RAM00886

(2) Mr. Roberts has been Chairman of the Board, President and Chief Executive Officer of the Company since 1963. Mr. Roberts is also Chairman of the Executive Committee of the Board of Directors. In addition, Mr. Roberts is a director of the Louisiana Bank & Trust Company of Shreveport, Louisiana. See also "Principal Stockholders".

(3) Mr. Mark A. Roberts, the son of Robert F. Roberts, President of the Company, is Executive Vice President and has served in that capacity since February 1, 1984. Prior to that, he served as Assistant to the President of the Company since 1980. Prior to joining the Company, Mr. Roberts was a petroleum land management student at the University of Texas. Mr. Roberts is also a member of the Executive Committee of the Board of Directors. Mr. Roberts owns directly and beneficially the shares attributed to him in the table above.

(4) Mr. Caskey has been associated with the Company since 1963 and is currently Secretary of the Company. Mr. Caskey owns 7,127 shares directly and beneficially and is attributed with the ownership of 200 shares in the table above which are owned by his two children.

(5) Mr. Sucher is the Chairman of the Board of Pioneer Astro Industries, Inc. of Colorado Springs, Colorado. Mr. Sucher also serves on the Audit Committee of the Board of Directors. Mr. Sucher owns directly and beneficially the shares attributed to him in the table above. Mr. Sucher has been the President of Sky Hi, Inc., a radio broadcasting company, since 1972, an officer of H & H Communications, a radio broadcasting company, since 1982 and an officer of R & L Communications, a radio broadcasting company, since 1983.

(6) Mr. Bader has been President of Hogle Investment Company since 1970 and a General Partner in Hogle Associates, a closely held firm which makes investments in the petroleum industry, since 1976. Mr. Bader also serves on the Executive Committee, is Chairman of the Audit Committee and is Chairman of the Personnel Review Committee of the Board of Directors. Mr. Bader owns 16,018 shares of Common Stock directly and beneficially; Mr. Bader's wife owns an additional 9,572 shares of Common Stock as to which ownership is attributed to Mr. Bader in the table above. Mr. Bader is also attributed with ownership of 347,234 shares in the table above owned by Hogle Associates.

(7) Mr. Hogle has been a Vice President of Hogle Investment Company since 1971 and is a Limited Partner in Hogle Associates, a closely held firm which makes investments in the petroleum industry. Mr. Hogle is also a member of the Audit Committee of the Board of Directors. Mr. Hogle owns 44,000 shares directly and beneficially and is attributed with the ownership of an additional 84,167 shares in the table above which are owned by his minor children.

**Meetings and Committees of the Board**

The Board of Directors of the Company has had a standing Audit Committee since 1976. This Committee, which is comprised of three directors, is charged with the duties of recommending to the Board the appointment of independent auditors; reviewing the compensation of such auditors; assuring that proper guidelines are established for the dissemination of financial information; conferring with the independent auditors to assure that the personnel of the treasurer's and controller's departments are adequately trained and supervised; meeting periodically with the independent and internal auditors, Board of Directors and certain officers of the Company to insure the adequacy of internal controls and reporting; reviewing consolidated financial statements; and the performing of any other duties or functions deemed appropriate by the Board. During 1983 this Committee met six times with full attendance at each meeting.

The Board of Directors of the Company also has a Personnel Review Committee which is charged with the responsibility of formulating and reviewing the Company's employment and compensation practices and benefit programs provided to the Company's employees. During 1983 this Committee met on four occasions with the full participation of all members.

The Board of Directors does not have a standing nominating committee.

During 1983 there were six meetings of the Board of Directors. Each director of the Company attended more than 75% of the meetings both of the Board and of the Committees on which he serves.



RAM00887

### Executive Officers

The following table lists the names, ages, positions and periods of service with the Company of its executive officers. Such persons were elected by the Board of Directors of the Company and will hold office until the next annual meeting of the Board of Directors and until their successors shall have been elected and qualified.

| Name | Age | Served as Executive Officer Since | Position |
|---|---|---|---|
| Robert F. Roberts | 59 | 1963 | Chairman of the Board, President and Chief Executive Officer |
| Mark A. Roberts | 26 | 1980 | Executive Vice President |
| Richard D. Miller | 56 | 1975 | Senior Vice President—Land and Exploration |
| Sam J. Clinton | 49 | 1982 | Senior Vice President—Drilling and Production |
| William E. Warnock | 31 | 1982 | Vice President—Engineering |
| Daniel R. Grubb | 57 | 1980 | Vice President—Exploration |
| Joseph B. Boddie | 43 | 1980 | Vice President—Corporate Affairs and Administration |
| James W. Renz | 40 | 1983 | Vice President—Controller |

## COMPENSATION AND TRANSACTIONS WITH MANAGEMENT

### Compensation of Directors and Certain Officers

The following tabulation sets forth the aggregate compensation paid and accrued by the Company for services in all capacities during 1983 to each of the five highest paid executive officers whose aggregate compensation exceeded $60,000 and to all executive officers as a group.

**Cash Compensation Table**

| Name of Individual or number in group | Capacities in which served | Cash Compensation(1) | Accrued Compensation(2) |
|---|---|---|---|
| Robert F. Roberts | Chairman of the Board, President and Chief Executive Officer | $ 328,450(3) | $193,045 |
| William E. Warnock | Vice President—Engineering | 152,000 | |
| Richard D. Miller | Senior Vice President—Land and Exploration | 145,000 | |
| Sam J. Clinton | Senior Vice President—Drilling and Production | 140,000 | |
| Daniel R. Grubb | Vice President—Exploration | 128,840 | |
| All executive officers as a group (nine persons)(4) | | $1,211,106 | $193,045 |

(1) Includes (a) payments under the Company's Incentive Bonus Plan (see "Bonus Plans") and (b) payments for director fees of $250 and $500 to Mr. Roberts and all executive officers as a group, respectively. The aggregate amount of additional benefits to all executive officers as a group is less than 10% of their aggregate compensation.

(2) The amount in the table represents the additional accrued but unpaid expense recorded by the Company in 1983 (a) for an additional $20,000 per year payment (representing the completion of the fourth year under the Deferred Compensation Agreement) to be made to Mr. Roberts upon his retirement, disability or termination of employment and (b) an adjustment to prior period accruals. This amount of accrued compensation has decreased from the amount accrued by the Company in 1982 ($217,434) and will end in September 1984. See "Employment and Deferred Compensation Agreements".



RAM00888

(3) This amount does not include $50,470 Mr. Roberts received in personal benefits, which consist primarily of insurance premiums paid by the Company of $47,920. See "Insurance Policies".

(4) Includes $60,000 paid by the Company in January 1983 to a former executive officer pursuant to a severance agreement.

**Insurance Policies**

The Company is the beneficiary of three life insurance policies in the face amounts of $500,000, $500,000 and $3,615,000 insuring the life of Robert F. Roberts. The Company owns all three policies and pays the premiums thereon.

The Company also maintains life insurance policies in the face amounts of $3,000,000 on the life of Robert F. Roberts. The Company pays the premiums on such policies, but the beneficiaries thereof are designated by Mr. Roberts. The total annual premiums on such policies are $100,670. With respect to two of the policies on the life of Mr. Roberts, aggregating $2,000,000, the Company will be reimbursed for the premiums paid from the proceeds of such policies to the extent such premiums exceed the amount which has been reported as income to Mr. Roberts.

The Company maintains life insurance policies in the face amounts of $2,000,000 on the life of Mark A. Roberts. The Company pays the premiums on such policies, but the beneficiaries thereof are designated by Mark A. Roberts. The total annual premiums for 1983 on such policies were $23,825. The Company will be reimbursed for the premiums paid from the proceeds of such policies to the extent such premiums exceed the amount which has been reported as income to Mr. Roberts.

**Employment and Deferred Compensation Agreements**

Pursuant to an Employment and Deferred Compensation Agreement which became fully vested on November 29, 1979, upon his retirement Robert F. Roberts, or in the event of his death, his widow, will receive for life an annual amount equal to one-half Mr. Roberts' annual salary immediately prior to his retirement or his demise.

The Company entered into Deferred Compensation Agreements with Robert F. Roberts effective September 1, 1979, which provide for deferred compensation of an additional $20,000 per year for Mr. Roberts for each year he remains in the employ of the Company after September 1, 1979, to a maximum of five years. Upon retirement, disability, or termination of employment, the amounts accrued under such plan will be paid annually to the employee for life.

**Directors Fees**

The Company pays its directors who are not employees of the Company at the rate of $6,000 per year. In addition, the members of the Audit and Personnel Review Committees are paid a per meeting fee of $500 for each Committee meeting attended.

In addition to the standard compensation agreements with the Company's directors as described above, the Company from time to time requests its directors who are not employees to attend meetings and perform services for the Company. Directors so employed by the Company are compensated at the rate of $500 per day. During 1983, Messrs. Hogle, Sucher and Bader received $4,000, $5,000 and $29,000, respectively, pursuant to such arrangements.

**Bonus Plan**

The Company maintains an Incentive Bonus Plan which provides for annual bonus awards to certain employees. Beginning in 1982, the amount available for bonus awards in a given year will be an amount not greater than ten percent of any remaining amount available after subtracting from consolidated net income of the Company for the preceding year, as defined in the plan, an amount equal to stockholders' average equity for such year multiplied by the Company's average interest rate during such year on long term bank debt. However, as provided by such plan, the Board of Directors may increase, and in the past has increased, the amount available for incentive bonus awards for any given year. In 1983, the Company paid $150,000, $75,000, $55,000, $50,000, $50,000 and $480,000 to Messrs. Roberts, Warnock, Miller, Clinton, Grubb and all executive officers as a group, respectively.



RAM00889

**Pension Plan**

As of April 1, 1976, the Company adopted the Crystal Oil Company Amended and Restated Pension Plan, as amended (the "Plan"), for all permanent full and part time employees of the Company. To be eligible to participate in the Plan, an employee must be 25 (but less than 60) years old and have been employed for at least one year. Retirement benefits are determined under the Plan by a formula (assuming retirement age of 65) which takes into account a percentage of the average monthly earnings of the participant based on the highest sixty consecutive months out of the last one hundred and twenty consecutive months multipled by years of service (not to exceed 15) and a percentage of the participant's estimated social security benefits multiplied by the same period of service. Benefits accruing under the Plan are paid monthly upon retirement. Two minimum levels of benefits are established by the Plan. The Plan provides for early or late retirement, death before retirement, disability and termination of employment before retirement. The Company has appointed the Louisiana Bank & Trust Company, Shreveport, as trustee of the Plan and contributions are made into a fund established by the Company with the Trustee. During 1983 the Company contributed an aggregate of $619,000 to the Plan. The following table shows for illustration purposes the estimated annual benefits payable under the Company's non-contributory pension plan upon retirement at age 65 based on the average remuneration for the five highest of the last ten years of service with at least fifteen years of service indicated:

| Average Salary | Annual Benefits(1) |
|---|---|
| $ 20,000 | $ 6,599 |
| 35,000 | 14,902 |
| 50,000 | 23,339 |
| 100,000 | 51,464 |
| 150,000 | 79,589 |
| 200,000 | 90,000 |
| 250,000 | 90,000 |
| 300,000 | 90,000 |

(1) Beginning in 1983, the Internal Revenue Service established a maximum annual benefit under defined benefit plans such as the Plan of $90,000. If a participant in the Plan was entitled to receive a larger amount benefit because of prior fundings by the Company, such benefits will remain and be adjusted in accordance with future contributions.

**Options to Purchase Common Stock**

During 1983 the Company had outstanding an option to purchase 8,000 shares of Company Common Stock at an average option price of $16.31 per share. Such option was granted in December 1981 to an officer and director and was cancelled in January 1983. Currently, the Company has no options outstanding to purchase Company Common Stock.

**Interest of Certain Persons in Certain Transactions**

Mark A. Roberts, in his capacity as Assistant to the President and director during 1983, received $91,830 in cash compensation from the Company, consisting of salary, bonuses and directors' fees.

The Mark Allen Roberts Trust (the "Trust"), a trust in which Mark A. Roberts is the beneficiary, and the Company are joint participants in 14 producing oil and gas properties in northern Louisiana. In July 1960 and December 1971, the Trust acquired working interests in these properties ranging from 0.88% to 14% of the total working interest. The Company is generally the operator of the properties. The Trust participates with the Company in these properties on the same basis as other participants not affiliated with the Company. The Trust received revenues aggregating $37,545 from these Company operated properties during 1983.

During 1983, Robert F. Roberts received royalties amounting to $354 from an overriding royalty interest, owned by him prior to the merger of Roberts Petroleum Company into the Company in 1963, in certain oil and gas properties in which the Company now owns the working interests. Mark A. Roberts, a



RAM00890

director, and Mrs. Leila Crain Roberts, the spouse of Robert F. Roberts, received revenues in 1983 from oil and gas properties operated by the Company in the amounts of $35,005 and $32,187, respectively. The Roberts family has owned the mineral interests in these properties since 1961. The Company acquired the working interests covering such properties from unaffiliated third parties in 1978.

Effective July 1, 1981, Crystal Oil 1981 Exploration and Development Program Ltd., a Texas limited partnership (the "1981 Partnership"), sold 10,000 units of limited partnership interest at $1,000 per unit (the "1981 Units") to the stockholders and employees of the Company for an aggregate of $10,000,000. Crystal Program Limited, Inc., a Texas corporation (the "General Partner"), is the General Partner of the 1981 Partnership and a wholly owned subsidiary of the Company. The 1981 Units were offered to stockholders and employees of the Company based on the formula described in the Prospectus dated May 14, 1981, describing the 1981 Partnership. Generally, the formula limited purchases in accordance with a sliding scale based on salaries, in the case of employees, and shares beneficially owned, in the case of stockholders. The 1981 Partnership participates with the Company in drilling exploratory and development wells on leases generated by the Company. The 1981 Partnership participated with the Company in 1982 in 47 gross (12.8 net) wells of which 35 gross (9.7 net) were successful. The 1981 Partnership has participated with the Company in 1983 in 13 gross (2.0 net) wells of which 13 gross (2.0 net) were successful. While the percentage of participation of the 1981 Partnership in wells varies from well to well, the expenses of each well are borne pro rata based on the 1981 Partnership's percentage ownership in the well. During 1982, the 1981 Partnership contributed an aggregate of $14,196,223 to wells it drilled with the Company based on such pro rata participation. During 1983, the 1981 Partnership contributed an aggregate of $3,653,157 to wells it drilled with the Company based on such pro rata participation.

Crystal Oil 1982 Employee Drilling Program, Ltd., a Texas limited partnership (the "1982 Partnership"), sold $2,035,000 in units of limited partnership interest at $250 per unit (the "1982 Units") to employees and directors of the Company on March 1, 1982. The 1982 Partnership was designed to allow employees and directors of the Company to participate with the Company in its drilling activities. In 1982, the 1982 Partnership participated with the Company in drilling 29 gross (2.5 net) wells on leases acquired from time to time by the Company of which 21 gross (1.7 net) were successful. In 1983, the 1983 Partnership participated with the Company in drilling one gross (.06 net) well on leases acquired from time to time by the Company of which one gross (.06 net) was successful. While the percentage participation of the 1982 Partnership in wells varies from well to well, the expenses of each well are borne pro rata based on the 1982 Partnership's percentage of ownership in the well. During 1982, the 1982 Partnership contributed an aggregate of $1,677,704 to wells it drilled with the Company based on such pro rata participation. During 1983, the 1982 Partnership contributed an aggregate of $1,019,560 to wells it drilled with the Company based on such pro rata participation.

Crystal Oil 1983 Employee Drilling Program, Ltd., a Texas limited partnership (the "1983 Partnership"), sold $1,184,000 in units of limited partnership interest at $250 per unit (the "1983 Units") to employees and directors of the Company on March 1, 1983. The 1983 Partnership, similar to the 1982 Partnership, was designed to allow employees and directors of the Company to participate with the Company in its drilling activities. In 1983, the 1983 Partnership participated with the Company in drilling 30 gross (2.93 net) wells on leases acquired from time to time by the Company of which 29 gross (2.9 net) were successful. While the percentage participation of the 1983 Partnership in wells varies from well to well, the expenses of each well are borne pro rata based on the 1983 Partnership's percentage of ownership in the well. During 1983, the 1983 Partnership contributed an aggregate of $1,626,598 to wells it drilled with the Company based on such pro rata participation.

Crystal Oil 1984 Employee Drilling Program, Ltd., a Texas limited partnership (the "1984 Partnership"), sold $1,380,000 in units of limited partnership interest at $250 per unit (the "1984 Units") to employees and directors of the Company on February 20, 1984. The 1984 Partnership, similar to the 1983 Partnership and the 1982 Partnership, was designed to allow key personnel of the Company to participate with the Company in its drilling activities. In 1984, the 1984 Partnership will participate with the Company in drilling exploratory and development wells on leases in which the Company will participate.

The following executive officers and directors of the Company purchased the number of units set forth opposite each such person's name:

| Name | Office | Number of 1981 Units | Number of 1982 Units | Number of 1983 Units | Number of 1984 Units |
|---|---|---|---|---|---|
| Robert F. Roberts | Chairman of the Board, Chief Executive Officer and President | 371 | 1,352 | 800 | 1,512 |
| Mark A. Roberts | Executive Vice President and Director | 160 | 716 | 400 | 848 |
| Richard D. Miller | Senior Vice President | 100 | 240 | 180 | 80 |
| Joseph B. Boddie | Vice President | 16 | 176 | 48 | 48 |
| R. Gordon Bader | Director | 47 | 664 | 800 | 800 |
| James E. Hogle, Jr. | Director | 58 | 664 | 800 | 800 |
| Richard H. Sucher | Director | 314 | 668 | 800 | 800 |
| Total | | 1,066 | 4,480 | 3,828 | 4,888 |

## PROPOSAL TO CHANGE STATE OF INCORPORATION

At the Annual Meeting of Stockholders, stockholders of the Company will consider and vote upon a proposal to change the state of incorporation of the Company from Maryland to Louisiana by adopting the Plan of Reorganization and Agreement of Merger (the "Merger Agreement"), attached hereto as Appendix A, which provides for the merger of the Company into Crystal Oil Louisiana, Inc., a Louisiana corporation and wholly owned subsidiary of the Company ("Crystal Louisiana"). Crystal Louisiana was recently organized for the purpose of such reincorporation of the Company in Louisiana and has no operating history, assets (other than $1,000 cash) or liabilities. At the effective time of the merger, the name of Crystal Louisiana will be changed to Crystal Oil Company, but the merger will not involve a change in the business or management of the Company. The Merger Agreement provides that the merger may be abandoned at any time at the discretion of the Board of Directors of the Company.

The following discussion summarizes certain aspects of the proposal to reincorporate the Company in Louisiana. This summary is not intended to be complete and is qualified in its entirety by reference to the Merger Agreement and Crystal Louisiana's Articles of Incorporation attached hereto as Appendix B (the "Crystal Louisiana Articles of Incorporation"). The Crystal Louisiana Articles of Incorporation were filed with the Secretary of State of the State of Louisiana on February 24, 1984.

### General

The Company's Board of Directors has unanimously approved the reincorporation, and, for the reasons set forth below, unanimously recommends that the Company's stockholders approve the reincorporation proposal. In the opinion of the Board of Directors, a change in the Company's state of incorporation from Maryland to Louisiana is desirable for a number of reasons which relate to the fact that the Company has no operations or activities in Maryland, but is headquartered in Louisiana and carries on its most significant activities there and to certain legal considerations as hereinafter described. See "Principal Reasons for Changing the State of Incorporation".

The proposed reincorporation will be effected by the merger (the "Merger") of the Company with and into Crystal Louisiana, a wholly owned subsidiary of the Company which was recently incorporated under the Louisiana Business Corporation Law ("Louisiana BCL") for purposes of the Merger. Pursuant to the Merger Agreement, at the Effective Time of the Merger (as defined in the Merger Agreement) each outstanding share of the Company's Common Stock, $1.00 par value ("Company Common Stock"), will automatically be converted into one share of Common Stock, $1.00 par value, of Crystal Louisiana ("Crystal Louisiana Common Stock"). Each outstanding certificate representing shares of Company Common Stock will continue to represent the same number of shares of Crystal Louisiana Common Stock. IT WILL NOT BE NECESSARY FOR STOCKHOLDERS OF THE COMPANY TO EXCHANGE THEIR EXISTING STOCK CERTIFICATES FOR STOCK CERTIFICATES OF CRYSTAL LOUISIANA. It is anticipated that at the Effective Time of the Merger, Crystal Louisiana Common Stock will



RAM00892

be listed on the American Stock Exchange, Inc., Pacific Stock Exchange and InterMountain Stock Exchange, as is Company Common Stock, and traded without interruption. Delivery of the existing Company's stock certificates will constitute "good delivery" for transactions in the shares of Crystal Louisiana Common Stock following the Merger. If the stockholders adopt and approve the Merger Agreement, the reorganization will be consummated on May 4, 1984, or as soon thereafter as practicable.

**No Change in Business of the Company**

Approval of this proposal will effect a change in the legal domicile of the Company and certain other changes of a legal nature, but will not result in any change in the name, business, management, location of the principal executive offices, capitalization, assets or liabilities of the Company. The business of Crystal Louisiana will be carried on in the same places and in the same manner as the business of the Company. Crystal Louisiana will possess all the assets and be responsible for all the liabilities of the Company. The purpose of Crystal Louisiana stated in its Articles of Incorporation will permit it in the future to enter into any lawful business activity as do Maryland law and the Company's present Restated Articles of Incorporation. No change in the business of the Company is presently contemplated. The bylaws of Crystal Louisiana are substantially the same as the present bylaws of the Company. The officers and directors of the Company immediately prior to the Merger will be the officers and directors of Crystal Louisiana.

Reincorporation will not make any changes in the financial condition of the Company and involves only the Company and one of its wholly owned subsidiaries. Accordingly, financial statements are not included in this Proxy Statement. The Company's Annual Report to Stockholders for the year ended December 31, 1983, including financial statements, was mailed to stockholders with this Proxy Statement.

The Company's employee benefit plans and arrangements will be continued by Crystal Louisiana upon the same terms and subject to the same conditions as in effect at present.

AT THE EFFECTIVE TIME OF THE MERGER, THE COMPANY WILL BE GOVERNED BY LOUISIANA LAW, BY NEW ARTICLES OF INCORPORATION AND BY NEW BYLAWS, WHICH WILL RESULT IN CERTAIN CHANGES IN THE RIGHTS OF STOCKHOLDERS. The significant changes will include, among others, (1) the elimination of "fair price" measures or special voting requirements for certain business combinations, (2) a change in the calculation of surplus available for share repurchases, (3) changes under certain circumstances in dissenter's rights of appraisal in connection with certain important corporate transactions and (4) a change in the right to inspect records of the Company.

For additional information and details relating to these and other changes in the rights of stockholders, reference is made to the Crystal Louisiana Articles of Incorporation annexed hereto as Appendix B and to the discussions in this proxy statement under the headings "Certain Differences Between Charter Documents" and "Certain Significant Differences Between Maryland and Louisiana Corporation Laws" below. Copies of the Bylaws of Crystal Louisiana are available for inspection at the principal offices of the Company and copies will be sent to stockholders on request at a nominal charge to cover costs.

It is anticipated that the Merger will become effective as soon as practicable following stockholder approval. However, the Merger Agreement provides that the Merger may be abandoned prior to the Effective Time of the Merger, either before or after stockholder approval, if circumstances arise which, in the opinion of the Board of Directors of the Company, make the Merger inadvisable.

Pursuant to the Maryland General Corporation Law (the "Maryland GCL"), the affirmative vote of the holders of two thirds of the outstanding shares of Company Common Stock is required for approval of the Merger which will effectuate the reincorporation of the Company in Louisiana. A vote for approval of the Merger Agreement will constitute specific approval of all other transactions and proceedings relating to the Merger, including the assumption by Crystal Louisiana of the Company's Bonus Plan and Pension Plan, as well as all other employee benefit plans and agreements and the obligations of the Company under such plans and agreements. Because Company Common Stock was listed on the American Stock



RAM00893

Exchange on the record date for determining stockholders entitled to vote at the Annual Meeting, under the Maryland GCL, stockholders of the Company are not entitled to demand and receive payment of the fair value of their shares in lieu of receiving shares of Crystal Louisiana Common Stock pursuant to the Merger.

THE BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED THE REINCORPORATION PROPOSAL AND THE MERGER WHICH WILL EFFECTUATE THE REINCORPORATION AND UNANIMOUSLY RECOMMENDS THAT YOU VOTE *FOR* THE MERGER.

PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE VOTED *FOR* THE MERGER UNLESS A VOTE AGAINST THE PROPOSAL OR ABSTENTION IS SPECIFICALLY INDICATED.

**Principal Reasons for Changing the State of Incorporation**

The Board of Directors believes that the best interests of the Company and its stockholders will be served by changing its state of incorporation from Maryland to Louisiana. The Company was incorporated in 1926 to own land and timber. It became principally engaged in crude oil and natural gas exploration and production when it merged with Roberts Petroleum Company in 1963. The Company has no operations or activities or any other contacts in or with the State of Maryland. Rather, the fact that the Company is at present a Maryland corporation is a historical matter which is inconsistent with the Company's present status as one of Louisiana's largest public corporations and one of its well known corporate citizens. Not only are the Company's principal executive offices in Louisiana, but its most important operations are also in such state. Accordingly, the Board of Directors has concluded that the historical inconsistency should be eliminated. Further, the move to Louisiana will eliminate the unnecessary corporate administrative burden on the Company of having to keep its good standing in Maryland as well as in Louisiana as a foreign corporation qualified to do business there.

The Board of Directors has investigated the Louisiana BCL and has concluded that it is a modern corporate statute which was comprehensively rewritten in 1968. In an area of importance to the Company, the Louisiana BCL's consistent treatment of the calculation of surplus for both dividend and stock repurchase purposes is an improvement over the Maryland GCL. The Maryland GCL permits, in effect, dividends to stockholders out of surplus and accumulated depletion for oil and gas concerns, but restricts stock repurchases to surplus only, while the Louisiana BCL in effect allows both dividends and stock repurchases to be made from surplus which includes accumulated depletion. The Company has for some time considered making stock repurchases — in 1982 it obtained the consent of the Securities and Exchange Commission (the "Commission") to purchase up to $25,000,000 worth of its Common Stock in the market, but to date has not made any repurchases — and, depending upon market conditions, financing, lender consent and other considerations, may in the future determine to repurchase some of its outstanding shares either in market transactions, in privately negotiated transactions or by a tender offer. The Louisiana BCL provides greater flexibility, i.e., a larger source of legal funding, to the Company should it desire to do so, to enter into such stock repurchase transactions in the future than does the Maryland GCL while at the same time allowing the Company to continue to pay dividends on its Common Stock. At present, the Company has a surplus legally available for dividends *and* stock repurchases under Maryland law of approximately $18,000,000. In addition, under the Maryland GCL, the Company has an additional amount of approximately $168,000,000 legally available for *dividends only* because of its accumulated depletion. Under the Louisiana BCL the approximate $168,000,000 would be legally available for both dividends and stock repurchases on account of accumulated depletion in addition to the approximate $18,000,000 surplus amount. If the Company should decide to make repurchases of its Common Stock after the reincorporation transaction, it does not intend to do so if the effect thereof would be to result in the Company's no longer being a publicly owned and publicly traded corporation. The Company intends to continue to be a publicly owned and traded concern. The purpose of any future purchases of Common Stock would relate only to an assessment by the Board of Directors of the Company of the value of Common Stock compared to its then current market price.



RAM00894

## Certain Significant Differences Between Maryland and Louisiana Corporation Laws

The Board of Directors believes that the rights of holders of Crystal Louisiana Common Stock will be substantially similar to the present rights of holders of Company Common Stock. Some of the differences between the Maryland and Louisiana corporation laws, as such differences may affect the rights of stockholders, are set forth below. In certain instances, Louisiana law provides differently than Maryland law with respect to particular matters, but permits, in effect, conformity with the treatment of such matters under Maryland law by allowing the inclusion of provisions in the Articles of Incorporation of the particular corporation which have the effect of changing what the Louisiana law would otherwise be. In connection with the Merger, it is the intention of the Board of Directors to have the rights of stockholders under Louisiana law remain the same in certain respects as under Maryland law where the two can be made consistent by provisions in the Crystal Louisiana Articles of Incorporation. Accordingly, hereinafter in this subheading and the following one, reference will be made to the use of special provisions in the Crystal Louisiana Articles of Incorporation to maintain such consistency.

It should be understood that the description of the differences is a summary only and does not purport to be a complete description of the differences between the Maryland and Louisiana corporation laws. There are numerous other differences in the corporate laws of the two states, but the Company believes that such differences are not material to its stockholders in deciding how to vote on the Merger proposal.

*Stockholder Approval*

Under the Maryland GCL, with certain exceptions, certain major corporate transactions, including mergers, consolidations, dispositions of substantial amounts of assets, amendments to the articles of incorporation of a Maryland corporation and other similar major transactions, are required to be approved by holders of two-thirds of the outstanding shares entitled to vote on the particular matter. This provision of Maryland law contrasts with the similar provision of the Louisiana BCL in that under Louisiana law such major types of transactions require, with certain exceptions, only the vote of two-thirds of the shares present or represented at a particular meeting as long as a quorum is present or represented at the meeting. The Board of Directors of the Company believes that such major transactions should continue to be required to have significant stockholder support before their approval and, accordingly, has determined to retain the provision with respect to the vote required on such transactions under Maryland law by inclusion in the Crystal Louisiana Articles of Incorporation of provisions which, in effect, mandate the favorable vote of two-thirds of the shares entitled to vote on such matters. See "Certain Differences Between Charter Documents—Stockholder Approval" and Article Tenth of the Crystal Louisiana Articles of Incorporation attached hereto as Appendix B. To the extent that the provisions of Maryland law requiring a two-thirds vote of all shares entitled to vote might be deemed to deter a prospective acquiror from attempting a takeover of the Company, such effect will be continued by reason of such provision in the Crystal Louisiana Articles of Incorporation.

*Inspection of Records*

The Maryland GCL provides that any stockholder may inspect and copy during usual business hours the corporation's bylaws, minutes of the proceedings of stockholders, annual statements of affairs and voting trust agreements on file at the corporation's principal office. Any stockholder of a Maryland corporation may present to any officer or resident agent of a corporation a written request for a statement showing all stock and securities issued by the corporation during a specified period of not more than twelve months before the date of the request.

The Louisiana BCL provides that any stockholder, except a business competitor, who has been the holder of record of at least two percent of all outstanding shares of the corporation for at least six months, upon at least five days written demand, has the right to examine at any reasonable time, for any proper and reasonable purpose, any and all of the records and accounts of the corporation and to make extracts therefrom. Two or more stockholders, each of whom has been a holder of record of shares for at least six months, and whose aggregate holdings equal two percent of all outstanding shares of the corporation, may join in a request for inspection and may jointly exercise the right of inspection. In the case of stock held or



RAM00895

acquired by a business competitor, or by a person who owns stock or is otherwise interested in a corporation which is a business competitor, he or it must own not less than twenty-five percent of all outstanding shares of the corporation for a period of six months before he or it may demand the right to examine the records and accounts of the corporation.

In some respects, therefore, Louisiana law allows inspection of more information than does Maryland law, but Louisiana law imposes certain restrictions not present under Maryland law as to which stockholders may avail themselves of such inspection rights.

*Stockholders' Rights in Certain Transactions*

The Maryland GCL provides, with certain exceptions, that a stockholder of a Maryland corporation has the right to demand and receive payment of the fair value of his stock if (1) the corporation consolidates or merges with another corporation, (2) such stockholder's stock is to be acquired in certain share exchanges, (3) the corporation transfers its assets in a manner requiring corporate action under the Maryland GCL, (4) the corporation amends its charter in a way which alters the contract rights, as expressly set forth in the charter, of any outstanding stock and substantially adversely affects the stockholder's rights, unless the right to do so is reserved by the charter of the corporation or (5) unless an election is made not to be covered by such provision (which the Company has not done) and unless certain other exceptions apply, the transaction is a business combination with an interested stockholder (which is any person that is the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the outstanding voting stock of the corporation or an affiliate of the corporation).

Fair value is determined as of the day the stockholders voted on the transaction objected to, except that it does not include any appreciation or depreciation which directly or indirectly results from the transaction objected to or from its proposal.

The Maryland GCL also provides that a stockholder may not demand the fair value of his stock and is bound by the terms of the transaction (unless the transaction is a business combination with an interested stockholder) if (1) the stock held thereby is listed on a national securities exchange as of specified dates or (2) the stock held thereby prior to the transaction is stock of the successor in a merger and certain exceptions do not apply.

The Lousiana BCL provides that if a corporation has, by vote of its stockholders, authorized a sale, lease or exchange of all of its assets, or has, by vote of its stockholders, become a party to a merger or consolidation, then, unless such authorization or action shall have been given or approved by at least 80% of the total voting power, a stockholder who voted against such corporate action has the right to dissent. The dissenting stockholder is required to file, prior to or at the meeting of stockholders at which the contested corporate action is submitted to a vote, a written objection to the proposed corporate action, and he is further required to vote his shares against such action. In the event the proposed corporate action is taken by the required vote but by less than 80% of the total voting power, such stockholder may file with the corporation a demand in writing for the fair cash value of his shares as of the day before such vote was taken.

The Louisiana BCL also provides that the right to dissent does not exist in the case of:

(1) A sale pursuant to an order of a court having jurisdiction in the premises;

(2) A sale for cash on terms requiring distribution of all or substantially all of the net proceeds to the stockholders in accordance with their respective interests within one year after the date of the sale; or

(3) Stockholders holding shares of any class of stock which, at the record date fixed to determine stockholders entitled to receive notice of and to vote at the meeting of stockholders at which a merger or consolidation was acted on were listed on a national securities exchange, unless the articles of the corporation issuing such stock provide otherwise or the shares of such stockholders were not converted by the merger or consolidation solely into shares of the surviving or new corporation.

Stockholders of a Louisiana corporation do not have a right to dissent if 80% of the shares entitled to vote on such transaction voted in favor of such transaction.

The Maryland GCL has a special procedure, which would apply to the Company, for certain transactions included above that involve an "interested stockholder", as defined in the Maryland GCL. The relevant provisions are highly complex and are lengthy and are only briefly summarized. In general, however, a business combination (which is defined in the Maryland GCL and includes mergers, consolidations and other similar major corporate transactions) with an interested stockholder must be recommended by the board of directors and approved by the affirmative vote of at least (i) 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation and (ii) two-thirds of the votes entitled to be cast by holders of voting stock other than voting stock held by the interested stockholder or an affiliate thereof. The effect of this provision is to deter the use of the "two step" type of tender offer and provide for an equalization of prices paid for all shares to all stockholders. Louisiana has no similar provision. Accordingly, one effect of the Merger is to eliminate a measure which might be regarded as a deterent to a takeover of the Company. The legislative history of this provision indicates that it was adopted to protect stockholders from certain attempted takeovers of Maryland corporations by means of a so-called "front-end loaded, two-step" tender offer where a company offers to purchase up to a certain amount of shares for a cash price and follows with a forced merger in which the consideration received by stockholders is of less value per share than the cash price in the tender offer step of the transaction. The second step merger is subject to a higher vote requirement under Maryland law unless the price in the second transaction is as high as that in the tender transaction. The Company has had no discussions with any person as to its takeover and knows of no such intentions on the part of any person. The Board of Directors has concluded not to attempt to include a provision in the Crystal Louisiana Articles of Incorporation which would have an effect similar to that of the Maryland "fair price" provisions. However, the Board of Directors of the Company does regard the Maryland "fair price" provision as one that is advantageous to stockholders, and, in that connection, is encouraging a thorough legistive consideration in Louisiana of the inclusion of similar provisions in the Louisiana BCL, as well as the consideration of other provisions protecting the interests of shareholders under certain circumstances, all of which could have the effect of deterring uninvited takeover attempts with respect to the Company.

*Special Meetings of Stockholders*

Under the Maryland GCL, the Board of Directors, President or holders of 25% of the outstanding stock eligible to vote may call a special meeting of stockholders. Under the Louisiana BCL, the Board of Directors, President or holders of 20% of the outstanding shares of capital stock entitled to vote are needed to call a special meeting of stockholders, unless otherwise provided in the articles or bylaws. This inconsistency in the laws of the two states has been eliminated since the Crystal Louisiana Articles of Incorporation require holders of 25% of the outstanding stock eligible to vote to call a special meeting of stockholders and thus parallel Maryland law as it applies to the Company at present. To the extent that the provision of Maryland law requiring holders of 25% of the outstanding shares to call a special meeting could be deemed to deter a prospective acquiror from attempting a take-over of the Company, such effect will be continued by reason of the continuation of such provision in the Crystal Louisiana Articles of Incorporation.

*Surplus for Dividends and Stock Repurchases*

The Maryland GCL provides that dividends are to be paid from surplus. It also provides that a corporation which is substantially engaged in the exploitation of wasting assets, such as an oil and gas concern like the Company, may distribute the net income derived from the exploitation of the wasting asset without making any deduction or allowance for the depletion of the asset if adequate provision is made for debts and liabilities and notice is given not later than the time of payment to stockholders receiving the dividend that no deduction or allowance has been made for depletion. The Maryland GCL provides that a corporation may repurchase or redeem its stock only out of surplus, but makes no provision for not making any deduction or allowance for the depletion of an asset as it does with the payment of dividends. Accordingly, the amount legally available to the Company in Maryland for dividends greatly exceeds the amount legally available for stock repurchases. See "Principal Reasons for Changing the State of Incorporation". Maryland House Bill No. 777 is now pending in the Maryland legislature and will if passed allow stock repurchases from accumulated depletion as well as from surplus for legal purposes.



RAM00897

The Louisiana BCL directs that both dividends and repurchases of shares shall be made from surplus. "Surplus" is defined as the excess of assets over liabilities plus stated capital. Stated capital is the total amount received for all issued par value stock, up to the total par value. The amount received in excess of par value may be allocated by the board of directors to stated capital or may be allocated to capital surplus. Capital surplus includes any amount arising from a re-evaluation of assets to reflect the appreciation of actual value over book value of assets. "Earned surplus" is defined as the excess of surplus over capital surplus and is described as the current balance of undistributed net income from the time of organization. In computing surplus, a corporation must make proper allowance for depreciation and depletion sustained, and ascertained or known losses of every character. A corporation which owns wasting assets intended for sale in the ordinary course of business, or which owns property having a limited life, such as a lease for a term of years, does not need to make allowance for depletion or amortization of the cost of such assets in computing surplus. This allows both dividends *and* stock repurchases to be made from surplus and accumulated depletion in contrast to existing Maryland law. Accordingly, the amount legally available to the Company in Louisiana for stock repurchases greatly exceeds the amount available for such purposes in Maryland in the absence of a change in Maryland law. To the extent that Crystal Louisiana acquires in the future any of its outstanding shares of its Common Stock, the public "float" of shares could be reduced thus possibly making Crystal Louisiana a less likely target for an uninvited takeover attempt. Similarly, the increased ability to acquire its own shares under Louisiana law could possibly be used by Crystal Louisiana as a means for deterring a specific takeover attempt should one be made or might possibly be viewed by a possible acquiror as a means that could be used to deter such an attempt. The Board of Directors of the Company does not, however, view the increase in its flexibility to acquire shares resulting from the reincorporation as an anti-takeover measure, but rather as a means by which it can, if it so elects, maximize the value of the Company in the event that the market reflects a value for the Company at any time less, in the opinion of the Board, than its actual value.

*Miscellaneous*

While the Company does not regard the following differences between the Maryland and Louisiana corporation laws as significant to its stockholders in deciding how to vote on the Merger, the following additional differences are noted.

*Right of Director to Vote by Proxy*

The Louisiana BCL provides that the articles of incorporation of a Louisiana corporation may provide that any director absent from a meeting of the board or any committee thereof, may be represented by any other director or stockholder, who may cast the vote of the absent director according to written instructions, general or special, of the absent director. The Crystal Louisiana Articles of Incorporation permit this procedure while the Maryland GCL does not permit such procedure.

*Stockholders' Written Consents*

The Maryland GCL requires that written consents of stockholders, in lieu of stockholder action at a meeting thereof, must be signed by each stockholder entitled to vote on the matter. Accordingly, stockholder action by written consent in Maryland requires unanimity, whereas the Louisiana BCL provides that if the articles of incorporation of a Louisiana corporation provide that a written consent of stockholders may be signed by fewer than all of the stockholders having voting power on any question, the consent need be signed only by stockholders holding that proportion of the total voting power on the question which is required by law or the articles, whichever is higher. The Crystal Louisiana Articles of Incorporation contain such a provision.

**Certain Differences Between Charter Documents**

In order that the rights of stockholders of Crystal Louisiana remain as similar as possible in certain respects to those of stockholders of the Company, where allowed by the Louisiana BCL, appropriate provisions were made in the Crystal Louisiana Articles of Incorporation and Bylaws. The following provisions of the Crystal Louisiana Articles of Incorporation, although not found in the Company's Restated Certificate of Incorporation, are consistent with the treatment of such matters under Maryland corporate law, with the exception of the provisions discussed under "Right of Director to Vote by Proxy" and "Reversion of Dividends, Stock and Redeemed Shares", which are provisions permitted by Louisiana law but not by Maryland law.



RAM00898

*Stockholder Approval*

The Crystal Louisiana Articles of Incorporation require, in effect, that any proposed consolidation, merger, or transfer (the sale, lease, exchange or other disposition) of all or substantially all of the assets of a corporation and any amendment to such Articles of Incorporation must be approved by the stockholders of Crystal Louisiana by the affirmative vote of that proportion of the voting power present which shall at least equal two-thirds of all votes entitled to be cast on the matter. The Louisiana BCL would otherwise require only a two-thirds affirmative vote of stockholders *present or represented by proxy*, if a quorum were present or so represented.

*Special Meeting of Stockholders*

The Crystal Louisiana Articles of Incorporation require that holders of 25% of the outstanding stock eligible to vote may call a special meeting of stockholders. The Louisiana BCL would otherwise permit the holders of 20% of such stock to call a special meeting of stockholders. See "Certain Differences Between Maryland and Louisiana Corporation Laws".

*Right of Directors to Vote by Proxy*

The Crystal Louisiana Articles of Incorporation provide that any director absent from a meeting of the board or any committee thereof, may be represented at such meeting by any other director or stockholder, who may cast the vote of the absent director according to the written instructions, general or specific, of the absent director.

*Reversion of Dividends, Stock and Redeemed Shares*

The Crystal Louisiana Articles of Incorporation, in accordance with the Louisiana BCL, have a provision that cash, property or share dividends, shares issuable to stockholders in connection with a reclassification of stock, and the redemption price of redeemed shares, which are not claimed by the stockholders entitled thereto within a reasonable time (not less than one year in any event) after the dividend or redemption price became payable or the shares became issuable, despite reasonable efforts by the corporation to pay the dividend or redemption price or deliver the certificates for the shares to such stockholders within such time, will, at the expiration of such time, revert in full ownership to Crystal Louisiana, and Crystal Louisiana's obligation to pay such dividend or redemption price or issue such shares, as the case may be, will thereupon cease; provided that the board of directors may, at any time, for any reason satisfactory to it, but need not, authorize (a) payment of the amount of any cash or property dividend or redemption price or (b) issuance of any shares, ownership of which has reverted to Crystal Louisiana to the entity who or which would be entitled thereto had such reversion not occurred. The Maryland GCL does not allow the inclusion of this provision (or any similar provision which would otherwise address and change the effect of state escheat laws) in the Articles of Incorporation. The Board of Directors of the Company believes that the inclusion of this provision in the Crystal Louisiana Articles of Incorporation is in the best interests of the Company and its stockholders.

**Tax Consequences**

The Company has been advised by its counsel, Fulbright & Jaworski, that for federal income tax purposes the Merger will constitute a reorganzation and that no gain or loss will be recognized to holders of Company Common Stock as a result of the Merger. Each stockholder of the Company will retain the same tax basis in shares of Crystal Louisiana Common Stock held thereby as such stockholder had in the corresponding shares of Company Common Stock held thereby immediately prior to the Effective Time of the Merger, and the stockholder's holding period of the Crystal Louisiana Common Stock will include the period during which such stockholder held the corresponding Company Common Stock, provided that such corresponding Company Common Stock was held by the stockholder as a capital asset at the Effective Time of the Merger.

The Company has been further advised by its counsel that the Company will not recognize gain, loss or income for federal income tax purposes as a result of the Merger.

*Although it is not anticipated that state or local income tax consequences to stockholders will vary from the federal income tax consequences described above, stockholders should consult their own tax advisors as to the effect of the reorganization under state, local or foreign income tax laws.*



RAM00899

## AUDITORS

At the meeting of the Company's Audit Committee held on December 15, 1983, the members recommended the appointment of Touche Ross & Co., who have served as independent auditors of the Company since 1976, as independent auditors for the year ending December 31, 1984. At a meeting of the Board of Directors on February 22, 1984, the Directors accepted the recommendation of the Audit Committee and appointed Touche Ross & Co. to examine the financial statements of the Company, subject to ratification by the stockholders. Accordingly, the stockholders will be asked to ratify such appointment at the Annual Meeting by a vote of a simple majority of the shares of the Company's common stock entitled to vote at the meeting. In the event a majority of the stockholders fail to ratify the appointment of Touche Ross & Co. the matter will be resubmitted to the Audit Committee for further consideration.

Audit services paid to Touche Ross & Co. in 1983 included examination of the consolidated financial statements of the Company and its wholly owned subsidiaries; assistance with and consultation on the registration statements which the Company filed with the Securities and Exchange Commission during 1983 in connection with a public offering of senior subordinated debentures; assistance with and consultation on other reports filed with the Securities and Exchange Commission; review of the quarterly financial statements; assistance with and consultation on various federal income tax matters and on reports associated therewith and various extended audit procedures requested by the Audit Committee.

Each year the Audit Committee reviews and approves in advance the scope of the annual audit by the Company's independent accountants. Although the Committee is apprised of the nature and cost of the non-audit professional services provided by such accountants, neither the Audit Committee nor the Board of Directors has reviewed and approved such non-audit services in advance. However, all services and fees have been subsequently reviewed by the Audit Committee, and the Audit Committee believes the services rendered by Touche Ross & Co. during 1983 were appropriate and did not affect their independence. A representative of Touche Ross & Co. will be present at the Annual Meeting, will have an opportunity to make a statement on behalf of Touche Ross & Co. and will be available to respond to appropriate questions of any stockholder in attendance at the Annual Meeting.

## STOCKHOLDER PROPOSALS

Stockholder proposals for inclusion in the Proxy Statement for presentment to the 1985 Annual Meeting of Stockholders must be received at the office of the Company, 400 Crystal Building, Shreveport, Louisiana 71101, no later than February 4, 1985, to be considered for inclusion in the Proxy Statement relating to such meeting.

## OTHER INFORMATION

The Board of Directors is not aware that any matters other than those set forth herein and in the Notice of Annual Meeting of Stockholders will come before the meeting. Should any other matters requiring the vote of the stockholders arise, it is intended that proxies will be voted in respect thereof in accordance with the best judgment of the person or persons voting the proxy in the interest of the Company.

The cost of solicitation of proxies will be borne by the Company. In addition to the solicitation of proxies by mail, solicitation may be made by certain directors, officers and regular employees of the Company by telephone, telegram or personal interview. No additional compensation will be made for such solicitation. In addition, the Company has employed D. F. King & Co., Inc. to assist in the solicitation of proxies. The fees and expenses of that firm in connection with such solicitation are not expected to exceed $14,000 plus reasonable out of pocket expenses.

By Order of the Board of Directors

L. G. CASKEY
*Secretary*

Dated: March 26, 1984

# PLAN OF REORGANIZATION AND AGREEMENT OF MERGER

This Plan of Reorganization and Agreement of Merger dated as of ..... 1984 (this "Agreement"), between Crystal Oil Company, a Maryland corporation ("Crystal"), and Crystal Oil Louisiana, Inc., a Louisiana corporation ("Crystal Louisiana"), such corporations being hereinafter collectively referred to as the "Constituent Corporations".

## W I T N E S S E T H:

WHEREAS, Crystal is a corporation duly organized and existing under the laws of the State of Maryland, having been incorporated on February 3, 1926, and having an authorized capital stock of 36,000,000 shares of capital stock comprised of (i) 1,000,000 shares of Preferred Stock, $5.00 par value, none of which is issued and outstanding, and (ii) 35,000,000 shares of common stock, $1.00 par value (the "Crystal Common Stock"), of which 20,937,454 shares are issued and outstanding and 2,877,884 shares are reserved for issuance upon conversion of Crystal's convertible securities.

WHEREAS, Crystal Louisiana is a corporation duly organized and existing under the laws of the State of Louisiana, having been incorporated on February 24, 1984, and its registered office is in the parish of Caddo, and having an authorized capital stock comprised of (i) 1,000,000 shares of Preferred Stock, $5.00 par value per share, none of which is issued and outstanding and (ii) 35,000,000 shares of common stock, $1.00 par value per share (the "Common Stock"), of which one share is issued and outstanding.

WHEREAS, the respective Boards of Directors of Crystal and Crystal Louisiana deem it advisable and in the best interests of said corporations and the respective stockholders thereof, that Crystal be merged with and into Crystal Louisiana as the surviving corporation as authorized by the statutes of the States of Maryland and Louisiana under and pursuant to the terms and conditions hereinafter set forth, and each of such Boards has duly approved this Agreement; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, and for the purpose of setting forth the terms and conditions of the merger provided for by this Agreement (the "Merger"), the mode of carrying the same into effect, the manner and basis of converting the shares of the Crystal Common Stock into shares of the Crystal Louisiana Common Stock and such other details and provisions as are deemed necessary or desirable, the parties hereto have agreed and do hereby agree, subject to the approval or adoption of this Agreement by the requisite vote of the stockholders of each Constituent Corporation, and subject to the conditions hereinafter set forth, as follows:

## ARTICLE I

### Merger and Name of Surviving Corporation

At the Effective Time of the Merger, as hereinafter defined, Crystal shall be merged with and into Crystal Louisiana, which is hereby designated as the "Surviving Corporation", which shall be named "Crystal Oil Company".

## ARTICLE II

### Terms and Conditions of Merger

The terms and conditions of the Merger are (in addition to those set forth elsewhere in this Agreement) as follows:

(a) Upon and following the Effective Time of the Merger:

(1) The Constituent Corporations shall be a single corporation, which shall be Crystal Louisiana, the corporation designated herein as the Surviving Corporation.



RAM00901

(2) The separate corporate existence of Crystal shall cease.

(3) The Surviving Corporation shall possess all the rights, privileges, immunities and franchises, of a public as well as of a private nature, of each of the Constituent Corporations; and all property, real, personal and mixed, and all debts due to either Constituent Corporation on whatever account, including subscriptions to shares, and all other choses in action, and all and every other interest, of or belonging to or due to either of the Constituent Corporations shall be taken and deemed to be transferred to and vested in the Surviving Corporation without further act or deed.

(4) The Surviving Corporation shall be responsible and liable for all liabilities and obligations of each of the Constituent Corporations; and any claim existing or action or proceeding pending by or against either of the Constituent Corporations may be prosecuted as if the Merger had not taken place, or the Surviving Corporation may be substituted in its place. Neither the rights of creditors nor any liens upon the property of either of the Constituent Corporations shall be impaired by the Merger. The Surviving Corporation shall adopt, assume and continue all employee benefit plans, whether welfare or retirement, without any gap or lapse of coverage.

(b) At the Effective Time of the Merger, pursuant to Section 2 of Article V of the bylaws of the Surviving Corporation, the number of directors comprising the Board of Directors of the Surviving Corporation shall be six (6), and the Board of Directors, and the members thereof, of the Surviving Corporation shall be:

Robert F. Roberts
Mark A. Roberts
L. G. Caskey
Richard H. Sucher
R. Gordon Bader
James E. Hogle, Jr.

each to serve in accordance with the bylaws of the Surviving Corporation and until his successor shall have been duly elected and qualified.

(c) At the Effective Time of the Merger, the officers of Crystal immediately prior to the Effective Time of the Merger, shall be and constitute the officers of the Surviving Corporation to serve in accordance with the bylaws of the Surviving Corporation until their respective successors shall have been duly elected and qualified in accordance with such bylaws.

(d) The first annual meeting of the shareholders of the Surviving Corporation held after the date of the filing of this Agreement in the office of the Secretary of State of Louisiana shall be the annual meeting provided or to be provided by the by-laws thereof for the year 1985.

(e) The first regular meeting of the Board of Directors of the Surviving Corporation to be held after the date of filing of this Agreement in the office of the Secretary of State of Louisiana may be called or may convene in the manner provided in the by-laws of the Surviving Corporation and may be held at the time and place specified in the notice of the meeting.

## ARTICLE III

### Capitalization of Surviving Corporation and Manner and Basis of Converting Shares

The total authorized capital stock of the Surviving Corporation shall be as set forth in the Articles of Incorporation of the Surviving Corporation, that is, 35,000,000 shares of common stock, $1.00 par value (the "Common Stock of the Surviving Corporation") and 1,000,000 shares of Preferred Stock, $5.00 par value.

The manner and basis of converting the shares of Crystal into shares of the Surviving Corporation and the mode of carrying the Merger into effect shall be as follows:



RAM00902

(a) All shares, if any, of the Crystal Common Stock which, immediately prior to the Effective Time of the Merger, were (i) held by Crystal as treasury shares or (ii) outstanding and owned by Crystal or any direct or indirect wholly owned subsidiary of Crystal shall be cancelled and retired and no securities or cash shall be issued or paid with respect thereto.

(b) Each share of Crystal Common Stock outstanding at the Effective Time of the Merger shall be automatically converted without any action on the part of the holder thereof into one fully paid and nonassessable share of Common Stock of the Surviving Corporation. After the Effective Time of the Merger, each holder of an outstanding certificate which prior thereto represented shares of Crystal Common Stock shall be entitled, upon surrender thereof to the transfer agent for the Common Stock of the Surviving Corporation, to receive in exchange therefor a certificate or certificates representing the number of shares of Common Stock of the Surviving Corporation into which the shares of Crystal Common Stock so surrendered shall have been converted as aforesaid, of such denominations and registered in such names as such holder may request. Until surrendered as provided in this paragraph (b), each of such outstanding certificates which, prior to the Effective Time of the Merger, represented shares of the Crystal Common Stock shall for all purposes evidence the ownership of the shares of Common Stock of the Surviving Corporation into which such shares shall have been so converted.

(c) All shares of Common Stock of the Surviving Corporation into which shares of Crystal Common Stock shall have been converted pursuant to this Article III shall be issued in full satisfaction of all rights pertaining to such converted shares, subject, however, to the obligation of the Surviving Corporation to pay such dividends, if any, as may have been declared by Crystal on such shares of Crystal Common Stock and as remain unpaid at the Effective Time of the Merger.

(d) If any certificate for shares of capital stock of the Surviving Corporation is to be issued in a name other than that in which the certificate surrendered in exchange therefor is registered, it shall be a condition of the issuance thereof that the certificate so surrendered shall be properly endorsed and otherwise in proper form for transfer and that the person requesting such exchange shall have paid to the Surviving Corporation or any agent designated by it any transfer or other taxes required by reason of the issuance of a certificate for shares of capital stock of the Surviving Corporation in any name other than that of the registered holder of the certificate surrendered, or establish to the satisfaction of the Surviving Corporation or any agent designated by it that such tax has been paid or is not payable.

## ARTICLE IV

### Articles of Incorporation and Bylaws

(a) The Articles of Incorporation, and each amendment thereto, of Crystal Louisiana as existing and constituted immediately prior to the Effective Time of the Merger shall, upon the Merger's becoming effective, be and constitute the Articles of Incorporation of the Surviving Corporation until amended in the manner provided by law; provided, however, that Article First of the Articles of Incorporation of the Surviving Corporation is hereby amended to be effective at the Effective Time of the Merger to read as follows:

FIRST: The name of the corporation is Crystal Oil Company.

(b) The bylaws of Crystal Louisiana as existing and constituted immediately prior to the Effective Time of the Merger shall, upon the Merger's becoming effective, be and constitute the bylaws of the Surviving Corporation until amended in the manner provided by law.

## ARTICLE V

### Other Provisions with Respect to Merger

(a) This Agreement shall be submitted to the stockholders of each Constituent Corporation as provided by the applicable laws of the States of Maryland and Louisiana. As soon as practicable after the approval or adoption thereof by the stockholders of each Constituent Corporation in accordance with the requirements of the laws of the States of Maryland and Louisiana and the obtaining of all necessary

regulatory approvals, all required documents shall be executed, filed and recorded and all required acts shall be done in order to accomplish the Merger under the provisions of the applicable statutes of the States of Maryland and Louisiana.

## ARTICLE VI

### Approval and Effective Time of the Merger

The Merger shall become effective when all the following actions shall have been taken:

(a) this Agreement shall be adopted and approved on behalf of each Constituent Corporation in accordance with the Maryland General Corporation Law and the Louisiana Business Corporation Law,

(b) Articles of Merger (with this Agreement attached as part thereof), setting forth the information required by, and executed and verified in accordance with, the Maryland General Corporation Law, shall be filed in the office of the Secretary of State of the State of Maryland, and

(c) this Agreement as so adopted and approved, when certified, executed and acknowledged in accordance with the Louisiana Business Corporation Law shall be filed and recorded in the office of the Secretary of State of the State of Louisiana (the particular time and date at which such filing and recording shall be accomplished being herein referred to as the "Effective Time of the Merger").

## ARTICLE VII

### Miscellaneous Provisions

(a) If at any time the Surviving Corporation shall consider or be advised that any further assignment or assurance in law or other action is necessary or desirable to vest, perfect or confirm, of record or otherwise, in the Surviving Corporation the title to any property or rights of Crystal acquired or to be acquired by or as a result of the Merger, the proper officers and directors of Crystal and the Surviving Corporation, respectively, shall be, and they hereby are, severally and fully authorized to execute and deliver such deeds, assignments and assurances in law and to take such other action as may be necessary or proper in the name of Crystal or the Surviving Corporation to vest, perfect or confirm title to such property or rights in the Surviving Corporation and otherwise carry out the purposes of this Agreement.

(b) The Boards of Directors of the Constituent Corporations may (by an instrument in writing signed on behalf of each of the parties hereto) amend this Plan of Reorganization and Agreement of Merger at any time prior to the filing of this Plan of Reorganization and Agreement of Merger with the Secretary of State of the State of Louisiana, provided that any amendment to this Plan of Reorganization and Agreement of Merger made subsequent to the adoption of this Plan of Reorganization and Agreement of Merger by the stockholders of any Constituent Corporation shall not (1) alter or change the amount or kind of shares, securities, cash, property and/or rights to be received in exchange for or on conversion of all or any of the shares of any class or series thereof of such Constituent Corporation, (2) alter or change any term of the Articles of Incorporation of the Surviving Corporation to be effected by the Merger, or (3) alter or change any of the terms and conditions of this Plan of Reorganization and Agreement of Merger if such alteration or change would adversely affect the holders of any class of series thereof of such Constituent Corporation.

(c) For the convenience of the parties and to facilitate the filing and recording of this Agreement, any number of counterparts hereof may be executed, and each such counterpart shall be deemed to be an original instrument.

(d) This Agreement and the legal relations between the parties hereto shall be governed by and construed in accordance with the laws of the State of Louisiana except insofar as provisions of the Maryland General Corporation Law are required by the laws of the State of Maryland to be applied to the Merger.



RAM00904

(e) The Surviving Corporation shall pay all expenses of carrying this Agreement into effect and of accomplishing the Merger.

(f) This Agreement cannot be altered or amended except pursuant to an instrument in writing signed by the parties hereto.

IN WITNESS WHEREOF, the parties to this agreement of merger, pursuant to authority duly given by their respective boards of directors have caused this agreement of merger to be executed by a majority of the directors of each party hereto, and corporate seal affixed.

CRYSTAL OIL COMPANY

By ROBERT F. ROBERTS
(Robert F. Roberts)

MARK A. ROBERTS
(Mark A. Roberts)

L. G. CASKEY
(L. G. Caskey)

RICHARD H. SUCHER
(Richard H. Sucher)

R. GORDON BADER
(R. Gordon Bader)

JAMES E. HOGLE, JR.
(James E. Hogle, Jr.)

CRYSTAL OIL LOUISIANA, INC.

By ROBERT F. ROBERTS
(Robert F. Roberts)

MARK A. ROBERTS
(Mark A. Roberts)

L. G. CASKEY
(L. G. Caskey)

RICHARD H. SUCHER
(Richard H. Sucher)

R. GORDON BADER
(R. Gordon Bader)

JAMES E. HOGLE, JR.
(James E. Hogle, Jr.)

RAM00905

I, L. G. Caskey, Secretary of Crystal Oil Louisiana, Inc., a corporation organized and existing undr the laws of the State of Louisiana, hereby certify, as such secretary, that the Plan of Reorganization and Agreement of Merger to which this certificate is attached, after having been first duly signed by a majority of the board of directors on behalf of said corporation and having been signed by a majority of the Board of Directors on behalf of Crystal Oil Company, a Maryland corporation, was duly submitted to the shareholders of said Crystal Oil of Louisiana, Inc. at a special meeting of said shareholders called and held separately from the meeting of shareholders of any other corporation after notice by mail as provided by R.S. 12:73, La. Rev. Stats. 1950 on the ..... day of ....., 1984, for the purpose of considering and taking action upon the proposed Plan of Reorganization and Agreement of Merger; that a quorum of shareholders was present or represented at said meeting; that one share of stock of said corporation was on said date issued and outstanding having voting power; that the proposed Plan of Reorganization and Agreement of Merger was approved by the shareholders by an affirmative vote representing at least two-thirds of the voting power present at the shareholders meeting of said corporation, and that thereby the Plan of Reorganization and Agreement of Merger was at said meeting duly adopted as the act of the shareholders of said Crystal Oil Louisiana, Inc. and the duly adopted agreement of said corporation.

WITNESS my hand on this ..... day of ....., 1984.

L. G. CASKEY

L. G. Caskey, Secretary



RAM00906

I, L. G. Caskey, Secretary of Crystal Oil Company, a corporation organized and existing under the laws of the State of Maryland, hereby certify, as such Secretary and under the seal of the said corporation, that the Plan of Reorganization and Agreement of Merger to which this Certificate is attached, after having been first duly signed on behalf of the said corporation by a majority of the directors thereof, was duly submitted to the stockholders of said Crystal Oil Company, at the annual meeting of said stockholders called and held separately from the meeting of stockholders of any other corporation, after at least ten (10) days' notice by mail, as provided by the Maryland General Corporation Law on the 4th day of May, 1984 for the purpose of considering and taking action upon the proposed Plan of Reorganization and Agreement of Merger, that ..... (.....) shares of stock of said corporation were on said day issued and outstanding, that the holders of ..... (.....) shares voted against the approval of the proposed Plan of Reorganization and Agreement of Merger, the said affirmative vote representing at least two-thirds of the total number of shares of the outstanding capital stock of said corporation entitled to vote thereon, and thereby the Plan of Reorganization and Agreement of Merger was at said meeting duly adopted as the act of the stockholders of said Crystal Oil Company as the duly adopted Agreement of the said corporation.

WITNESS my hand on this ..... day of ....., 1984.

L. G. CASKEY

L. G. Caskey, Secretary

THE ABOVE PLAN OF REORGANIZATION AND AGREEMENT OF MERGER, having been executed by a majority of the board of directors of each corporate party thereto, and having been adopted separately by each corporate party thereto, in accordance with the provisions of the Louisiana Business Corporation Law, and the Maryland General Corporation Law, and that fact having been certified on said Plan of Reorganization and Agreement of Merger by the Secretary of corporate party thereto, the President of each corporate party thereto, the President of each corporate party thereto do now hereby execute the said Plan of Reorganization and Agreement of Merger by authority of the directors and shareholders thereof, as a respective agreement of each of said corporations, on this ..... day of ....., 1984.

CRYSTAL OIL COMPANY

_____

President (or Vice President)

CRYSTAL OIL LOUISIANA, INC.

_____

President (or Vice President)



RAM00908

STATE OF .....
COUNTY OF ..... } ss.:

BE IT REMEMBERED that on this ..... day of ....., A.D. 1984, personally came before me, the undersigned, a Notary Public in and for the county and state aforesaid, ....., ..... President of Crystal Oil Louisiana, Inc., a corporation of the State of Louisiana and one of the corporations described in and which executed the foregoing Plan of Reorganization and Agreement of Merger, and he duly executed said Plan of Reorganization and Agreement of Merger before me and acknowledged said Plan of Reorganization and Agreement of Merger to be the agreement of said corporation.

IN WITNESS WHEREOF the said appearer has signed these presents and I have hereunto affixed my official hand and seal, on the day and date first hereinabove written.

(NOTARIAL SEAL)

NOTARY PUBLIC

STATE OF .....
COUNTY OF ..... } ss.:

BE IT REMEMBERED that on this ..... day of ....., A.D. 1984, personally came before me, the undersigned, a Notary Public in and for the county and state aforesaid, ....., ..... President of Crystal Oil Company, a corporation of the State of Maryland and one of the corporations described in and which executed the foregoing Plan of Reorganization and Agreement of Merger, and he duly executed said Plan of Reorganization and Agreement of Merger before me and acknowledged said Plan of Reorganization and Agreement of Merger to be the agreement of said corporation.

IN WITNESS WHEREOF the said appearer has signed these presents and I have hereunto affixed my official hand and seal, on the day and date first hereinabove written.

(NOTARIAL SEAL)

NOTARY PUBLIC

# ARTICLES OF INCORPORATION
# OF
# CRYSTAL OIL LOUISIANA, INC.

I, the undersigned, being capable of contracting, for the purpose of forming a corporation pursuant to Chapter 1 of Title 12 of the Louisiana Revised Statutes, do hereby certify:

FIRST: The name of the corporation is Crystal Oil Louisiana, Inc.

SECOND: The purpose for which this corporation is formed is as follows:

To engage in any lawful activity for which corporations may be formed under the Louisiana Business Corporation Law.

THIRD: The duration of the corporation is perpetual.

FOURTH: The aggregate number of shares which the corporation shall have the authority to issue is Thirty Six Million (36,000,000), consisting of two classes. The designation of each class, the number of shares of each class, and the par value of the shares of each class, are as follows:

| Number of Shares | Class | Par Value Per Share |
|---|---|---|
| 35,000,000 | Common Stock | $1.00 |
| 1,000,000 | Preferred Stock | $5.00 |

The preferences, limitations and relative rights in respect of the shares of each class and the variations of the relative rights and preferences as between series of any preferred or special class in series, if any, or shall be provided for, are as follows:

## COMMON STOCK

1. *Voting Rights of Common Stock.* Each holder of Common Stock shall be entitled to one (1) vote for each share of common stock held thereby on each matter submitted to a vote of the shareholders of the corporation. No shareholder shall be entitled to cumulate his votes in the election of directors of the corporation, but each share shall be entitled to one (1) vote in the election of each director.

2. *Dividends on Common Stock.* The holders of Common Stock shall be entitled to receive dividends on shares of Common Stock when, if and as declared by the Board of Directors of the corporation.

3. *Distribution on Common Stock in the Event of Dissolution, Liquidation or Winding Up.* In the event of any voluntary or involuntary dissolution, liquidation or winding up of the corporation, after payment or provision for payment of the debts and other liabilities of the Corporation and the amounts to which the holders of all classes of Preferred Stock may be entitled, the holders of the Common Stock shall be entitled to share ratably in the remaining assets of the corporation.

## PREFERRED STOCK

*Authority of the Board of Directors to Amend These Articles to Fix the Preferences, Limitations and Relative Rights of Preferred Stock.* There is hereby vested in the Board of Directors of the corporation the authority to amend these articles by resolution of such Board to fix the preferences, limitations and relative rights of the shares of Preferred Stock, and to establish and fix variations in relative rights as between series of Preferred Stock. In such regard and without limitation, the Board of Directors may by resolution from time to time classify or reclassify and issue in one or more series any unissued shares of Preferred Stock, and may fix or alter in any one or more respects, from time to time before issuance of such shares, the number and designation of any series or classification, liquidation and dividend rights, preferences, voting powers, redemption rights, conversion rights, and any other rights, restrictions and qualifications of and the terms of any purchase, retirement or sinking fund which may be provided for, such shares of Preferred Stock.

FIFTH: The full name and post office address of the incorporator is as follows:

| Name | Address |
|---|---|
| Karen M. Nakfoor..... | Fulbright & Jaworski<br>Bank of the Southwest Bldg.<br>Houston, Texas 77002 |

SIXTH: Cash, property or share dividends, shares issuable to shareholders in connection with a reclassification of stock, and the redemption price of redeemed shares, which are not claimed by the shareholders entitled thereto within a reasonable time (not less than one year in any event) after the dividend or redemption price became payable or the shares became issuable, despite reasonable efforts by the corporation to pay the dividend or redemption price or deliver the certificates for the shares to such shareholders within such time, will, at the expiration of such time, revert in full ownership to the corporation, and the corporation's obligation to pay such dividend or redemption price or issue such shares, as the case may be, will thereupon cease; provided that the board of directors may, at any time, for any reason satisfactory to it, but need not, authorize (a) payment of the amount of any cash or property dividend or redemption price or (b) issuance of any shares, ownership of which has reverted to the corporation to the entity who or which would be entitled thereto had such reversion not occurred.

SEVENTH: Any director absent from a meeting of the board of directors or any committee thereof may be represented at such meeting by any other director or shareholder, who may cast the vote of the absent director according to the written instructions, general or special, of the absent director.

EIGHTH: Whenever by any provision of law, these articles of incorporation or the bylaws of the corporation, the affirmative vote of shareholders is required to authorize or constitute corporate action, such action may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by the shareholders holding that proportion of the total voting power on the question required by these articles of incorporation, by the bylaws of the corporation or by law, whichever requirement is higher. Such written consent shall have the same force and effect as an affirmative vote of the shareholders at a meeting of shareholders.

NINTH: Special meetings of the shareholders for any purpose or purposes shall be called by the secretary at the request in writing of shareholders entitled to vote on matters relating to such purpose or purposes holding in the aggregate not less than twenty-five percent (25%) of the total voting power.

TENTH: Any proposed merger, consolidation or transfer (the sale, lease, exchange or other disposition) of all or substantially all of the assets of the corporation and any amendment to these articles must be approved by the shareholders of the corporation by a vote of that proportion of the voting power present which shall at least equal two-thirds of all the votes entitled to be cast on the matter.

ELEVENTH: This corporation reserves the right to amend, alter, change or repeal any provision contained in these articles in the manner now or hereafter prescribed hereby or by statute, and all rights conferred upon shareholders herein are granted subject to this reservation.

IN WITNESS WHEREOF I the undersigned, am capable of contracting, have hereunto affixed my signature on this 23rd day of February, 1984.

KAREN M. NAKFOOR

Karen M. Nakfoor



RAM00912

STATE OF TEXAS
COUNTY OF HARRIS } ss.:

BE IT KNOWN, that on this 23rd day of the month of February, in the year of our Lord, 1984, before me, the undersigned, a Notary Public in and for the County and State aforesaid duly commissioned and qualified, there came and appeared Karen M. Nakfoor, known to me, Notary, and known by me to be the person whose name appears upon the foregoing instrument and said appearer declared and acknowledged unto me, Notary, that she executed the said instrument for the uses and purposes therein set forth and apparent.

IN WITNESS WHEREOF, said appearer has signed these presents, and I have hereunto set my official hand and seal on the day and date first hereinabove written.

(NOTARIAL SEAL)

NOTARY PUBLIC

CRYSTAL
OIL COMPANY
P.O. BOX 21101, SHREVEPORT, LOUISIANA 71120
TELEPHONE 318-222-7791 TWX 510 973 4067

DEAR FELLOW STOCKHOLDER:

You are cordially invited to attend the Annual Meeting of Stockholders of Crystal Oil Company (the "Company"), scheduled to be held on Friday, May 4, 1984 at the Regency Motor Hotel, 102 Lake Street, Shreveport, Louisiana, commencing at 10:00 a.m. Your Board of Directors and management look forward to greeting personally those stockholders able to attend.

At the meeting, stockholders will elect six directors and ratify the selection of Touche Ross & Co. as the Company's independent auditors for 1984. In addition, stockholders will be asked to approve a proposal which will change the state of incorporation of the Company from Maryland to Louisiana. This reincorporation will be accomplished through a merger, pursuant to which stockholders of the Company will become stockholders of a new Louisiana corporation, Crystal Oil Louisiana, Inc. The reincorporation will not involve a change in the business or management of your company and it is expected that the shares of the new company will be listed and traded on the American Stock Exchange. Following the merger, stockholders will not have to exchange their present stock certificates for certificates in the new Louisiana corporation.

The Board of Directors has given careful consideration to the reincorporation proposal and, for the reasons set forth in the attached proxy statement, unanimously recommends a vote FOR the proposal.

It is important that your shares are represented and voted at the meeting. Regardless of the number of shares you own, please take a moment now to sign, date and mail the enclosed proxy in the enclosed envelope.

On behalf of the Board of Directors, thank you for your continued interest and participation in the affairs of the Company.

Sincerely,

ROBERT F. ROBERTS
*Chairman of the Board*
*and President*

# CRYSTAL OIL COMPANY
## 400 Crystal Building—Shreveport, Louisiana 71101

**This Proxy is Solicited by the Board of Directors for the Annual Meeting on May 4, 1984.**

THE UNDERSIGNED hereby appoints Robert F. Roberts and R. Gordon Bader or either of them, and any substitute or substitutes, to be attorneys and proxies of the undersigned at the Annual Meeting of Stockholders of Crystal Oil Company (the "Company") to be held at 10:00 a.m. on Friday, May 4, 1984, at the Regency Motor Inn, 102 Lake Street, Shreveport, Louisiana, or at any adjournment thereof, and to vote at such meeting the shares of Common Stock of the Company the undersigned held of record on the books of the Company on the record date for the meeting.

**The Board of Directors recommends a vote FOR the items listed below.**

(1) Approval and adoption of the Agreement of Merger and Plan of Reorganization.

☐ FOR ☐ AGAINST ☐ ABSTAIN

(2) ☐ FOR the election (except as indicated to the contrary below) of Robert F. Roberts, Mark A. Roberts, L. G. Caskey, Richard H. Sucher, R. Gordon Bader and James E. Hogle, Jr. as directors.

**To withhold authority to vote for any individual nominee, write the nominee's name in the space provided below:**

_____

☐ WITHHOLD authority to vote for all nominees.

(3) PROPOSAL TO RATIFY the selection of Touche Ross & Co. as the Company's independent auditors for 1984.

☐ FOR ☐ AGAINST ☐ ABSTAIN

(4) In their discretion on such other matters as may properly come before the meeting or any adjournment thereof not known or determined at the time the Board of Directors solicits this proxy.

*(Please Turn Over to Sign)*

All as more particularly described in the Proxy Statement dated March 26, 1984, relating to such meeting, receipt of which is hereby acknowledged.

This Proxy will be voted as directed. If not otherwise specified, this proxy will be voted FOR items (1), (2) and (3) of this proxy.

Dated ..... 1984

.....

.....

(Signature of Stockholder(s))

Your signature should correspond with your name as it appears at the left. When signing as attorney, executor, administrator, trustee or guardian, please set forth your full title. If stock is held in the name of more than one person, each joint owner shall sign.

**PLEASE DATE, SIGN AND RETURN IMMEDIATELY**

Please note any change of address

FORM 8-B

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Registration of Securities of Certain Successor Issuers

Filed Pursuant to Section 12(b) or (g) of
The Securities Exchange Act of 1934

CRYSTAL OIL COMPANY
(Exact name of registrant as specified in its charter)

| Louisiana | 72-0163810 |
|---|---|
| (State or other jurisidiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| 400 Crystal Building, Shreveport, Louisiana | 71101 |
| (Address of principal executive offices) | (Zip Code) |

Securities to be registered pursuant to Section 12(b) of the Act:

| Title of each class to be so registered | Name of each exchange on which each class is to be registered |
|---|---|
| Common Stock, $1.00 par value | American Stock Exchange |
| 14-7/8% Senior Subordinated Debentures due December 15, 1998 | American Stock Exchange |
| 12-5/8% Subordinated Debentures due June 15, 1990 | American Stock Exchange |
| 11-3/8% Convertible Subordinated Debentures due 2000 | American Stock Exchange |
| 13-3/4% Subordinated Debentures due July 15, 2000 | American Stock Exchange |
| 9% Convertible Subordinated Debentures due 1991 | American Stock Exchange |
| 12-5/8% Subordinated Debentures due December 15, 2001 | American Stock Exchange |

Securities to be registered pursuant to Section 12(g) of the Act:

None

1. General Information.

(a) Crystal Oil Company ("Crystal"), a Louisiana corporation and wholly owned subsidiary of Crystal Oil Company, a Maryland corporation ("Crystal-Maryland"), was incorporated on February 24, 1984, under the laws of the State of Louisiana.

(b) The fiscal year of Crystal ends on December 31.

2. Transaction of Succession.

(a) Crystal-Maryland is the predecessor company which had securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 at the time of the succession.

(b) Pursuant to a merger consummated on May 4, 1981, Crystal - Maryland was merged into Crystal. At the time of the merger, each outstanding share of Crystal-Maryland's Common Stock, $1.00 par value was automatically converted into one share of Common Stock, $1.00 par value, of Crystal. Pursuant to the terms of the merger, it was not necessary for stockholders of Crystal - Maryland to exchange their existing stock certificates for stock certificates of Crystal.

3. Securities to be Registered.

The following information sets forth as to each class of securities to be registered (1) the number of shares or the amount of debentures presently authorized, (2) the number of shares or the amount of debentures presently issued and (3) the number of shares or the amount of debentures presently issued which are held by or for the account of Crystal.

| Class of Securities to be Registered | Number of Shares or Amount of Debentures Presently Authorized | Number of Shares or Amount of Debentures Presently Issued | Number of Shares or Amount of Debentures Presently Issued Held by or for the Account of the Company |
|---|---|---|---|
| Common Stock, 1.00 par value | 35,000,000 | 20,937,454 | 2,877,884 |
| 14-7/8% Senior Subordinated Debentures due December 15, 1998 | $130,000,000 | $130,000,000 | $0 |
| 12-5/8% Subordinated Debentures due June 15, 1990 | $ 35,000,000 | $ 35,000,000 | $0 |
| 11-3/8% Convertible Subordinated Debentures due 2000 | $ 50,000,000 | $ 41,331,000 | $0 |
| 13-3/4% Subordinated Debentures due July 15, 2000 | $ 35,000,000 | $ 35,000,000 | $0 |
| 9% Convertible Subordinated Debentures due 1991 | $ 31,200,000 | $ 31,200,000 | $0 |
| 12-5/8% Subordinated Debentures due December 15, 2001 | $ 80,000,000 | $ 80,000,000 | $0 |

4. Description of Registrant's Securities to be Registered.

(a) A description of the Common Stock, $1.00 par value, is contained in the Registration Statement on Form S-16, Registration No. 2-72015, which is hereby incorporated by reference herein.

(b) A description of the 9% Convertible Subordinated Debentures due 1991 is contained in the Registration Statement on Form S-16, Registration No. 2-72015, which is hereby incorporated by reference herein.

(c) A description of the 11-3/8% Convertible Subordinated Debentures due 2000 is contained in the Registration Statement on Form S-7, Registration No. 2-66928, which is hereby incorporated by reference herein.

(d) A description of the 14-7/8% Senior Subordinated Debentures due December 15, 1998 is contained in the Registration Statement on Form S-3, Registration No. 2-88181, which is hereby incorporated by reference herein.

(e) A description of the 13-3/4% Subordinated Debentures due July 15, 2000 is contained in the Registration Statement on Form S-16, Registration No. 2-68418, which is hereby incorporated by reference herein.

(f) A description of the 12-5/8% Subordinated Debentures due June 15, 1990 is contained in the Registration Statement on Form S-7, Registration No. 2-61463, which is hereby incorporated by reference herein.

(g) A description of the 12-5/8% Subordinated Debentures due December 15, 2001 is contained in the Registration Statement on Form S-3, Registration No. 2-79408, which is incorporated by reference herein.

5. Financial Statements and Exhibits.

(a) Financial Statements
Not applicable.

(b) Exhibits.

1. Plan of Reorganization and Agreement of Merger dated as of May 2, 1984, between Crystal and Crystal Oil Company, a Maryland corporation (contained in the proxy statement filed as Exhibit 2).

*2. Proxy Statement dated March 26, 1984, as filed with the Securities and Exchange Commission by Crystal Oil Company, a Maryland corporation.

*3.1 Articles of Incorporation.

*3.2 Bylaws.

4.1 Indenture dated June 15, 1978, between Crystal and Bankers Trust Company with respect to 12-5/8% Subordinated Debentures due 1990 (reference is made to the Registration Statement, Registration No. 2-61463).

*4.2 First Supplemental Indenture dated as of May 4, 1984, between Crystal and Bankers Trust Company with respect to 12-5/8% Subordinated Debentures due June 15, 1990.

4.3 Indenture dated April 15, 1980, between Crystal and Bankers Trust Company with respect to 11-3/8% Convertible Subordinated Debentures due 2000 (reference is made to the Registration Statement, Registration No. 2-66928).

*4.4 First Supplemental Indenture dated as of May 4, 1984 between Crystal and Bankers Trust Company with respect to 11-3/8% Convertible Subordinated Debentures due 2000.

4.5 Indenture dated July 15, 1980, between Crystal and Bankers Trust Company with respect to 13-3/4% Subordinated Debentures due July 15, 2000 (reference is made to the Registration Statement, Registration No. 2-68418).

*4.6 First Supplemental Indenture dated as of May 4, 1984 between Crystal and Bankers Trust Company with respect 13-3/4% Subordinated Debentures due July 15, 2000.

4.7 Indenture dated May 15, 1981, between Crystal and First City National Bank of Houston with respect to 9% Convertible Subordinated Debentures due 1991 (reference is made to the Registration Statement, Registration No. 2-72015).

*4.8 First Supplemental Indenture between Crystal and First City National Bank of Houston with respect to 9% Convertible Subordinated Debentures due 1991.

4.9 Indenture dated December 15, 1981, between Crystal and Bankers Trust Company with respect to 12-5/8% Subordinated Debentures due December 15, 2001 (reference is made to the Qualification Statement, Registration No. 2-79408).

*4.10 First Supplemental Indenture dated as of May 4, 1984 between Crystal and Bankers Trust Company with respect to 12-5/8% Subordinated Debentures due December 15, 2001.

4.11 Indenture dated December 15, 1983 between Crystal and Bank of the Southwest National Association, Houston with respect to 14-7/8% Senior Subordinated Debentures due December 15, 1998 (reference is made to the Registration Statement, Registration No. 2-88181).

*4.12 First Supplemental Indenture dated as of May 4, 1984 between Crystal and Bank of the Southwest National Association, Houston with respect to 14-7/8% Senior Subordinated Debentures due December 15, 1998.

4.13 Loan Agreement dated July 28, 1982 between Crystal and Bankers Trust Company (reference is made to the Report on Form 10-K filed by the Company for the year ended December 31, 1982).

*4.14 Assumption Agreement and Consent dated as of May 4, 1984 among Crystal, Crystal - Maryland and Bankers Trust Company.

* Filed herewith

SIGNATURE

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

DATED as of the 10th day of May, 1984.

CRYSTAL OIL COMPANY

By: /s/ Robert F. Roberts
Robert F. Roberts,
Chairman of the Board,
President and Chief Executive Officer

CRYSTAL OIL COMPANY

---

FORM 8-B

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

---

EXHIBITS

## EXHIBITS

1. Plan of Reorganization and Agreement of Merger dated as of May 2, 1984, between Crystal and Crystal Oil Company, a Maryland corporation (contained in the proxy statement filed as Exhibit 2).

*2. Proxy Statement dated March 26, 1984, as filed with the Securities and Exchange Commission by Crystal Oil Company, a Maryland corporation.

*3.1 Articles of Incorporation.

*3.2 Bylaws.

4.1 Indenture dated June 15, 1978, between Crystal and Bankers Trust Company with respect to 12-5/8% Subordinated Debentures due 1990 (reference is made to the Registration Statement, Registration No. 2-61463).

*4.2 First Supplemental Indenture dated as of May 4, 1984, between Crystal and Bankers Trust Company with respect to 12-5/8% Subordinated Debentures due June 15, 1990.

4.3 Indenture dated April 15, 1980, between Crystal and Bankers Trust Company with respect to 11-3/8% Convertible Subordinated Debentures due 2000 (reference is made to the Registration Statement, Registration No. 2-66928).

*4.4 First Supplemental Indenture dated as of May 4, 1984 between Crystal and Bankers Trust Company with respect to 11-3/8% Convertible Subordinated Debentures due 2000.

4.5 Indenture dated July 15, 1980, between Crystal and Bankers Trust Company with respect to 13-3/4% Subordinated Debentures due July 15, 2000 (reference is made to the Registration Statement, Registration No. 2-68418).

*4.6 First Supplemental Indenture dated as of May 4, 1984 between Crystal and Bankers Trust Company with respect 13-3/4% Subordinated Debentures due July 15, 2000.

4.7 Indenture dated May 15, 1981, between Crystal and First City National Bank of Houston with respect to 9% Convertible Subordinated Debentures due 1991 (reference is made to the Registration Statement, Registration No. 2-72015).

*4.8 First Supplemental Indenture between Crystal and First City National Bank of Houston with respect to 9% Convertible Subordinated Debentures due 1991.

4.9 Indenture dated December 15, 1981, between Crystal and Bankers Trust Company with respect to 12-5/8% Subordinated Debentures due December 15, 2001 (reference is made to the Qualification Statement, Registration No. 2-79408).

*4.10 First Supplemental Indenture dated as of May 4, 1984 between Crystal and Bankers Trust Company with respect to 12-5/8% Subordinated Debentures due December 15, 2001.

4.11 Indenture dated December 15, 1983 between Crystal and Bank of the Southwest National Association, Houston with respect to 14-7/8% Senior Subordinated Debentures due December 15, 1998 (reference is made to the Registration Statement, Registration No. 2-88181).

*4.12 First Supplemental Indenture dated as of May 4, 1984 between Crystal and Bank of the Southwest National Association, Houston with respect to 14-7/8% Senior Subordinated Debentures due December 15, 1998.

4.13 Loan Agreement dated July 28, 1982 between Crystal and Bankers Trust Company (reference is made to the Report on Form 10-K filed by the Company for the year ended December 31, 1982).

*4.14 Assumption Agreement and Consent dated as of May 4, 1984 among Crystal, Crystal - Maryland and Bankers Trust Company.

* Filed herewith

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

FORM 8

AMENDMENT TO APPLICATION OR REPORT
Filed pursuant to Section 12, 13, or 15(d) of
THE SECURITIES EXCHANGE ACT OF 1934

CRYSTAL OIL COMPANY

AMENDMENT NO. 1

The undersigned registrant hereby amends the following items, financial statements, exhibits or other portions of its Registration of Securities of Certain Successor Issuers on Form 8-B as set forth in the pages attached hereto;

Cover Page
Item 1. General Information.
Item 2. Transaction of Succession.
Item 3. Securities to be Registered.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this amendment to be signed on its behalf by the undersigned, thereunto duly authorized.

CRYSTAL OIL COMPANY

By _____
Robert F. Roberts
Chairman of the Board, President
and Chief Executive Officer

Date: June 8, 1984

FORM 8-B

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Registration of Securities of Certain Successor Issuers

Filed Pursuant to Section 12(b) or (g) of
The Securities Exchange Act of 1934

CRYSTAL OIL COMPANY
(Exact name of registrant as specified in its charter)

| Louisiana | 72-0163810 |
|---|---|
| (State or other jurisidiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| 400 Crystal Building, Shreveport, Louisiana | 71101 |
| (Address of principal executive offices) | (Zip Code) |

Securities to be registered pursuant to Section 12(b) of the Act:

| Title of each class to be so registered | Name of each exchange on which each class is to be registered |
|---|---|
| Common Stock, $1.00 par value | American Stock Exchange<br>Pacific Stock Exchange |
| 14-7/8% Senior Subordinated Debentures due December 15, 1998 | American Stock Exchange |
| 12-5/8% Subordinated Debentures due June 15, 1990 | American Stock Exchange |
| 11-3/8% Convertible Subordinated Debentures due 2000 | American Stock Exchange |
| 13-3/4% Subordinated Debentures due July 15, 2000 | American Stock Exchange |
| 9% Convertible Subordinated Debentures due 1991 | American Stock Exchange |
| 12-5/8% Subordinated Debentures due December 15, 2001 | American Stock Exchange |

Securities to be registered pursuant to Section 12(g) of the Act:

None

1. General Information.

(a) Crystal Oil Company ("Crystal"), a Louisiana corporation and wholly owned subsidiary of Crystal Oil Company, a Maryland corporation ("Crystal-Maryland"), was incorporated on February 24, 1984, under the laws of the State of Louisiana.

(b) The fiscal year of Crystal ends on December 31.

2. Transaction of Succession.

(a) Crystal-Maryland is the predecessor company which had securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 at the time of the succession.

(b) Pursuant to a merger consummated on May 4, 1981, Crystal - Maryland was merged into Crystal. At the time of the merger, each outstanding share of Crystal-Maryland's Common Stock, $1.00 par value was automatically converted into one share of Common Stock, $1.00 par value, of Crystal. Pursuant to the terms of the merger, it was not necessary for stockholders of Crystal - Maryland to exchange their existing stock certificates for stock certificates of Crystal.

3. Securities to be Registered.

The following information sets forth as to each class of securities to be registered (1) the number of shares or the amount of debentures presently authorized, (2) the number of shares or the amount of debentures presently issued and (3) the number of shares or the amount of debentures presently issued which are held by or for the account of Crystal.

| Class of Securities to be Registered | Number of Shares or Amount of Debentures Presently Authorized | Number of Shares or Amount of Debentures Presently Issued | Number of Shares or Amount of Debentures Presently Issued Held by or for the Account of the Company |
|---|---|---|---|
| Common Stock, 1.00 par value | 35,000,000 | 20,937,454 | 2,877,884 |
| 14-7/8% Senior Subordinated Debentures due December 15, 1998 | $130,000,000 | $130,000,000 | $0 |
| 12-5/8% Subordinated Debentures due June 15, 1990 | $ 35,000,000 | $ 35,000,000 | $0 |
| 11-3/8% Convertible Subordinated Debentures due 2000 | $ 50,000,000 | $ 41,331,000 | $0 |
| 13-3/4% Subordinated Debentures due July 15, 2000 | $ 35,000,000 | $ 35,000,000 | $0 |
| 9% Convertible Subordinated Debentures due 1991 | $ 31,200,000 | $ 31,200,000 | $0 |
| 12-5/8% Subordinated Debentures due December 15, 2001 | $ 80,000,000 | $ 80,000,000 | $0 |

FULBRIGHT & JAWORSKI
BANK OF THE SOUTHWEST BUILDING
HOUSTON, TEXAS 77002
TELEPHONE (713) 651-5151
TELEX 76-2829

1150 CONNECTICUT AVE., N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 452-6800
TELEX 89-2602

AMERICAN BANK TOWER, SUITE 1740
221 WEST SIXTH STREET
AUSTIN, TEXAS 78701
TELEPHONE (512) 474-5201

IN DALLAS
DUMAS, HUGUENIN, BOOTHMAN & MORROW
AND
FULBRIGHT & JAWORSKI
2001 BRYAN TOWER, SUITE 1400
DALLAS, TEXAS 75201
TELEPHONE (214) 969-0969 (DH&M)
TELEPHONE (214) 969-1969 (F&J)

LANDMARK BUILDING, SUITE 200
705 EAST HOUSTON AVENUE
SAN ANTONIO, TEXAS 78205
TELEPHONE (512) 224-5575

2 ST. JAMES'S PLACE
LONDON, SW1A 1NP
TELEPHONE (01) 629-1207
TELEX 28310

February 24, 1984

RECEIVED
FEB 24 1984
Engineering Section, OS/OIE

## REQUEST FOR RULING

Re: Crystal Oil Company Section 613A(c)(9)

Assistant Commissioner (Technical)
Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, D.C. 20224

Attention: Corporation Tax Division,
Engineering & Valuation Branch,
Natural Resources Section,
Oil & Gas Group

Dear Sir:

This is a request for an income tax ruling on behalf of Crystal Oil Company ("Crystal"), and Crystal Oil Louisiana, Inc., a wholly-owned subsidiary of Crystal ("Newco"). The request concerns the federal income tax consequences under section 613A of the Internal Revenue Code of 1954, as amended (the "Code"), of the transfer of proven oil or gas properties from Crystal to Newco pursuant to the proposed statutory merger of Crystal with and into Newco (the "Merger").

## THE PARTIES

### CRYSTAL

Crystal is a Maryland business corporation which was organized in 1926. Its address is 229 Milam Street, Shreveport, Louisiana 71101, and its employer identification number is 72-0939467. Crystal keeps its books and records and files its consolidated federal income tax returns on the accrual method of accounting and the calendar year. The District Director of the New Orleans office has audit jurisdiction over Crystal.

Crystal and its consolidated subsidiaries are principally engaged in crude oil and natural gas exploration and production. Among the assets of Crystal are interest oil and gas properties, some of which qualify as "proven oil or gas properties" within the meaning of section 613A(c)(9) of the Code. Some of these interests are eligible for percentage depletion in the hands of Crystal.

As of January 31, 1984, the issued and outstanding capital stock of Crystal consisted of 20,937,454 shares of common stock, $1.00 par value (the "Crystal Common Stock"), held by approximately 5,000 shareholders of record. The Crystal Common Stock is widely held and is publicly traded on the American Stock Exchange.

NEWCO

Newco is a Louisiana business corporation which was organized on February 24, 1984. Its address is the same as that of Crystal. Newco has applied for an employer identification number. Newco keeps its books and records and will file its consolidated federal income tax returns on the accrual method of accounting and the calendar year. The District Director of the New Orleans office has audit jurisdiction over Newco. As more fully described in the immediately following section, after the Merger, Newco and its consolidated subsidiaries will be engaged in the same business as that previously conducted by Crystal and its subsidiaries, principally crude oil and natural gas exploration and production. Newco was formed to effect the Merger. Its assets consist of $1,000 cash and it has no liabilities. As of February 24, 1984, the issued and outstanding capital stock of Newco consisted of one share of common stock, $1.00 par value per share (the "Newco Common Stock"). At all times before the effective time of the Merger Crystal has owned, and will continue to own the single issued and outstanding share of the Newco Common Stock. The Newco Common Stock will be the only class of stock of Newco issued and outstanding at the effective time of the Merger.

## BUSINESS PURPOSE AND PROPOSED TRANSACTIONS

Crystal's principal executive offices are in Louisiana, and its most significant operations are also in Louisiana. Crystal does not have any operations or activities in the state of Maryland. The Merger will eliminate Maryland franchise taxes and the necessity of qualifying as a foreign corporation to do business in Louisiana. In addition, certain provisions of the Louisiana Business Corporation Law provide greater flexibility with regard to certain

corporate transactions than the Maryland General Corporation Law.

Accordingly, the boards of directors of Crystal and Newco have approved the Plan of Reorganization and Agreement of Merger (the "Agreement"), a copy of which is attached as Exhibit A. Under the Agreement Crystal will merge with and into Newco.

Pursuant to the Merger each share of the Crystal Common Stock outstanding at the effective time of the Merger will be converted into one share of the Newco Common Stock. All shares of the Crystal Common Stock outstanding at the effective time of the Merger which were (i) held by Crystal as treasury shares, or (ii) outstanding and owned by Crystal or any direct or indirect wholly owned subsidiary of Crystal will be cancelled and retired and no securities or cash will be issued or paid with respect thereto. Pursuant to the Merger the single share of the Newco Common Stock outstanding will be cancelled and retired and no securities or cash will be issued or paid with respect thereto. By operation of law, all of Crystal's assets will be transferred to Newco, and all of Crystal's liabilities will be assumed by Newco. Immediately after the effective time of the Merger, the name of Newco will be changed to Crystal Oil Company. After the effective time of the Merger, Newco's name, business, management, principal offices, capitalization, assets and liabilities will be identical to Crystal's before the Merger.

## RULING REQUESTED

On the basis of the information submitted, the following ruling is respectfully requested.

The transfer of interests in proven oil or gas properties from Crystal to Newco pursuant to the merger of Crystal with and into Newco will qualify under section 613A(c)(9)(B)(iv) of the Code as a transfer of properties between corporations which are members of the same controlled group of corporations (as defined in section 613A(c)(8)(D)(i) of the Code). Accordingly, interests in proven oil or gas properties owned by Crystal which qualify for percentage depletion prior to the merger will continue to so qualify to the same extent after they are transferred to Newco pursuant to the merger.

Although the parties believe that the Merger will qualify as a reorganization under section 368(a) of the Code, no rulings are requested with respect thereto.

## DISCUSSION

Section 613A(c)(9)(A) of the Code provides that in the case of a transfer after December 31, 1974, of an interest in any proven oil or gas property, the benefits of section 613A(c)(1) shall not apply to the transferee with respect to the production of crude oil or natural gas attributable to such interest. Section 613A(c)(9)(B)(iv) of the Code provides that section 613A(c)(9)(A) shall not apply in the case of a transfer of property between corporations which are members of the same controlled group of corporations (as defined in section 613A(c)(8)(D)(i)). Immediately before the transfer of proven oil or gas properties from Crystal to Newco pursuant to the Merger, Crystal will own all of the issued and outstanding stock of Newco, and, therefore, at such time Crystal and Newco will be members of the same controlled group of corporations. Moreover, the Merger will not result in any proliferation of depletable quantities under section 613A(c)(3). Section 613A(c)(9)(B)(iv) therefore applies to the transfer of proven oil or gas properties from Crystal to Newco pursuant to the Merger.

## MISCELLANEOUS

To the best knowledge of the parties and the undersigned, none of the identical issues involved herein (1) has been examined or is under examination by a District Director in a return of any of the parties (or of a related taxpayer within the meaning of section 267 or of a member of an affiliated group of which any of the parties is also a member within the meaning of section 1504), (2) has been considered or is under consideration by an Appeals office in connection with a return of any of the parties for a prior period, or (3) is pending in litigation. Further, to the best knowledge of the parties and the undersigned, no identical or similar issues have been submitted to the Service but withdrawn before a ruling was issued, or ruled upon by the Service to any of the parties or any predecessor of any of the parties.

Copies of powers of attorney are enclosed. Please address your reply and ruling letter to R. Richard Coston, Fulbright & Jaworski, 800 Bank of the Southwest Building, Houston, Texas 77002, in accordance with the powers of attorney, and send copies of your ruling letter and any other correspondence to the persons designated in the powers of attorney. Also, we would appreciate your telephoning Robert H. Wellen, or Peter P. Weidenbruch in Washington when the ruling letter is ready, so that we may pick it up at your offices rather than wait for mail delivery.

If you have any questions or if you desire any further information, please telephone Robert H. Wellen. or

Peter P. Weidenbruch in Washington, or any of the other undersigned (collect) in Houston. Further, we request a conference in Washington if it should become necessary to support our position that the rulings should be issued as requested.

Yours very truly,

FULBRIGHT & JAWORSKI

By _____

R. Richard Coston
William S. Lee

Fulbright & Jaworski
800 Bank of the Southwest Bldg.
Houston, Texas 77002
(713) 651-5151

Robert H. Wellen
Peter P. Weidenbruch, Jr.

Fulbright & Jaworski
1150 Connecticut Avenue, N.W.
Washington, D.C. 20036
(202) 452-6828

Internal Revenue Service

Department of the Treasury

Date: JUN 11 1984

Person to Contact:
Mr. Joseph H. Makurath
Contact Telephone Number:
(202) 566-4435
Refer Correspondence To:
CC:C:E:E:4

Mr. Robert H. Wellen
Fullbright & Jaworski
1150 Connecticut Avenue, N.W.
Washington, DC 20036

Dear Mr. Wellen:

The enclosed copy of a letter is sent to you under the provisions of a power of attorney, authorization and declaration, or other proper authorization currently on file with the Internal Revenue Service.

Sincerely yours,

John W. Holt

John W. Holt
Director, Corporation
Tax Division

Enclosure:
Copy of letter

RAM00934

Washington, D.C. 20224

Letter 1690 (NO) (6-82)

Internal Revenue Service

Department of the Treasury

Index No.: 0613.50-00

Washington, DC 20224

Person to Contact:
Mr. Joseph H. Makurath
Telephone Number:
(202) 566-4435
Refer Reply to:
CC:C:E:E:4 - 4B5810
Date:
JUN 11 1984

Crystal Oil Company
229 Milam Street
Shreveport, LA 71101

Attn: Mr. Joseph B. Boddie,
Vice President,
Corporate Affairs &
Administration

X = Crystal Oil Company

Y = Newco

"This document may not be used or cited as precedent." Section 6110(j)(3) of the Internal Revenue Code.

Dear Mr. Boddie:

This is in reply to your letter, dated February 24, 1984, in which you request a ruling concerning the federal income tax consequences of the transfer of certain proven oil and gas properties from X to Y, pursuant to a proposed statutory merger.

The pertinent facts are understood to be as set forth below:

X is a corporation principally engaged, with its subsidiaries, in oil and gas exploration and production.

X owns interests in oil and gas properties, some of which constitute "proven oil and gas properties" within the meaning of section 613A(c)(9) of the Code.

Y is a corporation organized on February 24, 1984 for the purpose of accomplishing the proposed merger. Pursuant to a plan of merger, Y and its consolidated subsidiaries will be engaged in the same business as that previously conducted by X and its subsidiaries, principally in crude oil exploration and production. The business purpose of the merger is to change X's state of incorporation in order to eliminate certain franchise taxes and to eliminate the necessity of qualifying as a foreign corporation to do business in the state of X's oil and gas operations. At all times before the effective time of the merger, X has owned, and will continue to own the single issued and outstanding share of the Y common stock.

Pursuant to the merger, each share of X common stock outstanding at the effective time of the merger will be converted into one share of Y common stock. All shares of X common stock outstanding, at the effective time of the merger which were (i) held by X as treasury shares, or (ii) outstanding and owned by X or any direct or indirect wholly owned subsidiary of X, will be cancelled and retired and no securities or cash will be issued

or paid with respect thereto. Pursuant to the merger, the single share of Y common stock outstanding will be cancelled and retired and no securities or cash will be issued or paid with respect thereto. By operation of law, all of X's assets will be transferred to Y, and all of X's liabilities will be assumed by Y. Immediately, after the effective time of the merger, the name of Y will be changed to X. After the effective time of the merger, Y's name, business, management, principal offices, capitalization, assets and liabilities will be identical to X's before the merger.

Specifically, you request a ruling that the transfer of interests in proven oil or gas properties from X to Y, pursuant to the merger of X with and into Y, will qualify under section 613A(c)(9)(B)(iv) of the Code as a transfer of properties between corporations which are members of the same controlled group of corporations (as defined under Code section 613A(c)(8)(D)(i)) and, thus, the interests in proven oil or gas properties owned by X which qualify for percentage depletion prior to the merger will continue to so qualify.

Section 613A(a) of the Code provides that, except as otherwise provided in that section, the allowance for depletion under section 611, with respect to any oil or gas well, shall be computed without regard to section 613.

Section 613A(c)(1) of the Code provides, to independent producers and royalty owners, a percentage depletion allowance on limited volumes (tentative quantity) of oil and gas.

Section 613A(c)(9)(A) of the Code provides that, in case of a transfer after December 31, 1974 of an interest in any proven oil or gas property, the benefits of section 613A(c)(1) shall not apply to the transferee with respect to the production of crude oil or natural gas attributable to such interest.

Section 613A(c)(9)(B)(iv) of the Code provides that section 613A(c)(9)(A) shall not apply to a transfer of property between corporations which are members of the same controlled group of corporations only so long as the tentative oil quantity is allocated under section 613A(c)(8) between the transferor and transferee.

Section 613A(c)(8)(A) of the Code provides that, for the purposes of section 613A(c), persons who are members of the same controlled group of corporations shall be treated as one taxpayer.

Section 613A(c)(8)(D)(i) of the Code provides that a "controlled group of corporations" has the same meaning as in section 1563(a), except that certain exclusions do not apply, and in the further modification that, "more than 50 percent" is substituted for "at least 80 percent" in section 1563(a) of the Code.

Section 1563(a) of the Code provides that the term "controlled group of corporations" includes a group of one or more chains of corporations connected through stock ownership with a common parent corporation if stock possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote of each of the corporations, except the common parent corporation, is owned by one or more of the other corporations; and the common parent corporation owns stock possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote of at least one of the other corporations, excluding, in computing such voting power, stock owned directly by such other corporations.

If a corporation reincorporates in a different corporate shell, there is no proliferation of the tentative quantity. The surviving corporation has effectively allocated the entire tentative quantity specified in Code section 613A(c)(3)(B). As a result of the merger, it exists as the only entity to which an allocation can be made. Therefore, a mere reincorporation in a different corporate shell satisfies the requirements of section 613A(c)(9)(B)(ii) and such merger will result in a transfer of X's oil and gas properties that is excepted from the general rule of section 613A(c)(9)(A).

In the instant case, immediately before the transfer of proven oil or gas properties from X to Y, pursuant to the merger, X will own all of the issued and outstanding stock of Y. Thus, at the time of the merger, X and Y will be members of the same controlled group of corporations within the meaning of section 613A(c)(8)(D)(i) of the Code, and the transfer of assets will constitute a transfer described in section 613A(c)(9)(B)(iv).

Accordingly, the merger of X with and into Y will constitute a transfer of oil and gas properties which is excepted from the general rule provided by section 613A(c)(9)(A) of the Code. Therefore, X will not be denied the allowance for depletion provided in section 613A(c)(1) with respect to proven oil and gas properties by reason of the proposed merger.

This ruling is predicated on the merger being a bonafide reorganization under the relevant section of the Code.

This ruling is directed only to the taxpayer who requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as precedent. Temporary or final regulations pertaining to section 613A of the Code have not yet been adopted. Therefore, this ruling will be modified or revoked by adoption of temporary or final regulations, to the extent that the regulations are inconsistent with any conclusion in the ruling. Section 17.04 of Rev. Proc. 84-1, 1984-1 I.R.B. 10, 20. However, when the criteria in seciton 17.05 of Rev. Proc. 84-1 are satisfied, a ruling is not revoked or modified retroactively, except in rare or unusual circumstances.

No opinion is expressed about the tax treatment of the transaction under any other provision of the Code and regulations or about the tax treatment of any conditions existing at the time of, or effects resulting from, the transactions that are not specifically covered by the above ruling.

In accordance with the power of attorney on file in this office, a copy of this letter is being sent to your authorized representative.

A copy of this letter should be attached to the taxpayer's federal income tax returns for any year in which the allowance for percentage depletion is claimed.

Sincerely yours,

John W. Holt
Director, Corporation
Tax Division

Internal Revenue Service

Department of the Treasury

Index No.: 0613.50-00

Washington, DC 20224

[redacted]

Person to Contact:
[redacted]
Telephone Number:
[redacted]
Refer Reply to:
CC:C:E:E:4 - 4B5810
Date:
JUN 11 1984

Attn: [redacted]

X = [redacted]

Y = [redacted]

*This document may not be used or cited as precedent. Section 6110(j)(3) of the Internal Revenue Code.*

Dear [redacted]

This is in reply to your letter, [redacted] in which you request a ruling concerning the federal income tax consequences of the transfer of certain proven oil and gas properties from X to Y, pursuant to a proposed statutory merger.

The pertinent facts are understood to be as set forth below:

X is a corporation principally engaged, with its subsidiaries, in oil and gas exploration and production.

X owns interests in oil and gas properties, some of which constitute "proven oil and gas properties" within the meaning of section 613A(c)(9) of the Code.

Y is a corporation organized on [redacted] for the purpose of accomplishing the proposed merger. Pursuant to a plan of merger, Y and its consolidated subsidiaries will be engaged in the same business as that previously conducted by X and its subsidiaries, principally in crude oil exploration and production. The business purpose of the merger is to change X's state of incorporation in order to eliminate certain franchise taxes and to eliminate the necessity of qualifying as a foreign corporation to do business in the state of X's oil and gas operations. At all times before the effective time of the merger, X has owned, and will continue to own the single issued and outstanding share of the Y common stock.

Pursuant to the merger, each share of X common stock outstanding at the effective time of the merger will be converted into one share of Y common stock. All shares of X common stock outstanding, at the effective time of the merger which were (i) held by X as treasury shares, or (ii) outstanding and owned by X or any direct or indirect wholly owned subsidiary of X, will be cancelled and retired and no securities or cash will be issued

RAM00939

[redacted]

or paid with respect thereto. Pursuant to the merger, the single share of Y common stock outstanding will be cancelled and retired and no securities or cash will be issued or paid with respect thereto. By operation of law, all of X's assets will be transferred to Y, and all of X's liabilities will be assumed by Y. Immediately, after the effective time of the merger, the name of Y will be changed to X. After the effective time of the merger, Y's name, business, management, principal offices, capitalization, assets and liabilities will be identical to X's before the merger.

Specifically, you request a ruling that the transfer of interests in proven oil or gas properties from X to Y, pursuant to the merger of X with and into Y, will qualify under section 613A(c)(9)(B)(iv) of the Code as a transfer of properties between corporations which are members of the same controlled group of corporations (as defined under Code section 613A(c)(8)(D)(i)) and, thus, the interests in proven oil or gas properties owned by X which qualify for percentage depletion prior to the merger will continue to so qualify.

Section 613A(a) of the Code provides that, except as otherwise provided in that section, the allowance for depletion under section 611, with respect to any oil or gas well, shall be computed without regard to section 613.

Section 613A(c)(1) of the Code provides, to independent producers and royalty owners, a percentage depletion allowance on limited volumes (tentative quantity) of oil and gas.

Section 613A(c)(9)(A) of the Code provides that, in case of a transfer after December 31, 1974 of an interest in any proven oil or gas property, the benefits of section 613A(c)(1) shall not apply to the transferee with respect to the production of crude oil or natural gas attributable to such interest.

Section 613A(c)(9)(B)(iv) of the Code provides that section 613A(c)(9)(A) shall not apply to a transfer of property between corporations which are members of the same controlled group of corporations only so long as the tentative oil quantity is allocated under section 613A(c)(8) between the transferor and transferee.

Section 613A(c)(8)(A) of the Code provides that, for the purposes of section 613A(c), persons who are members of the same controlled group of corporations shall be treated as one taxpayer.

[redacted]

Section 613A(c)(8)(D)(i) of the Code provides that a "controlled group of corporations" has the same meaning as in section 1563(a), except that certain exclusions do not apply, and in the further modification that, "more than 50 percent" is substituted for "at least 80 percent" in section 1563(a) of the Code.

Section 1563(a) of the Code provides that the term "controlled group of corporations" includes a group of one or more chains of corporations connected through stock ownership with a common parent corporation if stock possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote of each of the corporations, except the common parent corporation, is owned by one or more of the other corporations; and the common parent corporation owns stock possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote of at least one of the other corporations, excluding, in computing such voting power, stock owned directly by such other corporations.

If a corporation reincorporates in a different corporate shell, there is no proliferation of the tentative quantity. The surviving corporation has effectively allocated the entire tentative quantity specified in Code section 613A(c)(3)(B). As a result of the merger, it exists as the only entity to which an allocation can be made. Therefore, a mere reincorporation in a different corporate shell satisfies the requirements of section 613A(c)(9)(B)(ii) and such merger will result in a transfer of X's oil and gas properties that is excepted from the general rule of section 613A(c)(9)(A).

In the instant case, immediately before the transfer of proven oil or gas properties from X to Y, pursuant to the merger, X will own all of the issued and outstanding stock of Y. Thus, at the time of the merger, X and Y will be members of the same controlled group of corporations within the meaning of section 613A(c)(8)(D)(i) of the Code, and the transfer of assets will constitute a transfer described in section 613A(c)(9)(B)(iv).

Accordingly, the merger of X with and into Y will constitute a transfer of oil and gas properties which is excepted from the general rule provided by section 613A(c)(9)(A) of the Code. Therefore, X will not be denied the allowance for depletion provided in section 613A(c)(1) with respect to proven oil and gas properties by reason of the proposed merger.

This ruling is predicated on the merger being a bonafide reorganization under the relevant section of the Code.

[redacted]

This ruling is directed only to the taxpayer who requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as precedent. Temporary or final regulations pertaining to section 613A of the Code have not yet been adopted. Therefore, this ruling will be modified or revoked by adoption of temporary or final regulations, to the extent that the regulations are inconsistent with any conclusion in the ruling. Section 17.04 of Rev. Proc. 84-1, 1984-1 I.R.B. 10, 20. However, when the criteria in seciton 17.05 of Rev. Proc. 84-1 are satisfied, a ruling is not revoked or modified retroactively, except in rare or unusual circumstances.

No opinion is expressed about the tax treatment of the transaction under any other provision of the Code and regulations or about the tax treatment of any conditions existing at the time of, or effects resulting from, the transactions that are not specifically covered by the above ruling.

In accordance with the power of attorney on file in this office, a copy of this letter is being sent to your authorized representative.

A copy of this letter should be attached to the taxpayer's federal income tax returns for any year in which the allowance for percentage depletion is claimed.

Sincerely yours,

John W. Holt
Director, Corporation
Tax Division

Department of the Treasury
Internal Revenue Service

OMB No. 1545-0633
Expires: 11-30-84

# Notice of Intention to Disclose

| | |
|---|---|
| Date of Mailing of This Notice | JUN 14 1984 |
| Last Date to Request Service Review | JUL - 5 1984 |
| Last Date to Request Delay | AUG 13 1984 |
| Last Date to Petition Tax Court | AUG 13 1984 |
| Date Open to Public Inspection | SEP 10 1984 |

Section 6110 of the Internal Revenue Code provides that copies of certain rulings, technical advice memoranda, and determination letters will be open to public inspection after deletions are made. Rulings and technical advice memoranda will be open to public inspection in the National Office Reading Room, 1111 Constitution Avenue, N.W., Washington, D.C. 20224, where they may be read and copied by anyone interested.

In accordance with section 6110, we intend to make open to public inspection the enclosed deleted copy of your ruling. The deletions indicated were made in accordance with section 6110(c), which requires that the following be deleted:

1. the names, addresses, and other identifying details of the person to whom the ruling pertains and of any other person identified in the ruling (other than a person making a "third party communication"—see back of this notice);
2. information specifically authorized under criteria established by an Executive Order to be kept secret in the interest of national defense or foreign policy, and which is in fact properly classified pursuant to such Executive Order;
3. information specifically exempted from disclosure by any statute (other than the Internal Revenue Code) which is applicable to the Internal Revenue Service;
4. trade secrets and commercial or financial information obtained from a person and privileged or confidential;
5. information the disclosure of which would constitute a clearly unwarranted invasion of personal privacy;
6. information contained in or related to examination, operating, or condition reports prepared by, or on behalf of, or for use of an agency responsible for the regulation or supervision of financial institutions; and
7. geological and geophysical information and data, including maps, concerning wells.

These are the only grounds for deletion of material. The indicated proposed deletions were made after consideration of any suggestions for deletions you may have made prior to issuance of the ruling.

**If You Agree** with the proposed deletions, you need not take any further action and we will place the deleted copy in the National Office Reading Room on the "Date Open to Public Inspection" shown on this notice.

**If You Disagree** with the proposed deletions, please return the deleted copy and indicate, in brackets, any additional information you believe should be deleted. Include a statement supporting your position. Only material falling within the seven categories listed above may be deleted; accordingly, your statement should specify which of these seven categories is applicable with respect to each additional deletion you propose. Your submission should be addressed to:

**Commisioner of Internal Revenue**
Attention: CC:IND:S
Ben Franklin Station
Post Office Box 7604
Washington, D.C. 20044

It must be postmarked no later than the "Last Date to Request Service Review" shown on this notice. Your submission will be given careful consideration. If we feel we cannot make any or all of the additional deletions you suggest, we will so advise you no later than 20 days after receipt of your submission. You will then have the right to file a petition in the United States Tax Court if you disagree with us. Your petition must be filed no later than the "Last Date to Petition Tax Court" shown on this notice, which is 60 days after the date of mailing of this notice. If a petition is filed in the Tax Court, the disputed portion(s) of the ruling will not be placed in the Reading Room until after a court decision becomes final.

If no petition is filed in the Tax Court, the deleted copy of your ruling will be made open to public inspection within 75 to 90 days after the date of mailing of this notice. If the transaction to which the ruling relates will not be completed by then, a request for delay of public inspection may be made.

RAM00943

**Request for Delay of Public Inspection**

A request may be made for a delay of public inspection of up to 90 days, or 15 days after the transaction is completed, whichever is earlier. The request for delay must be received by the Service no later than the "Last Date to Request Delay" shown on this notice, which is 60 days after the date of mailing of this notice. The request for delay should be sent to:

**Commissioner of Internal Revenue**
Attention: CC:IND:S
Ben Franklin Station
Post Office Box 7604
Washington, D.C. 20044

A second delay of up to an additional 180 days (or 15 days after the completion of the transaction, whichever is earlier) may be requested if the transaction is not completed by the expiration of the original delay period and if good cause exists for such additional delay. The request for a second delay should be sent to the above address and received by the Service no later than 30 days before the original delay period expires.

**Additional Disclosure**

After the deleted copy of your ruling is placed in our Reading Room, any person may request the Service to make additional portions of the ruling open to public inspection. If the Service receives a request that involves disclosure of names, addresses, or taxpayer identifying numbers, the Service will deny the request and you will not be contacted. If the request involves disclosure of anything other than names, addresses, or taxpayer identifying numbers, the Service will contact you before taking action.

**Third Party Communications**

The enclosed deleted copy of your ruling may contain the notation "third party communication." This indicates the Service has received a communication (written or oral) regarding your ruling request from a person outside the Service (other than you or your authorized representative). The date of the communication and the category of the person making the contact (such as "Congressional" or "Trade Association") will be indicated. In addition, if this person is mentioned in the body of the ruling, the identity of such person may not be deleted.

If you have any questions about this notice, please contact:

**Chief, Bulletin and Disclosure Unit**
1111 Constitution Avenue, N.W.
Washington, D.C. 20224
(202) 566-3129
(202) 566-4378

**Paperwork Reduction Act Notice**
We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that the disclosure provisions of section 6110 of the Code are followed. If you disagree with the proposed deletions, you are required to give us this information.

RAM00944



☆U.S. G.P.O. 1983-381-541/4609

FULBRIGHT & JAWORSKI
BANK OF THE SOUTHWEST BUILDING
HOUSTON, TEXAS 77002
TELEPHONE (713) 651-5151
TELEX 76-2829

1150 CONNECTICUT AVE., N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 452-6800
TELEX 89-2602

AMERICAN BANK TOWER, SUITE 1740
221 WEST SIXTH STREET
AUSTIN, TEXAS 78701
TELEPHONE (512) 474-5201

IN DALLAS
DUMAS, HUGUENIN, BOOTHMAN & MORROW
AND
FULBRIGHT & JAWORSKI
2001 BRYAN TOWER, SUITE 1400
DALLAS, TEXAS 75201
TELEPHONE (214) 969-0968 (DH&M)
TELEPHONE (214) 969-1969 (F&J)

2200 INTERFIRST PLAZA
300 CONVENT STREET
SAN ANTONIO, TEXAS 78205
TELEPHONE (512) 224-5575

2 ST. JAMES'S PLACE
LONDON, SW1A 1NP
TELEPHONE (01) 629-1207
TELEX 28310

June 22, 1984

RECEIVED
JUN 25 1984
SPECIALTY TAX
BRANCH

REQUEST FOR RULING

Re: Crystal Oil Company, Section 4992(d)(3)(C)(iii)

Assistant Commissioner (Technical)
Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, D.C. 20224

Attention: CC:IND:S, Room 6545
Richard A. Kocak
Individual Tax Division, Specialty Tax Branch
Ruling Section 1, Ruling Group 1

Dear Sir:

This is a request for a windfall profit tax ruling on behalf of Crystal Oil Company ("Crystal"), and Crystal Oil Louisiana, Inc., a wholly-owned subsidiary of Crystal ("Newco"). The request concerns the application of section 4992(d)(3)(C)(iii) of the Internal Revenue Code of 1954, as amended (the "Code"), to the transfer of crude oil properties from Crystal to Newco pursuant to the statutory merger of Crystal with and into Newco (the "Merger"). The effective date of the Merger was May 4, 1984.

Crystal requested a ruling from the Internal Revenue Service concerning the federal income tax (percentage depletion) consequences of the transfer of proven oil or gas properties from Crystal to Newco pursuant to the Merger.

Copies of the request for ruling and the ruling received by Crystal (the "Income Tax Ruling") are attached hereto as Exhibits A and B, respectively.

## RULING REQUESTED

On the basis of the information submitted, the following ruling is respectfully requested:

The transfer of interests in crude oil properties from Crystal to Newco pursuant to the Merger qualifies under section 4992(d)(3)(C)(iii) of the Code as a transfer of properties between corporations which are members of the same controlled group of corporations (as defined in section 4992(e)(3)(A) of the Code). Accordingly, the crude oil produced from the properties owned by Crystal before the Merger shall, to the extent of the lesser of Newco's qualified production of oil or the independent producer amount, qualify as independent producer oil after the transfer of the properties to Newco pursuant to the Merger.

## DISCUSSION

Section 4992(d)(3)(A) of the Code provides the general rule that, except as otherwise provided, "in the case of a transfer on or after January 1, 1980, of an interest in any property, the qualified production of the transferee shall not include any production attributable to such interest." One of the exceptions to the general rule is if the transferor and transferee are required by section 4992(e) to share the 1,000 barrel amount provided in section 4992(c)(1)(A).

Section 4992(e)(1) of the Code provides that members of the same related group must share the 1,000 barrel amount provided in section 4992(c)(1)(A), and section 4992(e)(2)(B) provides that members of a "controlled group of corporations" shall be treated as members of the same related group for this purpose. Section 4992(e)(3)(A) provides that the term "controlled group of corporations" has the meaning given such term by section 613A(c)(8)(D)(i).

The Income Tax Ruling holds as follows:

> In the instant case, immediately before the transfer of proven oil or gas properties from X to Y, pursuant to the merger, X will own all of the issued and outstanding stock of Y. Thus, at

> the time of the merger, X and Y will be members of the same controlled group of corporations within the meaning of section 613A(c)(8)(D)(i) of the Code, and the transfer of assets will constitute a transfer described in section 613A(c)(9)(B)(iv).

Based on the holding of the Income Tax Ruling that at the time of the Merger Crystal and Newco were members of the same controlled group of corporations within the meaning of section 613A(c)(8)(D)(i) of the Code, the transfer of crude oil properties from Crystal to Newco is excepted from the general rule of section 4992(d)(3)(A). Therefore, the crude oil produced from the properties owned by Crystal before the Merger shall, to the extent of the lesser of Newco's qualified production of oil or the independent producer amount, qualify as independent producer oil after the transfer of the properties to Newco pursuant to the Merger.

MISCELLANEOUS

To the best knowledge of the parties and the undersigned, none of the identical issues involved herein (1) has been examined or is under examination by a District Director in a return of any of the parties (or of a related taxpayer within the meaning of section 267 or of a member of an affiliated group of which any of the parties is also a member within the meaning of section 1504), (2) has been considered or is under consideration by an Appeals office in connection with a return of any of the parties for a prior period, or (3) is pending in litigation. Further, to the best knowledge of the parties and the undersigned, no identical or similar issues have been submitted to the Service but withdrawn before a ruling was issued, or ruled upon by the Service to any of the parties or any predecessor of any of the parties.

Copies of powers of attorney are enclosed. Please address your reply and ruling letter to R. Richard Coston, Fulbright & Jaworski, 800 Bank of the Southwest Building, Houston, Texas 77002, in accordance with the powers of attorney, and send copies of your ruling letter and any other correspondence to the persons designated in the powers of attorney. Also, we would appreciate your telephoning Robert H. Wellen, or Peter P. Weidenbruch, Jr. in Washington when the ruling letter is ready, so that we may pick it up at your offices rather than wait for mail delivery.

If you have any questions or if you desire any further information, please telephone Robert H. Wellen, or Peter P. Weidenbruch, Jr. in Washington, or any of the other undersigned (collect) in Houston. Further, we request a conference in Washington if it should become necessary to support our position that the ruling should be issued as requested.

Yours very truly,

FULBRIGHT & JAWORSKI

By R. Richard Coston

R. Richard Coston
William S. Lee

Fulbright & Jaworski
800 Bank of the Southwest Bldg.
Houston, Texas 77002
(713) 651-5151

Robert H. Wellen
Peter P. Weidenbruch, Jr.

Fulbright & Jaworski
1150 Connecticut Avenue, N.W.
Washington, D.C. 20036
(202) 452-6828

DECLARATION REQUIRED BY TREASURY
REGULATIONS SECTION 601.201(e)(1)

Under penalties of perjury, I declare that I have examined this request, including accompanying documents, and to the best of my knowledge and belief, the facts presented in support of the requested rulings are true, correct and complete.

CRYSTAL OIL COMPANY

By _____
Joseph B. Boddie, Vice President
Corporate Affairs & Administration

Internal Revenue Service

Department of the Treasury

Date: OCT 26 1984

Person to Contact:
Joseph H. Makurath
Contact Telephone Number:
(202) 566-4435
Refer Correspondence To:
CC:C:E:E:4 - 4F4298

R. Richard Costan
Fullbright & Jaworski
800 Bank of the Southwest Building
Houston, TX 77002

Dear Mr. Costan:

The enclosed copy of a letter is sent to you under the provisions of a power of attorney, authorization and declaration, or other proper authorization currently on file with the Internal Revenue Service.

Sincerely yours,

Geoffrey J. Taylor

Geoffrey J. Taylor
Chief, Engineering and
Valuation Branch

Enclosure:
Copy of letter

RAM00950

Washington, D.C. 20224

Letter 1690 (NO) (6-82)

Index No.: 4992.01-00

Crystal Oil Company
229 Milan Street
Shreveport, LA 71101

Attn: Mr. Joseph B. Boddie,
Vice President,
Corporate Affairs and
Administration

Mr. Joseph H. Makurath

(202) 566-4435

CC:C:E:E:4 - 4F4298

OCT 26 1984

X = Crystal Oil Company

Y = Newco

This document may not be used or cited as precedent. Section 6110(j)(3) of the Internal Revenue Code.

Dear Mr. Boddie:

This is in reply to your letter, dated June 22, 1984, requesting a ruling concerning the application of section 4992(d)(3)(c)(iii) of the Internal Revenue Code to the transfer of crude oil properties from X to Y, pursuant to the statutory merger of X with and into Y implemented on May 4, 1984.

The pertinent facts are understood to be as set forth below:

X is a corporation principally engaged, with its subsidiaries, in oil and gas exploration and production.

X owns interests in oil and gas properties, some of which constitute "proven oil and gas properties", within the meaning of section 613A(c)(9)(A) of the Code.

Y is a corporation organized on February 24, 1984 for the purpose of accomplishing a merger. Pursuant to the merger plan, Y and its consolidated subsidiaries are engaged in the same business as that previously conducted by X and its subsidiaries, principally in crude oil exploration and production. At all times, prior to the merger, X owned the single issued and outstanding share of X common stock.

Pursuant to the merger, each share of X common stock outstanding at the effective time of the merger was converted into one share of Y common stock. All shares of X common stock outstanding, at the effective time of the merger which were (i) held by X as treasury shares, or (ii) outstanding and owned by X or any direct or indirect wholly owned subsidiary of X, were cancelled and retired and no securities or cash issued or paid with respect thereto. Pursuant to the merger, the single share of Y common stock outstanding was cancelled and retired and no

securities or cash issued or paid with respect thereto. By operation of law, all of X's assets were transferred to Y, and all of X's liabilities were assumed by Y. Immediately after the effective time of the merger, the name of Y was changed to X. At the effective time of the merger, Y's name, business, management, principal offices, capitalization, assets and liabilities were identical to X's before the merger.

On June 11, 1984, the Corporation Tax Division of the Internal Revenue Service issued a private letter ruling to X and Y that because the transfer of oil and gas properties from X to Y is a transfer between corporations which are members of the same controlled group of corporations (within the meaning of section 613A(c)(8)(D)(i) of the Code), X would not be denied, by virtue of the transfer of properties from Y, the allowance for percentage depletion with respect to the transferred proven oil and gas properties.

Prior to the merger, both X and Y were "indepedent producers" within the meaning of section 4992(b) of the Code.

Specifically, you request a ruling that the transfer of interests in proven oil or gas properties from X to Y, pursuant to the merger of X with and into Y, qualifies as a transfer of properties between corporations which are members of the same controlled group of corporations within the meaning of section 4992(e)(3)(A) of the Code with the result that the crude oil produced from properties owned by X before the merger will, to the extent of the lesser of Y's qualified production of oil or the independent producer amount, qualify as independent producer oil after the transfer of the properties to Y, pursuant to the merger.

Section 4992(a) of the Code provides that, for purposes of the Windfall Profit Tax on Domestic Crude Oil, the term "independent producer oil" means that portion of an independent producer's qualified production for the quarter that does not exceed such person's independent producer amount (determined under section 4992(c)) for such quarter.

Section 4992(d)(3)(A) of the Code states that, in the case of a transfer on or after January 1, 1980, of an interest in any property, the qualified production of the transferee will not include any production attributable to such interest. However, section 4992(d)(3)(c)(iii) provides that section 4992(d)(3)(A) will not apply in the case of any transfer so long as the transferor and transferee are required by subsection (e) to share the independent producer amount contained in section 4992(c)(1)(A).

Section 4992(e)(1) of the Code requires members of the same related group to share the independent producer amount contained in section 4992(c)(1)(A). Under section 4992(e)(2), corporations are treated as members of a related group if they constitute a "controlled group of corporations".

Section 4992(e)(3)(A) of the Code provides that the term "controlled group of corporations" has the meaning given such term by section 613A(c)(8)(D)(i) of the Code.

Section 4992(d)(3)(c) of the Code also provides that the exceptions to the general transfer rule of section 4992(d)(3)(A) will apply in the case of any property only if the production from the property was qualified production for the transferor.

Prior to the merger, both X and Y were eligible to claim allowances for percentage depletion under section 613A(c) of the Code and both constituted independent producers within the meaning of section 4992(b). Prior to the merger, X and Y were members of the same controlled group of corporations within the meaning of section 613A(c)(8)(D)(i), and the transfer of properties accomplished by the merger was a transfer between members of a related group within the meaning of section 4992(e) which requires that the independent producer amount be allocated among all members of the group.

Section 4992(d)(3)(c) of the Code excepts such a transfer from the general rule of section 4992(d)(3)(A) only so long as the transferor and transferee are required by section 4992(e) to share the independent producer amount. Where a corporation reincorporates in a different corporate shell and, as a result of a merger, exists as the only surviving entity to which an allocation can be made, there is no proliferation of the independent producer amount; and the continuing allocation requirement of section 4992(d)(3)(c) is satisfied.

Accordingly, the transfer of interests in proven oil or gas properties from X to Y, pursuant to the merger of X with and into Y qualifies as a transfer of properties between corporations which are members of the same controlled group of corporations within the meaning of section 4992(e)(3)(A) of the Code with the result that the crude oil produced from properties owned by X before the merger will, to the extent of the lesser of Y's qualified production of oil or the independent producer amount, qualify as independent producer oil after the transfer of the properties to Y, pursuant to the merger.

The preceding ruling will apply only to properties the production from which was qualified production prior to the merger.

The above ruling is predicated on the merger constituting a bonafide reorganization under the relevant provisions of the Code.

This ruling is directed only to the taxpayer who requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as precedent.

No opinion is expressed about the tax treatment of the transaction under any other provisions of the Code and regulations or about the tax treatment of any conditions existing at the time of, or effects resulting from the transactions that are not specifically covered by the above ruling.

In accordance with the power of attorney on file in this office, a copy of this letter is being sent to your authorized representative.

Sincerely yours,

Geoffrey J. Taylor
Chief, Engineering
and Valuation Branch

cc: DD, New Orleans, LA
Chief, Examination Division

CC:C:E:E:4/JImam/ctw/202-566-3505/10-23-84
Diskette-Cathryn T. Wiggins #2

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

Index No.: 4992.01-00

[redacted]

Attn: [redacted]

Person to Contact:
[redacted]

Telephone Number:
[redacted]

Refer Reply to:
CC:C:E:E:4 - 4F4298

Date:

OCT 26 1984

X = [redacted]

Y = [redacted]

Dear [redacted]

This is in reply to your letter, dated [redacted] requesting a ruling concerning the application of section 4992(d)(3)(c)(iii) of the Internal Revenue Code to the transfer of crude oil properties from X to Y, pursuant to the statutory merger of X with and into Y implemented on [redacted]

The pertinent facts are understood to be as set forth below:

X is a corporation principally engaged, with its subsidiaries, in oil and gas exploration and production.

X owns interests in oil and gas properties, some of which constitute "proven oil and gas properties", within the meaning of section 613A(c)(9)(A) of the Code.

Y is a corporation organized on [redacted] for the purpose of accomplishing a merger. Pursuant to the merger plan, Y and its consolidated subsidiaries are engaged in the same business as that previously conducted by X and its subsidiaries, principally in crude oil exploration and production. At all times, prior to the merger, X owned the single issued and outstanding share of X common stock.

Pursuant to the merger, each share of X common stock outstanding at the effective time of the merger was converted into one share of Y common stock. All shares of X common stock outstanding, at the effective time of the merger which were (i) held by X as treasury shares, or (ii) outstanding and owned by X or any direct or indirect wholly owned subsidiary of X, were cancelled and retired and no securities or cash issued or paid with respect thereto. Pursuant to the merger, the single share of Y common stock outstanding was cancelled and retired and no

[redacted]

securities or cash issued or paid with respect thereto. By operation of law, all of X's assets were transferred to Y, and all of X's liabilities were assumed by Y. Immediately after the effective time of the merger, the name of Y was changed to X. At the effective time of the merger, Y's name, business, management, principal offices, capitalization, assets and liabilities were identical to X's before the merger.

On [redacted] the Corporation Tax Division of the Internal Revenue Service issued a private letter ruling to X and Y that because the transfer of oil and gas properties from X to Y is a transfer between corporations which are members of the same controlled group of corporations (within the meaning of section 613A(c)(8) (D)(i) of the Code), X would not be denied, by virtue of the transfer of properties from Y, the allowance for percentage depletion with respect to the transferred proven oil and gas properties.

Prior to the merger, both X and Y were "indepedent producers" within the meaning of section 4992(b) of the Code.

Specifically, you request a ruling that the transfer of interests in proven oil or gas properties from X to Y, pursuant to the merger of X with and into Y, qualifies as a transfer of properties between corporations which are members of the same controlled group of corporations within the meaning of section 4992(e)(3)(A) of the Code with the result that the crude oil produced from properties owned by X before the merger will, to the extent of the lesser of Y's qualified production of oil or the independent producer amount, qualify as independent producer oil after the transfer of the properties to Y, pursuant to the merger.

Section 4992(a) of the Code provides that, for purposes of the Windfall Profit Tax on Domestic Crude Oil, the term "independent producer oil" means that portion of an independent producer's qualified production for the quarter that does not exceed such person's independent producer amount (determined under section 4992(c)) for such quarter.

Section 4992(d)(3)(A) of the Code states that, in the case of a transfer on or after January 1, 1980, of an interest in any property, the qualified production of the transferee will not include any production attributable to such interest. However, section 4992(d)(3)(c)(iii) provides that section 4992(d)(3)(A) will not apply in the case of any transfer so long as the transferor and transferee are required by subsection (e) to share the independent producer amount contained in section 4992(c)(1)(A).

[redacted]

Section 4992(e)(1) of the Code requires members of the same related group to share the independent producer amount contained in section 4992(c)(1)(A). Under section 4992(e)(2), corporations are treated as members of a related group if they constitute a "controlled group of corporations".

Section 4992(e)(3)(A) of the Code provides that the term "controlled group of corporations" has the meaning given such term by section 613A(c)(8)(D)(i) of the Code.

Section 4992(d)(3)(c) of the Code also provides that the exceptions to the general transfer rule of section 4992(d)(3)(A) will apply in the case of any property only if the production from the property was qualified production for the transferor.

Prior to the merger, both X and Y were eligible to claim allowances for percentage depletion under section 613A(c) of the Code and both constituted independent producers within the meaning of section 4992(b). Prior to the merger, X and Y were members of the same controlled group of corporations within the meaning of section 613A(c)(8)(D)(i), and the transfer of properties accomplished by the merger was a transfer between members of a related group within the meaning of section 4992(e) which requires that the independent producer amount be allocated among all members of the group.

Section 4992(d)(3)(c) of the Code excepts such a transfer from the general rule of section 4992(d)(3)(A) only so long as the transferor and transferee are required by section 4992(e) to share the independent producer amount. Where a corporation reincorporates in a different corporate shell and, as a result of a merger, exists as the only surviving entity to which an allocation can be made, there is no proliferation of the independent producer amount; and the continuing allocation requirement of section 4992(d)(3)(c) is satisfied.

Accordingly, the transfer of interests in proven oil or gas properties from X to Y, pursuant to the merger of X with and into Y qualifies as a transfer of properties between corporations which are members of the same controlled group of corporations within the meaning of section 4992(e)(3)(A) of the Code with the result that the crude oil produced from properties owned by X before the merger will, to the extent of the lesser of Y's qualified production of oil or the independent producer amount, qualify as independent producer oil after the transfer of the properties to Y, pursuant to the merger.

[redacted]

The preceding ruling will apply only to properties the production from which was qualified production prior to the merger.

The above ruling is predicated on the merger constituting a bonafide reorganization under the relevant provisions of the Code.

This ruling is directed only to the taxpayer who requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as precedent.

No opinion is expressed about the tax treatment of the transaction under any other provisions of the Code and regulations or about the tax treatment of any conditions existing at the time of, or effects resulting from the transactions that are not specifically covered by the above ruling.

In accordance with the power of attorney on file in this office, a copy of this letter is being sent to your authorized representative.

Sincerely yours,

Geoffrey J. Taylor

Geoffrey J. Taylor
Chief, Engineering
and Valuation Branch

Department of the Treasury
Internal Revenue Service

OMB No. 1545-0633
Expires: 11-30-84

# Notice of Intention to Disclose

| | |
|---|---|
| Date of Mailing of This Notice | NOV 5 1984 |
| Last Date to Request Service Review | NOV 26 1984 |
| Last Date to Request Delay | JAN 4 1984 |
| Last Date to Petition Tax Court | JAN 4 1984 |
| Date Open to Public Inspection | JAN 28 1985 |

Section 6110 of the Internal Revenue Code provides that copies of certain rulings, technical advice memoranda, and determination letters will be open to public inspection after deletions are made. Rulings and technical advice memoranda will be open to public inspection in the National Office Reading Room, 1111 Constitution Avenue, N.W., Washington, D.C. 20224, where they may be read and copied by anyone interested.

In accordance with section 6110, we intend to make open to public inspection the enclosed deleted copy of your ruling. The deletions indicated were made in accordance with section 6110(c), which requires that the following be deleted:

1. the names, addresses, and other identifying details of the person to whom the ruling pertains and of any other person identified in the ruling (other than a person making a "third party communication"—see back of this notice);
2. information specifically authorized under criteria established by an Executive Order to be kept secret in the interest of national defense or foreign policy, and which is in fact properly classified pursuant to such Executive Order;
3. information specifically exempted from disclosure by any statute (other than the Internal Revenue Code) which is applicable to the Internal Revenue Service;
4. trade secrets and commercial or financial information obtained from a person and privileged or confidential;
5. information the disclosure of which would constitute a clearly unwarranted invasion of personal privacy;
6. information contained in or related to examination, operating, or condition reports prepared by, or on behalf of, or for use of an agency responsible for the regulation or supervision of financial institutions; and
7. geological and geophysical information and data, including maps, concerning wells.

These are the only grounds for deletion of material. The indicated proposed deletions were made after consideration of any suggestions for deletions you may have made prior to issuance of the ruling.

**If You Agree** with the proposed deletions, you need not take any further action and we will place the deleted copy in the National Office Reading Room on the "Date Open to Public Inspection" shown on this notice.

**If You Disagree** with the proposed deletions, please return the deleted copy and indicate, in brackets, any additional information you believe should be deleted. Include a statement supporting your position. Only material falling within the seven categories listed above may be deleted; accordingly, your statement should specify which of these seven categories is applicable with respect to each additional deletion you propose. Your submission should be addressed to:

**Commisioner of Internal Revenue**
Attention: CC:IND:S
Ben Franklin Station
Post Office Box 7604
Washington, D.C. 20044

It must be postmarked no later than the "Last Date to Request Service Review" shown on this notice. Your submission will be given careful consideration. If we feel we cannot make any or all of the additional deletions you suggest, we will so advise you no later than 20 days after receipt of your submission. You will then have the right to file a petition in the United States Tax Court if you disagree with us. Your petition must be filed no later than the "Last Date to Petition Tax Court" shown on this notice, which is 60 days after the date of mailing of this notice. If a petition is filed in the Tax Court, the disputed portion(s) of the ruling will not be placed in the Reading Room until after a court decision becomes final.

If no petition is filed in the Tax Court, the deleted copy of your ruling will be made open to public inspection within 75 to 90 days after the date of mailing of this notice. If the transaction to which the ruling relates will not be completed by then, a request for delay of public inspection may be made.

RAM00959

**Request for Delay of Public Inspection**

A request may be made for a delay of public inspection of up to 90 days, or 15 days after the transaction is completed, whichever is earlier. The request for delay must be received by the Service no later than the "Last Date to Request Delay" shown on this notice, which is 60 days after the date of mailing of this notice. The request for delay should be sent to:

**Commissioner of Internal Revenue**
Attention: CC:IND:S
Ben Franklin Station
Post Office Box 7604
Washington, D.C. 20044

A second delay of up to an additional 180 days (or 15 days after the completion of the transaction, whichever is earlier) may be requested if the transaction is not completed by the expiration of the original delay period and if good cause exists for such additional delay. The request for a second delay should be sent to the above address and received by the Service no later than 30 days before the original delay period expires.

**Additional Disclosure**

After the deleted copy of your ruling is placed in our Reading Room, any person may request the Service to make additional portions of the ruling open to public inspection. If the Service receives a request that involves disclosure of names, addresses, or taxpayer identifying numbers, the Service will deny the request and you will not be contacted. If the request involves disclosure of anything other than names, addresses, or taxpayer identifying numbers, the Service will contact you before taking action.

**Third Party Communications**

The enclosed deleted copy of your ruling may contain the notation "third party communication." This indicates the Service has received a communication (written or oral) regarding your ruling request from a person outside the Service (other than you or your authorized representative). The date of the communication and the category of the person making the contact (such as "Congressional" or "Trade Association") will be indicated. In addition, if this person is mentioned in the body of the ruling, the identity of such person may not be deleted.

If you have any questions about this notice, please contact:

**Chief, Bulletin and Disclosure Unit**
1111 Constitution Avenue, N.W.
Washington, D.C. 20224
(202) 566-3129
(202) 566-4378

**Paperwork Reduction Act Notice**
We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that the disclosure provisions of section 6110 of the Code are followed. If you disagree with the proposed deletions, you are required to give us this information.

RAM00960

Notice 437 (Rev. 5-83)
U.S. G.P.O. 1983-381-541/4608

LISTING APPLICATION NO. 13632 AMERICAN STOCK EXCHANGE, INC...

The listing application of Crystal Oil Company, which is set forth below was approved on May 4, 1984.

The papers and exhibits submitted by Crystal Oil Company in support of its application are available for inspection at the Library of the Exchange.

CRYSTAL OIL COMPANY
(A Louisiana corporation, incorporated on February 24, 1984)
Common Stock, par value $1.00 per share
CUSIP NO. 229385 10 9
14 7/8% Senior Subordinated Debentures due December 15, 1998
CUSIP NO. 229385 AH 2
12 5/8% Subordinated Debentures due June 15, 1990
CUSIP NO. 229385 AB 5
11 3/8% Convertible Subordinated Debentures due 2000
CUSIP NO. 229385 AC 3
13 3/4% Subordinated Debentures due June 15, 2000
CUSIP NO. 229385 AD 1
12 5/8% Subordinated Debentures due December 15, 2001
CUSIP NO. 229385 AG 4
9% Convertible Subordinated Debentures due May 1, 1991
CUSIP NO. 229385 AE 9

Shreveport, Louisiana
May 4, 1984

SUBSTITUTION LISTING OF COMMON STOCK AND DEBENTURES:

Crystal Oil Company, a Louisiana corporation (the "Company"), hereby makes application to the American Stock Exchange, Inc. for the listing of:

| | |
|---|---|
| 20,937,454 | Shares of Common Stock, par value $1.00 of the Company (the "Common Stock") in substitution for a like number of previously listed and issued shares of Common Stock, par value $1.00 per share, of Crystal Oil Company, a Maryland corporation ("Crystal-Maryland"), for issuance upon the effectiveness of the merger (the "Merger"), of Crystal-Maryland into the Company, in accordance with a Plan of Reorganization and Agreement of Merger, as more fully described herein and in the attached Proxy Statement; |
| 2,045,884 | Shares of Common Stock, in substitution for a like number of previously listed and unissued shares of Common Stock, par value $1.00 per share, of Crystal-Maryland, upon the effectiveness of the |

| | |
|---|---|
| | Merger, to be reserved for issuance upon official notice of conversion of Crystal-Maryland's 11-3/8% Convertible Subordinated Debentures due 2000, which upon the effectiveness of the Merger, will become the Company's 11-3/8% Convertible Subordinated Debentures due 2000. |
| 832,000 | Shares of Common Stock, in substitution for a like number of previously listed and unissued shares of Common Stock, par value $1.00 per share, of Crystal-Maryland, upon the effectiveness of the Merger, to be reserved for issuance upon official notice of conversion of Crystal-Maryland's 9% Convertible Subordinated Debentures due 1991, which upon the effectiveness of the Merger, will become the Company's 9% Convertible Subordinated Debentures due 1991; |
| $130,000,000 | Principal amount of 14-7/8% Senior Subordinated Debentures due December 15, 1998 of the Company (the "14 7/8% Debentures") in substitution for a like amount of previously listed and issued 14-7/8% Senior Subordinated Debentures due December 15, 1998 of Crystal-Maryland, which upon the effectiveness of the Merger, will become debentures of the Company; |
| $17,500,000 | Principal amount of 12-5/8% Subordinated Debentures due June 15, 1990 of the Company (the "12 5/8% Debentures") in substitution for a like amount of previously listed and issued 12-5/8% Subordinated Debentures due June 15, 1990 of Crystal-Maryland, which upon the effectiveness of the Merger, will become debentures of the Company; |
| $41,331,000 | Principal amount of 11-3/8% Convertible Subordinated Debentures due 2000 of the Company (the "11 3/8% Debentures") in substitution for a like amount of previously listed and issued 11-3/8% Convertible Subordinated Debentures due 2000 of Crystal-Maryland, which upon the effectiveness of the Merger, will become debentures of the Company; |
| $35,000,000 | Principal amount of 13-3/4% Subordinated Debentures due July 15, 2000 of the Company (the "13 3/4% Debentures") in substitution for a like amount of previously listed and issued 13-3/4% Subordinated Debentures due July 15, 2000 of Crystal-Maryland, which upon the effectiveness of the Merger, will become debentures of the Company; |



RAM00962

| | |
|---|---|
| $80,000,000 | Principal amount of 12-5/8% Subordinated Debentures due December 15, 2001 of the Company (the "12 5/8% Debentures due 2001") in substitution for a like amount of previously listed and issued 12-5/8% Subordinated Debentures due December 15, 2001 of Crystal-Maryland, which upon the effectiveness of the Merger, will become debentures of the Company; |
| $31,200,000 | Principal amount of 9% Convertible Subordinated Debentures due May 1, 1991 of the Company (the "9% Debentures") in substitution for a like amount of previously listed and issued 9% Convertible Subordinated Debentures due May 1, 1991 of Crystal-Maryland, which upon the effectiveness of the Merger, will become debentures of the Company. |

making the total amount of such Common Stock, the listing of which is hereby applied for 23,815,338 shares (of a total authorized issue of 35,000,000).

The 14 7/8% Debentures, the 12 5/8% Debentures, the 11 3/8% Debentures, the 13 3/4% Debentures, the 12 5/8% Debentures due 2001 and the 9% Debentures (the "Debentures") will be duly executed and authenticated and when delivered will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization or similar laws and judicial decisions affecting the rights and remedies of creditors generally.

All the shares of Common Stock, when issued, will be fully paid and non-assessable, with no personal liability attaching to the ownership thereof.

Upon official notice of the effectiveness of the Merger of Crystal-Maryland into the Company and upon admission of the Common Stock of the Company on the American Stock Exchange, Inc., trading of shares of Crystal-Maryland on the Exchange will be terminated.

## PROXY STATEMENT

Attached hereto and incorporated herein by reference is a copy of the Notice of Annual Meeting of Stockholders and Proxy Statement, dated March 26, 1984 (the "Proxy"), provided to stockholders of Crystal-Maryland in connection with Crystal-Maryland's Annual Meeting of Stockholders held on May 4, 1984. All information contained in this Listing Application is qualified in its entirety by reference to the Proxy.

## CAPITALIZATION

The following table sets forth the capitalization of the Company on the effective date of the merger.



RAM00963

| Title of Class | Par Value | Authorized by Charter | Authorized for Issuance | Outstanding | Applied for Herein |
|---|---|---|---|---|---|
| Common Stock | $1.00 | 35,000,000 | 23,815,338 | 20,937,454 | 23,815,338 |
| Preferred Stock | $5.00 | 1,000,000 | -0- | -0- | -0- |

Unissued Reserved Shares:

A total of 2,877,884 shares of Common Stock previously authorized for listing upon official notice of conversion are reserved for issuance as follows:

| Number of Shares | Purpose for Which Reserved |
|---|---|
| 832,000 | Reserved for issuance upon conversion of 9% Convertible Subordinated Debentures due 1991. |
| 2,045,884 | Reserved for issuance upon conversion of 11 3/8% Convertible Subordinated Debentures due 2000. |

FUNDED OR LONG-TERM DEBT
(Including current maturities)

| | December 31, 1983 |
|---|---|
| Mortgage note to a bank at the prime rate plus 3/4 of 1% (plus a commitment fee of .5% per annum on the unused portion) due in sixty equal monthly installments beginning April 1985 | $ 14,000,000 |
| Capitalized lease obligations at prime plus 2% due in installments through July 1985 | 813,000 |
| | $ 14,813,000 |
| 14 7/8% Senior Subordinated Debentures due December 15, 1998; face amount $130,000,000; effective interest rate 15.15%; annual sinking fund payments of $14,950,000 begin December 1991 | $127,891,000 |
| 12 5/8% Subordinated Debentures due June 15, 1990; annual sinking fund payments of $2,500,000 begin June 1984 | 19,374,000 |
| 13 3/4% Subordinated Debentures due July 15, 2000; face amount $35,000,000; effective interest rate 14%; annual sinking fund payments of $2,625,000 begin July 1990 | 34,432,000 |
| 12 5/8% Subordinated Debentures due December 15, 2001; face amount $80,000,000; effective interest rate 17.06%; annual sinking fund payments of $6,000,000 begin December 1991 | 60,750,000 |



RAM00964

| | |
|---|---|
| 11 3/8% Convertible Subordinated Debentures due April 15, 2000; face amount $41,331,000; effective interest rate 13.10%; annual sinking fund payments of $3,750,000 begin April 1992; convertible at face amount into common stock at any time prior to maturity at approximately $20.20 per share (2,045,884 shares of common stock reserved) | 37,108,000 |
| 9% Convertible Subordinated Debentures due May 1, 1991; convertible at face amount into common stock at any time prior to maturity at $37.50 per share (832,000 shares of common stock reserved) | 31,200,000 |
| Other debt | 965,000 |
| Total | $326,533,000 |

Crystal-Maryland may borrow up to $100,000,000 under the terms of a mortgage note with a major commercial banking institution. This long-term financing operates as a revolving line of credit until March 1985, after which time it converts to a five-year term loan. Under the bank loan agreement, the Company is required to maintain specific levels of working capital and cash flow and specified ratios of debt to equity and debt to security. The agreement also limits borrowings, sale of assets, loans to others, investment and merger activity, and capital expenditures. In addition, the payment of cash dividends on common stock is restricted from year to year based on the prior year cash flow or net income.

## AUTHORITY FOR AND PURPOSE OF ISSUANCE

The Company is a Louisiana corporation formed by Crystal-Maryland for the purpose of incorporating Crystal-Maryland under the Louisiana Business Corporation Law by way of the merger of Crystal-Maryland with and into the Company on the terms set forth in the Plan of Reorganization and Agreement of Merger, a copy of which is attached as Appendix B to the Proxy. The Plan of Reorganization and Agreement of Merger was approved by the Board of Directors of the Crystal-Maryland on February 22, 1984, and by the stockholders of Crystal-Maryland on May 4, 1984. The Plan of Reorganization and Agreement of Merger was approved by the Board of Directors of the Company on April 6, 1984, and by the sole shareholder of the Company on May 4, 1984.

As more fully described in the Proxy, reference to which is made for further particulars, on the effective date of the Merger, the stockholders of Crystal-Maryland will become shareholders of the Company. Holders of existing shares of Crystal-Maryland need not surrender or exchange certificates of Crystal-Maryland as said certificates have been adopted by the Company as representing shares of Common Stock in the Company. The Registrar and the Transfer Agent will issue new certificates of the Company for shares of Common Stock as they are transferred on the Exchange subsequent to the merger.



RAM00965

The purpose of the Merger is desirable for reasons which relate to the fact that Crystal-Maryland has no operations or activities in Maryland, but is headquartered in Louisiana and carries on its most significant activities there.

No officers, directors or principal stockholders had any direct or indirect benefit from the Merger.

## OPINION OF COUNSEL

Fulbright & Jaworski, Bank of the Southwest Building, Houston, Texas 77002, counsel for the Company, has rendered an opinion in support of this Listing Application as to the legality of the authorization of issuance and the validity of the Common Stock and the Debentures covered hereby.

## REGISTRATION UNDER THE SECURITIES ACT OF 1933

The 20,937,454 shares of Common Stock and the Debentures, the listing of which is applied for herein, have not been registered under the Securities Act of 1933 pursuant to Section 2(3) of the Securities Act of 1933, as amended.

The Company will file with the American Stock Exchange, Inc. and the Securities and Exchange Commission an application on Form 8-B for the registration of its Common Stock and the Debentures under the provisions of the Securities Exchange Act of 1934, as amended.

## GENERAL INFORMATION

The Company's principal executive offices are located at 400 Crystal Building, Shreveport, Louisiana 71101. The Company was incorporated under the laws of the State of Louisiana on the 24th day of February, 1984, and its duration is perpetual.

The fiscal year of the Company ends on December 31.

The Annual Meeting of the Stockholders of the Company is held in Shreveport, Louisiana, or at such place as the Board of Directors shall designate, within 31 days of the fourth Friday of April of each year.

The Transfer Agent and Registrar of the Company's Common Stock is RepublicBank Dallas, N.A., Ervay and Pacific Streets, P.O. Box 2964, Dallas, Texas 75221.

Bank of the Southwest National Association, Houston is the Trustee and the paying and transfer agent for the 14-7/8% Debentures.

Bankers Trust Company is the Trustee and the paying and transfer agent for the 12-5/8% Debentures, 11-3/8% Debentures, 13-3/4% Debentures and the 12-5/8% Debentures due 2001.



RAM00966

First City National Bank is the Trustee and the paying and transfer agent for the 9% Debentures.

CERTIFICATE

Pursuant to authority granted by the Board of Directors of the Company, Crystal Oil Company, a Louisiana corporation, hereby applies for listing upon the effectiveness of the Merger, of 23,815,338 shares of its Common Stock, par value $1.00 per share and the Debentures on the American Stock Exchange, Inc., and the undersigned hereby certifies that the statements and representations made in this application and the papers and exhibits submitted in support hereof are true and correct to the best of his knowledge and belief.

CRYSTAL OIL COMPANY

By /s/ Robert F. Roberts
Robert F. Roberts
Chairman of the Board, President
and Chief Executive Officer



RAM00967

FULBRIGHT & JAWORSKI
BANK OF THE SOUTHWEST BUILDING
HOUSTON, TEXAS 77002
TELEPHONE (713) 651-5151
TELEX 76-2829

1150 CONNECTICUT AVE., N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 452-6800
TELEX 89-2602

AMERICAN BANK TOWER, SUITE 1740
221 WEST SIXTH STREET
AUSTIN, TEXAS 78701
TELEPHONE (512) 474-5201

IN DALLAS
DUMAS, HUGUENIN, BOOTHMAN & MORROW
AND
FULBRIGHT & JAWORSKI
2001 BRYAN TOWER, SUITE 1400
DALLAS, TEXAS 75201
TELEPHONE (214) 969-0969 (DH&M)
TELEPHONE (214) 969-1969 (F&J)

2200 INTERFIRST PLAZA
300 CONVENT STREET
SAN ANTONIO, TEXAS 78205
TELEPHONE (512) 226-5575

2 ST JAMES'S PLACE
LONDON, SW1A 1NP
TELEPHONE (01) 629-1207
TELEX 28310

May 1, 1984

RE: Crystal Oil Company

American Stock Exchange, Inc.
86 Trinity Place
New York, New York 10006

Attention: David Weissman

Dear David:

On behalf of Crystal Oil Company, a Louisiana corporation (the "Company"), we have enclosed for filing one executed copy and two conformed copies of the Substitution Listing Application (the "Application"), for the listing of 20,937,454 shares of Common Stock, $1.00 par value, of the Company in substitution for a like number of previously listed and issued shares of Common Stock, $1 par value of Crystal Oil Company, a Maryland corporation ("Crystal-Maryland"), 2,045,884 shares of Common Stock in substitution for a like number of previously listed and unissued shares of Common Stock, $1 par value of Crystal-Maryland ("Crystal-Maryland Common Stock") to be reserved for issuance upon official notice of conversion of the 11-3/8% Convertible Subordinated Debentures due 2000 (the "11-3/8% Debentures"), 832,000 shares of Common Stock in substitution for a like number of previously listed and unissued shares of Crystal-Maryland Common Stock to be reserved for issuance upon official notice of conversion of the 9% Convertible Subordinated Debentures due 1991 (the "9% Debentures"), $130,000,000 principal amount of 14-7/8% Senior Subordinated Debentures due December 15, 1998, $17,500,000 principal amount of 12-5/8% Subordinated Debentures due June 15, 1990, $41,331,000 principal amount of the 11-3/8% Debentures, $35,000,000 principal amount of 13-3/4% Subordinated Debentures due July 15, 2000, $80,000,000 principal amount

of 12-5/8% Subordinated Debentures due December 15, 2001 and the 9% Debentures. Also enclosed are the following:

1. A check made payable to the American Stock Exchange, Inc. in the amount of $2,500 as the listing fee.

2. A draft of our opinion with respect to certain legal matters.

3. Certified copies of the resolutions of the Board of Directors of the Company authorizing the issuance of the Common Stock and the Debentures and of the listing.

4. Listing Agreement.

If any member of the Exchange's staff has any questions or comments with respect to the enclosed Application and information, such staff member should communicate with the undersigned.

Very truly yours,

(ORIGINAL SIGNED BY) KAREN M. NAKFOOR

Karen M. Nakfoor

KMN/jfl
Enclosures

FULBRIGHT & JAWORSKI
BANK OF THE SOUTHWEST BUILDING
HOUSTON, TEXAS 77002
TELEPHONE (713) 651-5151
TELEX 76-2629

1150 CONNECTICUT AVE., N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 452-6800
TELEX 89-2602

AMERICAN BANK TOWER, SUITE 1740
221 WEST SIXTH STREET
AUSTIN, TEXAS 78701
TELEPHONE (512) 474-5201

IN DALLAS
DUMAS, HUGUENIN, BOOTHMAN & MORROW
AND
FULBRIGHT & JAWORSKI
2001 BRYAN TOWER, SUITE 1400
DALLAS, TEXAS 75201
TELEPHONE (214) 969-0888 (DH&M)
TELEPHONE (214) 969-1969 (F&J)

2200 INTERFIRST PLAZA
300 CONVENT STREET
SAN ANTONIO, TEXAS 78205
TELEPHONE (512) 224-5575

5 ST. JAMES'S PLACE
LONDON, SW1A 1NP
TELEPHONE (01) 629-1207
TELEX 28310

April 9, 1984

VIA FEDERAL EXPRESS

RE: Crystal Oil Company

American Stock Exchange, Inc.
86 Trinity Place
New York, New York 10006

Attention: Mr. David Weissman

Dear David:

On behalf of Crystal Oil Company (the "Company"), we have enclosed for filing a draft of the Substitution Listing Application. Also enclosed is Crystal's proxy statement dated March 26, 1984.

If any member of the Exchange's staff has any questions or comments with respect to the enclosed Application, such staff member should communicate with the undersigned.

Very truly yours,

(ORIGINAL SIGNED BY) KAREN M. NAKFOOR

Karen M. Nakfoor

KMN:vmj

Enclosure

FULBRIGHT & JAWORSKI
BANK OF THE SOUTHWEST BUILDING
HOUSTON, TEXAS 77002
TELEPHONE (713) 651-5151
TELEX 76-2629

1150 CONNECTICUT AVE., N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 452-6800
TELEX 89-2602

AMERICAN BANK TOWER, SUITE 1740
221 WEST SIXTH STREET
AUSTIN, TEXAS 78701
TELEPHONE (512) 474-5201

IN DALLAS
DUMAS, HUGUENIN, BOOTHMAN & MORROW
AND
FULBRIGHT & JAWORSKI
2001 BRYAN TOWER, SUITE 1400
DALLAS, TEXAS 75201
TELEPHONE (214) 969-0969 (DH&M)
TELEPHONE (214) 969-1969 (F&J)

8200 INTERFIRST PLAZA
300 CONVENT STREET
SAN ANTONIO, TEXAS 78205
TELEPHONE (512) 224-5575

5 ST. JAMES'S PLACE
LONDON, SW1A 1NP
TELEPHONE (01) 629-1207
TELEX 28310

May 3, 1984

VIA FEDERAL EXPRESS

RE: Crystal Oil Company

Mr. David Weissman
American Stock Exchange, Inc.
86 Trinity Place
New York, New York 10006

Dear David:

On behalf of Crystal Oil Company, a Louisiana corporation (the "Company"), there is an executed copy of our opinion, along with a certified copy of the Company's Bylaws.

Also enclosed is a certified copy of Crystal Oil Company, a Maryland corporation, resolutions.

Very truly yours,

Karen M. Nakfoor

KMN:vmj

Enclosure

FULBRIGHT & JAWORSKI
BANK OF THE SOUTHWEST BUILDING
HOUSTON, TEXAS 77002
TELEPHONE (713) 651-5151
TELEX 76-2628

1150 CONNECTICUT AVE., N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 452-6600
TELEX 89-2603

AMERICAN BANK TOWER, SUITE 1740
221 WEST SIXTH STREET
AUSTIN, TEXAS 78701
TELEPHONE (512) 474-5201

IN DALLAS
DUNAS, HUGUENIN, BOOTHMAN & MORROW
AND
FULBRIGHT & JAWORSKI
2001 BRYAN TOWER, SUITE 1400
DALLAS, TEXAS 75201
TELEPHONE (214) 969-0969 (DH&M)
TELEPHONE (214) 969-1969 (F&J)

2200 INTERFIRST PLAZA
300 CONVENT STREET
SAN ANTONIO, TEXAS 78205
TELEPHONE (512) 224-5575

2 ST. JAMES'S PLACE
LONDON, SW1A 1NP
TELEPHONE (01) 629-1207
TELEX 28310

June 8, 1984

RE: Crystal Oil Company

Mr. David H. Weissman
Senior Operations Coordinator
American Stock Exchange, Inc.
86 Trinity Place
New York, New York 10006

Dear David:

In connection with the substitution listing application of Crystal Oil Company, a Louisiana corporation (the "Company"), enclosed are the following documents:

1. Two executed and eight conformed copies of the Substitution Listing Application.

2. A certified copy of the resolutions adopted by the shareholders of Crystal Oil Company, a Maryland corporation, on May 4, 1984.

3. Copies of Form SD-3 from the transfer agents of the Company.

The Agreement of Banknote Company will be sent directly to you by U.S. Banknote Company. The Trustee's Certificates and certified copies by the Trustees of the First Supplemental Indentures will be delivered as soon as I receive them from the various trustees. A certified copy from the Secretary of State of the State of Louisiana of the charter documents of the Company and all amendments will also be sent as soon as I receive it.

I appreciate all of your assistance in connection with this Substitution Listing Application. If there are any questions or comments concerning the enclosed, please do not hesitate to contact the undersigned.

Very truly yours,

(ORIGINAL SIGNED BY) KAREN M. NAKFOOR

Karen M. Nakfoor

KMN:vmj

Enclosure

FULBRIGHT & JAWORSKI
BANK OF THE SOUTHWEST BUILDING
HOUSTON, TEXAS 77002
TELEPHONE (713) 651-5151
TELEX 76-2629

1150 CONNECTICUT AVE., N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 452-6600
TELEX 89-2602

AMERICAN BANK TOWER, SUITE 1740
221 WEST SIXTH STREET
AUSTIN, TEXAS 78701
TELEPHONE (512) 474-5201

IN DALLAS
DUMAS, HUGUENIN, BOOTHMAN & MORROW
AND
FULBRIGHT & JAWORSKI
2001 BRYAN TOWER, SUITE 1400
DALLAS, TEXAS 75201
TELEPHONE (214) 969-0969 (DH&M)
TELEPHONE (214) 969-1969 (F&J)

2200 INTERFIRST PLAZA
300 CONVENT STREET
SAN ANTONIO, TEXAS 78205
TELEPHONE (512) 224-5575

8 ST. JAMES'S PLACE
LONDON, SW1A 1NP
TELEPHONE (01) 629-1207
TELEX 28310

June 13, 1984

RE: Crystal Oil Company

Mr. David H. Weissman
Senior Operations Coordinator
American Stock Exchange, Inc.
86 Trinity Place
New York, New York 10006

Dear David:

As requested, enclosed are ten copies of Crystal Oil Company's Proxy Statement dated March 26, 1984, along with a copy of the Form 8 which was filed with the Securities and Exchange Commission on June 11, 1984.

I will forward the remaining necessary documents as soon as I receive them.

Very truly yours,

(ORIGINAL SIGNED BY) KAREN M. NAKFOOR

Karen M. Nakfoor

KMN:vmj

Enclosures

FULBRIGHT & JAWORSKI
BANK OF THE SOUTHWEST BUILDING
HOUSTON, TEXAS 77002
TELEPHONE (713) 651-5151
TELEX 76-2628

1150 CONNECTICUT AVE., N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 452-6800
TELEX 89-2602

AMERICAN BANK TOWER, SUITE 1740
221 WEST SIXTH STREET
AUSTIN, TEXAS 78701
TELEPHONE (512) 474-5201

IN DALLAS
DUMAS, HUGUENIN, BOOTHMAN & MORROW
AND
FULBRIGHT & JAWORSKI
2001 BRYAN TOWER, SUITE 1400
DALLAS, TEXAS 75201
TELEPHONE (214) 969-0969 (DH&M)
TELEPHONE (214) 969-1969 (F&J

2200 INTERFIRST PLAZA
300 CONVENT STREET
SAN ANTONIO, TEXAS 78205
TELEPHONE (512) 224-5575

2 ST. JAMES'S PLACE
LONDON, SW1A 1NP
TELEPHONE (01) 839-1207
TELEX 28310

June 26, 1984

Re: Crystal Oil Company

Mr. David Weissman
American Stock Exchange, Inc.
86 Trinity Place
New York, New York 10006

Dear David:

In connection with Crystal Oil Company's (the "Company") substitution listing application, enclosed is an executed copy of the Officer's Certificate from Bank of the Southwest National Association, Houston, with respect to the Company's 14-7/8% Senior Subordinated Debentures due December 15, 1998.

Very truly yours,

Karen M. Nakfoor

KMN/cgw
Enclosure

BANK OF THE SOUTHWEST NATIONAL
ASSOCIATION, HOUSTON

OFFICER'S CERTIFICATE

The undersigned, J. Chris Matthews, Vice President and Trust Officer of Bank of the Southwest National Association, Houston (the "Trustee"), does hereby certify that attached hereto is a true and correct copy of the First Supplemental Indenture dated as of May 4, 1984, between Crystal Oil Company (the "Company") and the Trustee with respect to the Indenture dated as of December 15, 1983, between the Company and the Trustee with respect to 14 7/8% Senior Subordinated Debentures due December 15, 1998 and that the First Supplemental Indenture remains in full force and effect and has not been amended, repealed, modified or rescinded in any manner whatsoever.

Dated as of this 7th day of June, 1984.

BANK OF THE SOUTHWEST NATIONAL
ASSOCIATION, HOUSTON

By _____
J. Chris Matthews
Vice President and Trust Officer

FULBRIGHT & JAWORSKI
BANK OF THE SOUTHWEST BUILDING
HOUSTON, TEXAS 77002
TELEPHONE (713) 651-5151
TELEX 76-2829

1150 CONNECTICUT AVE., N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 452-6800
TELEX 89-2602

AMERICAN BANK TOWER, SUITE 1740
221 WEST SIXTH STREET
AUSTIN, TEXAS 78701
TELEPHONE (512) 474-5201

IN DALLAS
DUMAS, HUGUENIN, BOOTHMAN & MORROW
AND
FULBRIGHT & JAWORSKI
2001 BRYAN TOWER, SUITE 1400
DALLAS, TEXAS 75201
TELEPHONE (214) 969-0900 (DH&M)
TELEPHONE (214) 969-1969 (F&J)

2200 INTERFIRST PLAZA
300 CONVENT STREET
SAN ANTONIO, TEXAS 78205
TELEPHONE (512) 224-5579

2 ST. JAMES'S PLACE
LONDON, SW1A 1NP
TELEPHONE (01) 629-1207
TELEX 28310

May 4, 1984

RE: Crystal Oil Company

American Stock Exchange
86 Trinity Place
New York, New York 10006

Dear Sirs:

We have acted as counsel for Crystal Oil Company, a Louisiana corporation (the "Company") in connection with the transactions contemplated by the merger of Crystal Oil Company, a Maryland corporation ("Crystal") with and into the Company (the "Merger"). In connection with the Merger, the Company is applying for the listing of 23,815,338 shares of common stock, $1 par value, of the Company (the "Common Stock"), and for the listing of certain debentures (as defined below) of Crystal, on the American Stock Exchange. The Company's application relates to the proposed Merger of Crystal with and into the Company in accordance with a Plan of Reorganization and Agreement of Merger dated May 2, 1984 (the "Agreement"), between the Company and Crystal.

The Merger will become effective upon the filing of the Agreement with the Secretary of State of the State of Louisiana (the "Effective Time of Merger") which is currently expected to occur on May 4, 1984, following the stockholders annual meeting of Crystal on May 4, 1984.

In connection with the Merger, the Company has entered into First Supplemental Indentures dated as of May 4, 1984 (collectively the "Supplemental Indentures") with respect to the following indentures (collectively, the

"Indentures") and debentures issued thereunder (collectively, the "Debentures"):

(i) Indenture dated as of June 15, 1978, between Crystal and Bankers Trust Company with respect to 12-5/8% Subordinated Debentures due June 15, 1990;

(ii) Indenture dated as of April 15, 1980, between Crystal and Bankers Trust Company with respect to 11-3/8% Convertible Subordinated Debentures due 2000 (the "11-3/8% Convertible Debentures");

(iii) Indenture dated as of July 15, 1980, between Crystal and Bankers Trust Company with respect to 13-3/4% Subordinated Debentures due July 15, 2000;

(iv) Indenture dated as of December 15, 1981, between Crystal and Bankers Trust Company with respect to 12-5/8% Subordinated Debentures due December 15, 2001;

(v) Indenture dated as of May 1, 1981, between Crystal and First City National Bank of Houston with respect to 9% Convertible Subordinated Debentures due 1991 (the "9% Convertible Debentures"); and

(vi) Indenture dated as of December 15, 1983, between Crystal and Bank of the Southwest National Association, Houston with respect to 14-7/8% Senior Subordinated Debentures due December 15, 1998.

In connection with such matters, we have examined originals or copies certified or otherwise identified to our satisfaction of the Supplemental Indentures and of other documents, corporate records, certificates of officers of the Company and other instruments as we deem necessary or appropriate for the purpose of this opinion:

(i) The Supplement Indentures have been duly authorized, executed and delivered by the

Company, and assuming due authorization, execution and delivery by Bankers Trust Company, First City National Bank of Houston, and Bank of the Southwest National Association, Houston, are legal, valid and binding agreements of the Company in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws of general application affecting the enforcement of creditors' rights generally and except as the availability of equitable remedies may be limited by equitable principals of general application.

(ii) The Debentures are legal, valid and binding obligations of the Company entitled to the benefits of the Supplemental Indentures except as enforceability thereof may be limited by bankruptcy, insolvency or similar laws of general application affecting the enforcement of creditors' rights generally and except as the availability of equitable remedies may be limited by equitable principals of general application.

(iii) All of the issued and outstanding shares of Common Stock of the Company have been duly authorized and validly issued and are fully paid and nonassessable, with no liability attaching to the holders thereof. Such shares were not issued in violation of the preemptive rights of any shareholder.

(iv) The shares of Common Stock reserved for issuance upon conversion of the 9% Convertible Debentures and the 11 3/8% Convertible Debentures, have been duly authorized and will be, when issued pursuant to the terms of the Debentures, validly issued, fully paid and nonassessable, with no personal liability attaching to the holders thereof.

(v) The 20,937,454 shares of Common Stock and the Debentures have not been registered under the Securities Act of 1933 pursuant to Section 2(3) of the Securities Act of 1933, as amended.

The opinions expressed herein are for the sole benefit of, and may be relied only upon by, you and may not relied upon in any manner by any other person. The opinions expressed herein are based upon and relate only to the laws of the State of Texas insofar as such laws are concerned.

Very truly yours,

Fulbright & Jaworski

American Stock Exchange

86 Trinity Place
New York, New York 10006

# Form SD-3

(Formerly Form O)
(3/15/83)

## AGREEMENT WITH TRANSFER AGENT

Bank of the Southwest National Association, Houston (the "Transfer Agent"), in consideration of its acceptance by the American Stock Exchange (the "Exchange") as a satisfactory Transfer Agent under Exchange Rule 891 for the 14-7/8% Senior Subordinated Debentures due December 15, 1998 (the "Securities") of Crystal Oil Company (the "Company"), hereby agrees that it will immediately notify the Exchange:

(i) of any issuances of such Securities, specifying amount and purpose; and
(ii) if it no longer acts, or is no longer authorized to act, as Transfer Agent for the Company.

As of the date of this agreement, our records show that the Company has $130,000,000 (amount) principal amount of Securities outstanding (including Securities held in treasury) and $0 (amount) reserved for issuance.

Bank of the Southwest National Association, Houston

Dated: May 18, 1984

By: [signature]
(Please print name and title below signature)

Bank of the Southwest National Association, Houston
TO _____, Transfer Agent

Pursuant to a resolution of the Board of Directors of Crystal Oil Company (the "Company") dated May 2, 1984, you are hereby authorized, as Transfer Agent for the Company's 14-7/8% Senior Subordinated Debentures due December 15, 1998 (the "Securities") to sign an agreement with the American Stock Exchange to notify it of issuances and, if necessary, termination of services as Transfer Agent of the Company's Securities.

As of the date below, the Company has $130,000,000 (amount) principal amount of Securities outstanding (including those held in treasury) and $0 (amount) reserved for issuance.

(Corporate)
( Seal )

CRYSTAL OIL COMPANY

Dated: May 14, 1984

By: [signature]
(Please print name and title below signature)

Robert F. Roberts
Chairman of the Board, President and Chief Executive Officer

RAM00981

American Stock Exchange

86 Trinity Place
New York, New York 10006

# Form SD-3

(Formerly Form O)
(3/15/83)

## AGREEMENT WITH TRANSFER AGENT

Bankers Trust Company (the "Transfer Agent"), in consideration of its acceptance by the American Stock Exchange (the "Exchange") as a satisfactory Transfer Agent under Exchange Rule 891 for the 13 3/4% Subordinated Debentures due July 15, 2000 (the "Securities") of Crystal Oil Company (the "Company"), hereby agrees that it will immediately notify the Exchange:

(i) of any issuances of such Securities, specifying amount and purpose; and
(ii) if it no longer acts, or is no longer authorized to act, as Transfer Agent for the Company.

As of the date of this agreement, our records show that the Company has $35,000,000 principal amount of (amount) Securities outstanding (including Securities held in treasury) and $0 (amount) reserved for issuance.

BANKERS TRUST COMPANY

Dated: 5/21/84

By: J. Dalrymple
(Please print name and title below signature)
J. Dalrymple
Assistant VICE PRESIDENT

TO Bankers Trust Company, Transfer Agent

Pursuant to a resolution of the Board of Directors of Crystal Oil Company (the "Company") dated May 2,1984, you are hereby authorized, as Transfer Agent for the Company's 13 3/4% Subordinated Debentures due July 15, 2000 (the "Securities") to sign an agreement with the American Stock Exchange to notify it of issuances and, if necessary, termination of services as Transfer Agent of the Company's Securities.

As of the date below, the Company has $35,000,000 principal amount of (amount) Securities outstanding (including those held in treasury) and $0 (amount) reserved for issuance.

(Corporate)
( Seal )

CRYSTAL OIL COMPANY

Dated: May 16, 1984

By: Robert F. Roberts
(Please print name and title below signature)
Robert F. Roberts
Chairman of the Board, President and Chief Executive Officer

RAM00982

American Stock Exchange

86 Trinity Place
New York, New York 10006

# Form SD-3

(Formerly Form O)
(3/15/83)

## AGREEMENT WITH TRANSFER AGENT

Bankers Trust Company (the "Transfer Agent"), in consideration of its acceptance by the American Stock Exchange (the "Exchange") as a satisfactory Transfer Agent under Exchange Rule 891 for the 12 5/8% Subordinated Debentures due December 15, 2001 (the "Securities") of Crystal Oil Company (the "Company"), hereby agrees that it will immediately notify the Exchange:

(i) of any issuances of such Securities, specifying amount and purpose; and
(ii) if it no longer acts, or is no longer authorized to act, as Transfer Agent for the Company.

As of the date of this agreement, our records show that the Company has $80,000,000 principal amount of Securities outstanding (including Securities held in treasury) and $0 (amount) reserved for issuance.

BANKERS TRUST COMPANY

Dated: 5/21/84

By: [signature]
(Please print name and title below signature)
J. Sadriana
Assistant

TO Bankers Trust Company, Transfer Agent

Pursuant to a resolution of the Board of Directors of Crystal Oil Company (the "Company") dated May 2, 1984, you are hereby authorized, as Transfer Agent for the Company's 12 5/8% Subordinated Debentures due December 15, 2001 (the "Securities") to sign an agreement with the American Stock Exchange to notify it of issuances and, if necessary, termination of services as Transfer Agent of the Company's Securities.

As of the date below, the Company has $80,000,000 principal amount of Securities outstanding (including those held in treasury) and $0 (amount) reserved for issuance.

(Corporate)
( Seal )

CRYSTAL OIL COMPANY

Dated: May 14, 1984

By: [signature]
(Please print name and title below signature)
Robert F. Roberts
Chairman of the Board, President and Chief Executive Officer

RAM00983

American Stock Exchange

86 Trinity Place
New York, New York 10006

# Form SD-3

(Formerly Form O)
(3/15/83)

## AGREEMENT WITH TRANSFER AGENT

Bankers Trust Company (the "Transfer Agent"), in consideration of its acceptance by the American Stock Exchange (the "Exchange") as a satisfactory Transfer Agent under Exchange Rule 891 for the 12 5/8% Subordinated Debentures due June 15, 1990 (the "Securities") of Crystal Oil Company (the "Company"), hereby agrees that it will immediately notify the Exchange:

(i) of any issuances of such Securities, specifying amount and purpose; and
(ii) if it no longer acts, or is no longer authorized to act, as Transfer Agent for the Company.

As of the date of this agreement, our records show that the Company has $17,500,000 principal amount of (amount) Securities outstanding (including Securities held in treasury) and -0- (amount) reserved for issuance.

BANKERS TRUST COMPANY

Dated: 5/21/84

By: [signature]
(Please print name and title below signature)
[illegible]
Assistant [illegible]

TO Bankers Trust Company, Transfer Agent

Pursuant to a resolution of the Board of Directors of Crystal Oil Company (the "Company") dated May 2, 1984, you are hereby authorized, as Transfer Agent for the Company's 12 5/8% Subordinated Debentures due June 15, 1990 (the "Securities") to sign an agreement with the American Stock Exchange to notify it of issuances and, if necessary, termination of services as Transfer Agent of the Company's Securities.

As of the date below, the Company has $17,500,000 principal amount of (amount) Securities outstanding (including those held in treasury) and $0 (amount) reserved for issuance.

(Corporate)
( Seal )

CRYSTAL OIL COMPANY

Dated: May 14, 1984

By: [signature]
(Please print name and title below signature)
Robert F. Roberts
Chairman of the Board, President and Chief Executive Officer

AMEX

RAM00984

American Stock Exchange

86 Trinity Place
New York, New York 10006

# Form SD-3

(Formerly Form O)
(3/15/83)

## AGREEMENT WITH TRANSFER AGENT

Bankers Trust Company (the "Transfer Agent"), in consideration of its acceptance by the American Stock Exchange (the "Exchange") as a satisfactory Transfer Agent under Exchange Rule 891 for the 11 3/8% Convertible Subordinated Debentures due 2000 (the "Securities") of Crystal Oil Company (the "Company"), hereby agrees that it will immediately notify the Exchange:

(i) of any issuances of such Securities, specifying amount and purpose; and
(ii) if it no longer acts, or is no longer authorized to act, as Transfer Agent for the Company.

As of the date of this agreement, our records show that the Company has $ 41,331,000 principal amount of (amount) Securities outstanding (including Securities held in treasury) and $0 (amount) reserved for issuance.

BANKERS TRUST COMPANY

Dated: 5/21/84

By: [signature]
(Please print name and title below signature)

Assistant VICE PRESIDENT

TO Bankers Trust Company, Transfer Agent

Pursuant to a resolution of the Board of Directors of Crystal Oil Company (the "Company") dated May 2, 1984, you are hereby authorized, as Transfer Agent for the Company's 11 3/8% Convertible Subordinated Debentures due 2000 (the "Securities") to sign an agreement with the American Stock Exchange to notify it of issuances and, if necessary, termination of services as Transfer Agent of the Company's Securities.

As of the date below, the Company has $ 41,331,000 principal amount of (amount) Securities outstanding (including those held in treasury) and $0 (amount) reserved for issuance.

(Corporate)
( Seal )

CRYSTAL OIL COMPANY

Dated: May 14, 1984

By: [signature]
(Please print name and title below signature)

Robert F. Roberts
Chairman of the Board, President and Chief Executive Officer

RAM00985

American Stock Exchange

86 Trinity Place
New York, New York 10006

# Form SD-3

(Formerly Form O)
(3/15/83)

## AGREEMENT WITH TRANSFER AGENT

First City National Bank of Houston (the "Transfer Agent"), in consideration of its acceptance by the American Stock Exchange (the "Exchange") as a satisfactory Transfer Agent under Exchange Rule 891 for the 9% Convertible Subordinated Debentures due May 1, 1991 (the "Securities") of Crystal Oil Company (the "Company"), hereby agrees that it will immediately notify the Exchange:

(i) of any issuances of such Securities, specifying amount and purpose; and
(ii) if it no longer acts, or is no longer authorized to act, as Transfer Agent for the Company.

As of the date of this agreement, our records show that the Company has $31,200,000 (amount) principal amount of Securities outstanding (including Securities held in treasury) and $0 (amount) reserved for issuance.

First City National Bank

Dated: 6-7-84

By: [signature]
(Please print name and title below signature)
Robert Ashie
Corp. Trust Officer

TO First City National Bank of Houston, Transfer Agent

Pursuant to a resolution of the Board of Directors of Crystal Oil Company (the "Company") dated May 2, 1984, you are hereby authorized, as Transfer Agent for the Company's 9% Convertible Subordinated Debentures due May 1, 1991 (the "Securities") to sign an agreement with the American Stock Exchange to notify it of issuances and, if necessary, termination of services as Transfer Agent of the Company's Securities.

As of the date below, the Company has $31,200,000 (amount) principal amount of Securities outstanding (including those held in treasury) and $0 (amount) reserved for issuance.

(Corporate)
( Seal )

CRYSTAL OIL COMPANY

Dated: May 14, 1984

By: [signature]
(Please print name and title below signature)
Robert F. Roberts
Chairman of the Board, President
and Chief Executive Officer

RAM00986

American
Stock Exchange

86 Trinity Place
New York, New York 10006

# Form SD-3

(Formerly Form O)
(3/15/83)

## AGREEMENT WITH TRANSFER AGENT

RepublicBank Dallas, N.A. (the "Transfer Agent"), in consideration of its acceptance by the American Stock Exchange (the "Exchange") as a satisfactory Transfer Agent under Exchange Rule 891 for the Common Stock, $1.00 par value (the "Securities") of Crystal Oil Company (the "Company"), hereby agrees that it will immediately notify the Exchange:

(i) of any issuances of such Securities, specifying amount and purpose; and
(ii) if it no longer acts, or is no longer authorized to act, as Transfer Agent for the Company.

As of the date of this agreement, our records show that the Company has 20,937,454 (amount) Securities outstanding (including Securities held in treasury) and 2,877,884 (amount) reserved for issuance.

RepublicBank Dallas, N.A.

Dated: May 18, 1984

By: _____
(Please print name and title below signature)

C. D. Smith
Vice President & Trust Officer

TO RepublicBank Dallas, N.A., Transfer Agent

Pursuant to a resolution of the Board of Directors of Crystal Oil Company (the "Company") dated May 2, 1984, you are hereby authorized, as Transfer Agent for the Company's Common Stock, $1.00 par value (the "Securities") to sign an agreement with the American Stock Exchange to notify it of issuances and, if necessary, termination of services as Transfer Agent of the Company's Securities.

As of the date below, the Company has 20,937,454 (amount) Securities outstanding (including those held in treasury) and 2,877,884 (amount) reserved for issuance.

(Corporate)
( Seal )

CRYSTAL OIL COMPANY

Dated: May 14, 1984

By: _____
(Please print name and title below signature)

Robert F. Roberts
Chairman of the Board, President
and Chief Executive Officer

RAM00987

ARREY

86 Trinity Place
New York, New York 1
212 306-1455

**Benjamin D. Krause**
Senior Vice President
Securities Division

erican
ck Exchange

Mr. Robert F. Roberts
Chairman of the Board
Crystal Oil Company
400 Crystal Building
Shreveport, Louisiana 71101

May 4, 1984

Dear Mr. Roberts:

I am pleased to inform you that the American Stock Exchange, Inc. has today approved the application of Crystal Oil Company, a Louisiana corporation (the "Company"), dated May 4, 1984, for the substitution listing of the following:

| | |
|---|---|
| 23,815,338 | shares of Common Stock, Par Value $1.00, of the Company, in substitution for a like number of shares of Common Stock, Par Value $1.00 of Crystal Oil Company, a Maryland Corporation (the "Old Company"); |
| $130,000,000 | aggregate principal amount of 14 7/8% Senior Subordinated Debentures due December 15, 1998 of the Company, in substitution for a like amount of previously listed and outstanding Debentures of the Old Company; |
| 17,500,000 | aggregate principal amount of 12 5/8% of Subordinated Debentures due June 15, 1990 of the Company, in substitution for a like amount of previously listed and outstanding Debentures of the Old Company; |
| 41,331,000 | aggregate principal amount of 11 3/8% Convertible Subordinated Debentures due 2000 of the Company, in substitution for a like amount of previously listed and outstanding Debentures of the Old Company; |
| 35,000,000 | aggregate principal amount of 13 3/4% Subordinated Debentures due July 15, 2000 of the Company, in substitution for a like amount of previously listed and outstanding Debentures of the Old Company; |

AMEX

RAM00988

80,000,000 aggregate principal amount of 12 5/8% Subordinated Debentures due December 15, 2001 of the Company, in substitution for a like amount of previously listed and outstanding Debentures of the Old Company; and

31,200,000 aggregate principal amount of 9% Convertible Subordinated Debentures due May 1, 1991 of the Company, in substitution for a like amount of previously listed and outstanding Debentures of the Old Company.

As you know, the above action was taken subject to the registration of the Company's Common Stock and Debentures on the American Stock Exchange, Inc. under the Securities Exchange Act of 1934. Upon the filing of the Company's Form 8-B registration statement with the Securities and Exchange Commission, the Exchange will forward to the Commission the certification of its action which is required in support thereof.

Please arrange for your Transfer Agent to notify the Exchange as and when all or any part of the shares are issued so that we may furnish your Registrar with an appropriate release covering said shares.

Sincerely,

BDK:nsf

cc: Karen M. Nakfoor, Esq.
Fulbright & Jaworski
Bank of the Southwest Building
Houston, Texas 77002

FULBRIGHT & JAWORSKI
BANK OF THE SOUTHWEST BUILDING
HOUSTON, TEXAS 77002
TELEPHONE (713) 651-5151
TELEX 76-2628

1150 CONNECTICUT AVE., N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 452-6800
TELEX 89-2602

AMERICAN BANK TOWER, SUITE 1740
221 WEST SIXTH STREET
AUSTIN, TEXAS 78701
TELEPHONE (512) 474-5201

IN DALLAS
DUMAS, HUGUENIN, BOOTHMAN & MORROW
AND
FULBRIGHT & JAWORSKI
2001 BRYAN TOWER, SUITE 1400
DALLAS, TEXAS 75201
TELEPHONE (214) 969-0999 (DH&M)
TELEPHONE (214) 969-1969 (F&J)

2200 INTERFIRST PLAZA
300 CONVENT STREET
SAN ANTONIO, TEXAS 78205
TELEPHONE (512) 224-5575

2 ST JAMES'S PLACE
LONDON, SW1A 1NP
TELEPHONE (01) 629-1207
TELEX 28310

June 20, 1984

RE: Crystal Oil Company

Mr. David H. Weissman
Senior Operations Coordinator
American Stock Exchange, Inc.
86 Trinity Place
New York, New York 10006

Dear David:

In connection with the substitution listing application of Crystal Oil Company, a Louisiana corporation (the "Company"), there are enclosed for filing a certified copy from the Secretary of State of the State of Louisiana of all the charter documents and amendments of the Company. Also enclosed are the following documents:

1. Trustee's Certificate relating to the 9% Convertible Subordinated Debentures due 1991.

2. Officer's Certificate relating to the 9% Convertible Subordinated Debentures due 1991.

3. Trustee's Certificate relating to the 14 7/8% Senior Subordinated Debentures due December 15, 1998.

4. Officer's Certificate relating to the 14 7/8% Senior Subordinated Debentures due December 15, 1998.

I will forward the remaining documents as soon as I receive them.

Very truly yours,

(ORIGINAL SIGNED BY) KAREN M. NAKFOOR

Karen M. Nakfoor

KMN:vmj
Enclosures

RAM00990

# TRUSTEE'S CERTIFICATE

American Stock Exchange, Inc.
Securities Division
86 Trinity Place
New York, New York 10006

RE: 14 7/8% Senior Subordinated Debentures
due December 15, 1998

Gentlemen:

With reference to the pending application for the substitution listing of the above described issue upon the American Stock Exchange, we are pleased to certify to you as follows:

(a) That the trusts created by the Indenture dated as of December 15, 1983, between Crystal Oil Company (the "Company") and Bank of the Southwest National Association, Houston, as Trustee, (the "Trustee") and as amended by the First Supplemental Indenture dated as of May 4, 1984 between the Company and the Trustee, supporting the above described bond issue were duly accepted by Bank of the Southwest National Association, Houston, as Trustee, said acceptance of trusts being evidenced by the execution of said Indenture and First Supplemental Indenture by the Trustee and by a series of affirmative acts subsequently performed, including the authentication and delivery of the bonds issued thereunder.

(b) That the Trustee authenticated and delivered bonds of said issue in the aggregate principal amount of $130,000,000, all of which bonds were duly issued in accordance with said Indenture.

(c) That the Indenture and First Supplemental Indenture did not require the redemption of refunding of any securities.

(d) That the Indenture and First Supplemental Indenture did not require the deposit of any collateral.

(e) That there are no prior obligations paid or refunded by the issuance of the 14 7/8% Senior Subordinated Debentures due December 15, 1998, or by application of proceeds from the issue of such bonds, which have not been cancelled and the liens thereon released.

Yours very truly,
BANK OF THE SOUTHWEST NATIONAL ASSOCIATION, HOUSTON

By _____
J. Chris Matthews
Vice President and Trust Officer

DATED: June 13, 1984

BANK OF THE SOUTHWEST NATIONAL
ASSOCIATION, HOUSTON

OFFICER'S CERTIFICATE

The undersigned, J. Chris Matthews, Vice President and Trust Officer of Bank of the Southwest National Association, Houston (the "Trustee"), does hereby certify that attached hereto is a true and correct copy of the First Supplemental Indenture dated as of May 4, 1984, between Crystal Oil Company (the "Company") and the Trustee with respect to the Indenture dated as of December 15, 1983, between the Company and the Trustee with respect to 14 7/8% Senior Subordinated Debentures due December 15, 1998 and that the First Supplemental Indenture remains in full force and effect and has not been amended, repealed, modified or rescinded in any manner whatsoever.

Dated as of this 13th day of June, 1984.

BANK OF THE SOUTHWEST NATIONAL
ASSOCIATION, HOUSTON

By _____
J. Chris Matthews
Vice President and Trust Officer

TRUSTEE'S CERTIFICATE

American Stock Exchange, Inc.
Securities Division
86 Trinity Place
New York, New York 10006

RE: 9% Convertible Subordinated Debentures due 1991

Gentlemen:

With reference to the pending application for the substitution listing of the above described issue upon the American Stock Exchange, we are pleased to certify to you as follows:

(a) That the trusts created by the Indenture dated as of May 1, 1981, between Crystal Oil Company (the "Company") and First City National Bank of Houston, as Trustee, (the "Trustee") and as amended by the First Supplemental Indenture dated as of May 4, 1984 between the Company and the Trustee, supporting the above described bond issue were duly accepted by First City National Bank of Houston, as Trustee, said acceptance of trusts being evidenced by the execution of said Indenture and First Supplemental Indenture by the Trustee and by a series of affirmative acts subsequently performed, including the authentication and delivery of the bonds issued thereunder.

(b) That the Trustee authenticated and delivered bonds of said issue in the aggregate principal amount of $31,200,000, all of which bonds were duly issued in accordance with said Indenture.

(c) That the Indenture and First Supplemental Indenture did not require the redemption of refunding of any securities.

(d) That the Indenture and First Supplemental Indenture did not require the deposit of any collateral.

(e) That there are no prior obligations paid or refunded by the issuance of the 9% Convertible Subordinated Debentures due 1991, or by application of proceeds from the issue of such bonds, which have not been cancelled and the liens thereon released.

Yours very truly,
FIRST CITY NATIONAL BANK OF HOUSTON

By _____
Roark Ashie, Trust Officer

DATED: June 7, 1984

RAM00994

FIRST SUPPLEMENTAL INDENTURE

Dated as of May 4, 1984

between

CRYSTAL OIL LOUISIANA, INC.

and

FIRST CITY NATIONAL BANK OF HOUSTON,
as Trustee

to

INDENTURE

Dated as of May 1, 1981

between

CRYSTAL OIL COMPANY

and

FIRST CITY NATIONAL BANK OF HOUSTON,
as Trustee

9% Convertible Subordinated Debentures due 1991

FIRST SUPPLEMENTAL INDENTURE, dated as of May 4, 1984, by and between CRYSTAL OIL LOUISIANA, INC., a corporation organized and existing under the laws of the State of Louisiana (the "Company"), having its principal offices at 229 Milam Street, P.O. Box 21101, Shreveport, Louisiana 71120, and FIRST CITY NATIONAL BANK OF HOUSTON, a national banking corporation organized and existing under the laws of the United States of America ("Trustee"), having its principal corporate trust office in Houston, Texas;

W I T N E S S E T H:

WHEREAS, Crystal Oil Company, a corporation organized and existing under the laws of the State of Maryland (the "Predecessor Company"), has heretofore executed and delivered to the Trustee that certain Indenture dated as of May 1, 1981, by and between the Predecessor Company and the Trustee (the "Existing Indenture") pursuant to which the Predecessor Company issued its 9% Convertible Subordinated Debentures due 1991 (the "Debentures") in the original aggregate principal amount of $31,200,000;

WHEREAS, pursuant to that certain Agreement of Merger and Plan of Reorganization dated May 2, 1984, between the Company and the Predecessor Company (the "Merger Agreement"), the Predecessor Company has been merged with and into the Company on the date hereof (the "Merger"), and in connection with the Merger, each outstanding share of common

stock of the Predecessor Company, $1.00 par value, will automatically be converted into and exchanged for one share of the common stock of the Company, $1.00 par value;

WHEREAS, Section 11.01 of the Existing Indenture provides that in the event the Predecessor Company merges into another corporation, the successor corporation shall expressly assume, by supplemental indenture to the Existing Indenture, executed and delivered to the Trustee in a form satisfactory to the Trustee, the due and punctual payment of the principal of and the interest on all the outstanding Debentures and the due and punctual performance and observance of all of the covenants and conditions of the Existing Indenture on the part of the Predecessor Company to be performed or observed;

WHEREAS, as a result of the Merger, the Company has succeeded to and become subject to and responsible for all debts, liabilities and obligations of the Predecessor Company and, therefore, desires to assume the due and punctual payment of the principal of and the interest on all the outstanding Debentures and the performance of all of the covenants and conditions required to be performed or observed by the Predecessor Company under the Existing Indenture;

WHEREAS, Section 3.04(h) of the Existing Indenture provides that in the event the Predecessor Company merges into any other corporation (other than in certain instances

not herein applicable), such successor corporation shall execute with the Trustee a supplemental indenture to the Existing Indenture providing that each Debenture shall be convertible into the number of shares of stock or other securities or property (including cash) or a combination or thereof receivable upon such merger by a holder of a number of shares of common stock of the Predecessor Company and also providing for adjustments which, for events subsequent to the effective date of the supplemental indenture, shall be nearly equivalent as may be practicable to the adjustments provided in Article Three of the Existing Indenture;

WHEREAS, immediately prior to the Merger, each $1,000 principal amount of the Debentures was convertible into 26 shares of common stock of the Predecessor Company at a conversion price of $37.50 per share;

WHEREAS, the parties deem it necessary to enter into this First Supplemental Indenture to evidence the succession of the Company as the successor to the Predecessor Company and the assumption by the Company of all of the obligations of the Predecessor Company and to make provision with respect to the conversion rights of the Debentures pursuant to the requirements of Section 3.04(h) of the Existing Indenture;

WHEREAS, Section 10.01 of the Existing Indenture provides that the Predecessor Company and Trustee may, from

time to time, without the consent of the holders of the Debentures, enter into one or more supplemental indentures to provide for, among other things, the purposes described above;

WHEREAS, the Company has been duly authorized by its Board of Directors to enter into, execute and deliver this First Supplemental Indenture;

WHEREAS, all conditions contained in the Existing Indenture with respect to the Merger have been complied with; and

WHEREAS, all conditions and requirements necessary to make the Debentures issued under the Existing Indenture as hereby supplemented the valid obligations of the Company and to make the Existing Indenture as hereby supplemented a valid and binding agreement of the Company, in accordance with its terms, have been performed and fulfilled;

NOW THEREFORE, in order to comply with the provisions of the Existing Indenture and for and in consideration of the premises and the covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Trustee, for the equal and proportionate benefit of all holders of the Debentures, agree as follows:

ARTICLE ONE
DEFINITIONS

Section 1.01. The definition of the term "Company", as set forth in Article 1 of the Existing Indenture is hereby amended to read in its entirety as follows:

Company:

The term "Company" shall mean Crystal Oil Louisiana, Inc., a Louisiana corporation, and, subject to the provisions hereof, shall also include its successors and assigns.

Section 1.02. Unless otherwise defined herein, all terms used in this First Supplemental Indenture that are defined in the Existing Indenture shall have the same meanings as used therein.

ARTICLE TWO
ASSUMPTION AND SUBSTITUTION

Section 2.01. The Company hereby expressly assumes the due and punctual payment of the principal of and the interest on all the Debentures, and the performance and observance of all of the covenants and conditions of the Existing Indenture on the part of the Predecessor Company to be performed or observed, and has provided for conversion rights in accordance with Section 3.04(h) of the Existing Indenture.

Section 2.02. The Company shall succeed to and be substituted for, and may exercise every right and power of the Predecessor Company under the Existing Indenture, with

the same effect as if the Company had been named as the "Company" therein.

Section 2.03. Immediately after the Merger, each $1,000 principal amount of the Debentures will be convertible into 26 shares of common stock of the Company at a conversion price of $37.50 per share.

ARTICLE THREE
ENDORSEMENT AND CHANGE OF FORM OF DEBENTURE

Section 3.01. Any Debentures authenticated and delivered after the effective date of this First Supplemental Indenture shall (unless textually revised as hereinafter provided) bear the following notation which may be stamped, typewritten or overprinted thereon:

> "On May 4, 1984, Crystal Oil Company, a Maryland corporation ("Crystal") was merged into Crystal Oil Louisiana, Inc., a Louisiana corporation ("Crystal Louisiana"). Crystal Louisiana has, pursuant to the terms of that merger and that certain First Supplemental Indenture dated as of May 4, 1984, between it and the Trustee (the "Supplemental Indenture"), assumed the due and punctual payment of the principal of and the interest on the Debentures and the performance of all of the covenants and conditions of the Indenture to be performed or observed by Crystal. This Debenture is now convertible into shares of Common Stock of Crystal Louisiana subject to adjustment as provided in Article 3 of the Indenture. Copies of the

Supplemental Indenture are on file at the principal corporate trust office of the Trustee."

Any Debentures hereafter authenticated and delivered in exchange or substitution for Debentures then outstanding shall, if the Company so elects, be textually revised in a form approved by the Trustee to make reference to the First Supplemental Indenture instead of being stamped, typewritten or overprinted as hereinabove provided.

Section 3.02. Notwithstanding anything contained herein to the contrary, the Trustee shall not at any time be under any responsibility to require or cause any Debenture now or hereafter outstanding to be presented to it or delivered to it for any purpose provided for in this Article Three or for the legal consequences of the failure of any holder of Debentures so to present or deliver the same.

## ARTICLE FOUR
## MISCELLANEOUS

Section 4.01. Except as expressly supplemented by this First Supplemental Indenture, the Existing Indenture and the Debentures issued thereunder are in all respects ratified and confirmed and all of the rights, remedies, terms, conditions, covenants and agreements of the Existing Indenture, and Debentures issued thereunder shall remain in full force and effect.

Section 4.02. This First Supplemental Indenture is executed as and shall constitute an indenture supplemental to the Existing Indenture and shall be construed in connection

with and as part of the Existing Indenture. This First Supplemental Indenture shall be governed by and construed in accordance with the laws of the jurisdiction which governs the Existing Indenture and its construction.

Section 4.03. If any provision of this First Supplemental Indenture limits, qualifies or conflicts with another provision of this First Supplemental Indenture or any provision of the Existing Indenture which is required to be included by any of the provisions of Sections 310 to 317 inclusive of the Trust Indenture Act of 1939, such required provision shall control.

Section 4.04. The recitals contained in this First Supplemental Indenture shall be taken as statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this First Supplemental Indenture.

Section 4.05. This First Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes; but such counterparts shall together be deemed to constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this First Supplemental Indenture to be duly executed, and

their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

ATTEST:

SECRETARY

CRYSTAL OIL LOUISIANA, INC.

By: _____
Title: PRESIDENT

ATTEST:

FIRST CITY NATIONAL BANK OF HOUSTON

By: _____
Vice President

RAM01004

CRYSTAL OIL LOUISIANA, INC.

STATE OF LOUISIANA |
PARISH OF CADDO |

This instrument was acknowledged before me on _____, 1984, by _____, the _____ of Crystal Oil Louisiana, Inc., a Louisiana corporation, on behalf of said corporation.

Carla Virginia Bryant
Notary Public in and for
the State of Louisiana

My Commission expires:
at death

RAM01005

TRUSTEE

STATE OF Texas
COUNTY OF Harris

This instrument was acknowledged before me on 5-2, 1984, by Dennis H Walter, a Vice President of FIRST CITY NATIONAL BANK OF HOUSTON, a national banking association, on behalf of said national banking association, in its capacity as trustee.

Janice S. Morehead
Notary Public in and for
the State of Texas

My commission expires:
JANICE S. MOREHEAD
Notary Public, State of Texas
My Commission Expires April 30, 1985

RAM01006

American
Stock Exchange

86 Trinity Place
New York, New York 10006

# Form SD-4

(Formerly Form P)
(3/15/83)

## AGREEMENT WITH REGISTRAR

RepublicBank Dallas, N.A. (the "Registrar"), in consideration of its acceptance by the American Stock Exchange (the "Exchange") as a satisfactory Registrar for the Common Stock, $1.00 par value (the "Securities") of Crystal Oil Company (the "Company"), hereby agrees that:

(i) it will not register additional Securities of the Company in excess of the amount stated below unless and until it shall have been notified by the Exchange that the additional Securities have been approved for listing; and

(ii) it will immediately notify the Exchange if it terminates service as Registrar, or its services as Registrar are terminated by the Company.

As of the date of this agreement, we hereby certify that the Company has registered and outstanding 20,937,454 (amount) Securities (including those held in treasury).

Dated: July 16, 1984

By: RepublicBank Dallas, N.A.
(Please print name and title below signature)
C. D. Smith
Vice President & Trust Officer

TO RepublicBank Dallas, N.A., Registrar

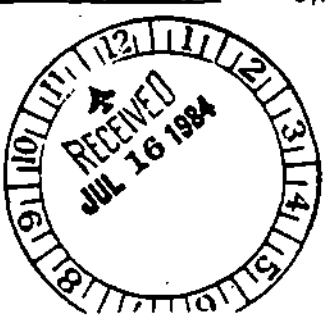
Pursuant to a resolution of the Board of Directors of Crystal Oil Company (the "Company") dated May 2, 1984, you are hereby authorized, as Registrar for the Company's Common Stock, $1.00 par value (the "Securities") to sign an agreement with the American Stock Exchange not to register additional Securities unless and until they have been approved for listing and to notify the Exchange of termination of services as Registrar of the Company's Securities.

The number of authorized and outstanding Securities (including those held in treasury), is 20,937,454 (amount) as of the date below.

(Corporate)
( Seal )

Dated: July 13, 1984

By: CRYSTAL OIL COMPANY
(Please print name and title below signature)
Robert F. Roberts
Chairman of the Board, President and Chief Executive Officer




AMEX

RAM01007

TRUSTEE'S CERTIFICATE

American Stock Exchange, Inc.
Securities Division
86 Trinity Place
New York, New York 10006

RE: 12 5/8% Subordinated Debentures
due June 15, 1990

Gentlemen:

With reference to the pending application for the substitution listing of the above described issue upon the American Stock Exchange, we are pleased to certify to you as follows:

(a) That the trusts created by the Indenture dated as of June 15, 1978, between Crystal Oil Company (the "Company") and Bankers Trust Company, as Trustee, (the "Trustee") and as amended by the First Supplemental Indenture dated as of May 4, 1984 between the Company and the Trustee, supporting the above described bond issue were duly accepted by Bankers Trust Company, as Trustee, said acceptance of trusts being evidenced by the execution of said Indenture and First Supplemental Indenture by the Trustee and by a series of affirmative acts subsequently performed, including the authentication and delivery of the bonds issued thereunder.

(b) That the Trustee authenticated and delivered bonds of said issue in the aggregate principal amount of $20,000,000 all of which bonds were duly issued in accordance with said Indenture.

(c) That the Indenture and First Supplemental Indenture did not require the redemption or refunding of any securities.

(d) That the Indenture and First Supplemental Indenture did not require the deposit of any collateral.

(e) That there are no prior obligations paid or refunded by the issuance of the 12 5/8% Subordinated Debentures due June 15, 1990, or by application of proceeds from the issue of such bonds, which have not been cancelled and the liens thereon released.

Yours very truly,

BANKERS TRUST COMPANY

By _____
Joan Sadrianna
Assistant Vice President

DATED: July ~~June~~ 12, 1984

# TRUSTEE'S CERTIFICATE

American Stock Exchange, Inc.
Securities Division
86 Trinity Place
New York, New York 10006

RE: 11 3/8% Convertible Subordinated
Debentures due 2000

Gentlemen:

With reference to the pending application for the substitution listing of the above described issue upon the American Stock Exchange, we are pleased to certify to you as follows:

(a) That the trusts created by the Indenture dated as of April 15, 1980, between Crystal Oil Company (the "Company") and Bankers Trust Company, as Trustee, (the "Trustee") and as amended by the First Supplemental Indenture dated as of May 4, 1984, between the Company and the Trustee, supporting the above described bond issue were duly accepted by Bankers Trust Company, as Trustee, said acceptance of trusts being evidenced by the execution of said Indenture and First Supplemental Indenture by the Trustee and by a series of affirmative acts subsequently performed, including the authentication and delivery of the bonds issued thereunder.

(b) That the Trustee authenticated and delivered bonds of said issue in the aggregate principal amount of $50,000,000 all of which bonds were duly issued in accordance with said Indenture.

(c) That the Indenture and First Supplemental Indenture did not require the redemption or refunding of any securities.

(d) That the Indenture and First Supplemental Indenture did not require the deposit of any collateral.

(e) That there are no prior obligations paid or refunded by the issuance of the 11 3/8% Convertible Subordinated Debentures due 2000, or by application of proceeds from the issue of such bonds, which have not been cancelled and the liens thereon released.

Yours very truly,

BANKERS TRUST COMPANY

By _____
Joan Sadrianna
Assistant Vice President

DATED: ~~June~~ July 12, 1984

TRUSTEE'S CERTIFICATE

American Stock Exchange, Inc.
Securities Division
86 Trinity Place
New York, New York 10006

RE: 13 3/4% Subordinated Debentures
due July 15, 2000

Gentlemen:

With reference to the pending application for the substitution listing of the above described issue upon the American Stock Exchange, we are pleased to certify to you as follows:

(a) That the trusts created by the Indenture dated as of July 15, 1980, between Crystal Oil Company (the "Company") and Bankers Trust Company, as Trustee, (the "Trustee") and as amended by the First Supplemental Indenture dated as of May 4, 1984, between the Company and the Trustee, supporting the above described bond issue were duly accepted by Bankers Trust Company, as Trustee, said acceptance of trusts being evidenced by the execution of said Indenture and First Supplemental Indenture by the Trustee and by a series of affirmative acts subsequently performed, including the authentication and delivery of the bonds issued thereunder.

(b) That the Trustee authenticated and delivered bonds of said issue in the aggregate principal amount of $35,000,000 all of which bonds were duly issued in accordance with said Indenture.

(c) That the Indenture and First Supplemental Indenture did not require the redemption or refunding of any securities.

(d) That the Indenture and First Supplemental Indenture did not require the deposit of any collateral.

(e) That there are no prior obligations paid or refunded by the issuance of the 13 3/4% Subordinated Debentures due July 15, 2000, or by application of proceeds from the issue of such bonds, which have not been cancelled and the liens thereon released.

Yours very truly,

BANKERS TRUST COMPANY

By _____
Joan Sadrianna
Assistant Vice President

DATED: ~~June~~ July 12, 1984

# TRUSTEE'S CERTIFICATE

American Stock Exchange, Inc.
Securities Division
86 Trinity Place
New York, New York 10006

RE: 12 5/8% Subordinated Debentures
due December 15, 2001

Gentlemen:

With reference to the pending application for the substitution listing of the above described issue upon the American Stock Exchange, we are pleased to certify to you as follows:

(a) That the trusts created by the Indenture dated as of December 15, 1981, between Crystal Oil Company (the "Company") and Bankers Trust Company, as Trustee, (the "Trustee") and as amended by the First Supplemental Indenture dated as of May 4, 1984, between the Company and the Trustee, supporting the above described bond issue were duly accepted by Bankers Trust Company, as Trustee, said acceptance of trusts being evidenced by the execution of said Indenture and First Supplemental Indenture by the Trustee and by a series of affirmative acts subsequently performed, including the authentication and delivery of the bonds issued thereunder.

(b) That the Trustee authenticated and delivered bonds of said issue in the aggregate principal amount of $80,000,000 all of which bonds were duly issued in accordance with said Indenture.

(c) That the Indenture and First Supplemental Indenture did not require the redemption or refunding of any securities.

(d) That the Indenture and First Supplemental Indenture did not require the deposit of any collateral.

(e) That there are no prior obligations paid or refunded by the issuance of the 12 5/8% Subordinated Debentures due December 15, 2001, or by application of proceeds from the issue of such bonds, which have not been cancelled and the liens thereon released.

Yours very truly,

BANKERS TRUST COMPANY

By _____
Joan Sadrianna
Assistant Vice President

DATED: ~~June~~ July 12, 1984

THE PACIFIC STOCK EXCHANGE INCORPORATED

RECEIVED
CORPORATE SECRETARY
APR 16 1984

**Brian Scott-Murray**
Listings Representative
(415) 393-4163

San Francisco
April 9, 1984

Mr. L. G. Caskey
Secretary
Crystal Oil Company
400 Crystal Building
Shreveport, Louisiana 71101

Dear Mr. Caskey:

I am in receipt of the Company's Notice of Annual Meeting of Stockholders which includes a proposal for the reincorporation of Crystal Oil Company in the state of Louisiana.

Should the stockholders approve the proposal, the Exchange will require the submission of the following documents:

1) Original Listing Application;
2) Securities and Exchange Commission filings relevant to the reincorporation;
3) Cancelled Specimen Stock Certificates in each class or denomination;
4) Legal Opinion;
5) Certified Copy of the Resolution of the Board of Directors authorizing the reincorporation; and
6) Listing Fee - $2,500.00.

For your convenience, I have enclosed the necessary forms. Should you have any questions, please do not hesitate to contact me directly.

Sincerely,

Brian Scott-Murray

BSM/dg

Enclosures

# ORIGINAL LISTING APPLICATION

CRYSTAL OIL COMPANY
(Full Name of Corporation)

The undersigned hereby applies to Pacific Stock Exchange Incorporated for the listing of the following:

28,815,338 shares (number of shares or principal amount) $1.00 (par value) Common Stock (title of security) of which

20,937,454 shares ~~(principal amount)~~ are ~~(is)~~ issued and outstanding, and

2,877,844 shares ~~(principal amount)~~ are ~~(is)~~ unissued and available for issuance for specific purposes.

Listing Agreement and following supporting documents to be filed for Original Listing of a security:

1. Executed copy of the registration statement (e.g., Form 8-A, 8-B or 10), pursuant to the Securities Exchange Act of 1934 as amended, including financial statements duly certified and exhibits.

   **ANY OF THE FOLLOWING DOCUMENTS FILED AS PART OF THE REGISTRATION STATEMENT MAY BE INCORPORATED IN THE LISTING APPLICATION BY REFERENCE.**

2. Opinion of counsel as to the legality of: (a) organization of applicant; (b) authorization for the issue; (c) validity of the securities applied for; (d) whether securities are fully paid and non-assessable and whether personal liability is attached to ownership. If securities are not registered under the Securities Act of 1933, the opinion should state such registration is not required. If counsel, or any partner of such counsel (or, if a firm, any member thereof) is an officer or director of the applicant, this fact must be stated.

3. Resolutions of the Board of Directors or Executive Committee (a) authorizing the listing; (b) authorizing the appointment of the Transfer Agent and of the Registrar.

4. Certified copy of the permit or other authorization of the Commissioner of Corporations of the State of California, or other Government authority, authorizing the issuance of securities, if applicable.

5. Distribution schedules.

6. Agreement, with Registrar.

7. Statement of purpose(s) for which unissued shares may be issued.

8. Cancelled specimen certificates of the issue to be listed, in each class or denomination.

9. Listing fee — check to be payable to Pacific Stock Exchange Incorporated.

Nothing herein contained shall be construed as constituting a continuing contract for the listing of the security. The Exchange may suspend dealings therein summarily and without prior notice to the Company upon failure of the Company to comply with the provisions hereof or when in its sole discretion the Exchange shall determine that such suspension of dealings is in the public interest or otherwise warranted.

Agreement made ~~this~~ as of the 4th day of May, 1984.

CRYSTAL OIL COMPANY
(Full Name of Corporation)

Attest: L. L. Caskey
SECRETARY

By Robert F. Roberts
(Signature of Authorized Officer)
Robert F. Roberts
Chairman of the Board, President
and Chief Executive Officer

(Corporate Seal)

REV. 1/82

RAM01017

# LISTING AGREEMENT

Nothing in the following agreement shall be so construed as to require the Corporation to do any acts in contravention of law or in violation of any rule or regulation of any public authority exercising jurisdiction over the Corporation.

The undersigned being the duly authorized officer of:

CRYSTAL OIL COMPANY
(Name of Corporation)

does hereby certify that this application is filed pursuant to a resolution adopted by the Board of Directors of the Company. The Company agrees promptly to submit the following information to the Pacific Stock Exchange Incorporated (the Exchange):

A. Reports and Notifications:

1. Annual Reports to Stockholders — 4 copies. Annual Reports should be submitted to stockholders and the Exchange at least fifteen (15) days in advance of the annual meeting and not more than 120 days after the close of the preceding fiscal year.
2. Interim financial reports — 4 copies.
3. All notices to stockholders.
4. Prior notice of any change in transfer agent and/or registrar, a certified copy of the Board resolution authorizing such change, and a copy of the subsequent Registrar Agreement.
5. Notice of dividend declaration — 10 business days prior to record date. The same notice requirement applies to proposed issuance of rights to subscribe, closing of stock transfer books, or taking a record of stockholders for any purpose.
6. Changes in Company address, principal executive officers, directors, auditors, or the general character or nature of the company's business.
7. Changes in issued and outstanding securities. The company will notify the Exchange within fifteen (15) days after the close of a fiscal quarter of any securities reacquired or disposed of for the account of the Company.
8. Notification pertaining to redemption, cancellation or retirement of listed securities.
9. Notice of issuance of securities. The Company or its transfer agent should notify the Exchange monthly of all issuances of securities, as well as giving the total number of shares or principal amount of debt securities issued to date.
10. Amendments to Articles of Incorporation or By-Laws — Certified copy. When such amendment is part of S.E.C. Form 8-K report, see (1) under Paragraph B below.
11. Such other information concerning the Company as the Exchange may reasonably require.
12. Sufficient advance application to the Exchange for the listing of additional amounts of securities.
13. Notification of any material changes in accounting practices (including, when applicable, policies as to depreciation and depletion of bases of devaluation of inventories or other assets) followed in connection with the financial statements appearing in the reports to security holders, with disclosure in its next succeeding interim and annual report to security holders of the general effect, if material to the company, of any such change.
14. Notification of any material charges against paid-in-surplus by the Company or any majority-owned subsidiary of the Company.

B. Materials to be filed pursuant to the Securities and Exchange Act of 1934.

1. Forms — 8-K Current Report; 10-Q Quarterly, 10-K Annual Report, or other annual report forms for issuers using other than Form 10-K.
2. Proxy soliciting material — 4 copies.
3. Forms 3 and 4 — reports of the Company's officers, directors, and holders of more than 10% of the registered equity security. One signed copy, except when a company having securities listed on another national securities exchange has taken advantage of S.E.C. Regulation 240.16a-1(c), and has designated another Exchange as the only Exchange with which such reports are to be filed. Designating an Exchange may be accomplished by filing a letter with the Commission with a copy to each Exchange where stock is listed.
4. Form 144 — notice of proposed sale of restricted securities. This report need be filed under S.E.C. Regulation 230.144(h) only with the principal Exchange on which the securities are listed.

The Company will pay the Exchange a listing fee for the subject listing and any subsequent listing(s) of additional shares in accordance with the Exchange's schedule of listing fees and an annual listing maintenance fee. If an application is not approved or is withdrawn, a service charge of 25% will be retained by the Exchange. If resubmitted within one year, the 25% charge will be applied to the listing fee.

The Company will maintain a transfer office or agency where the stock of the corporation shall be transferable and also a registrar which may be the same bank or trust company. The Company will require each such registrar to execute an agreement with the Exchange not to register more shares than authorized by the Exchange. The Company will keep its transfer offices or agencies supplied with sufficient certificates to meet the demands for transfer of the security.

THE PACIFIC STOCK EXCHANGE INCORPORATED

June 13, 1984

Securities & Exchange Commission
450 Fifth Street N.W.
Washington D.C. 20549

Attn: Mr. Bruce Sharpes

Gentlemen,

The Governing Board of Pacific Stock Exchange, Inc., hereby certifies that on June 13 , 1984, it received from Crystal Oil Company what purports to be the application on Form 8-B for registration of securities on this Exchange.

The Governing Board of Pacific Stock Exchange, Inc., further certifies that it has approved the following class of securities for listing and registration.

Common Stock, $1.00 par value.

The Exchange respectfully requests that effectiveness be accelerated .

Sincerely,

James S. Gallagher
President
PACIFIC STOCK EXCHANGE, INC.

FULBRIGHT & JAWORSKI
BANK OF THE SOUTHWEST BUILDING
HOUSTON, TEXAS 77002
TELEPHONE (713) 651-5151
TELEX 76-2829

1150 CONNECTICUT AVE., N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 452-6800
TELEX 89-2602

AMERICAN BANK TOWER, SUITE 1740
221 WEST SIXTH STREET
AUSTIN, TEXAS 78701
TELEPHONE (512) 474-5201

IN DALLAS
DUMAS, HUGUENIN, BOOTHMAN & MORROW
AND
FULBRIGHT & JAWORSKI
2001 BRYAN TOWER, SUITE 1400
DALLAS, TEXAS 75201
TELEPHONE (214) 969-0999 (DH&M)
TELEPHONE (214) 969-1969 (F&J)

2200 INTERFIRST PLAZA
300 CONVENT STREET
SAN ANTONIO, TEXAS 78205
TELEPHONE (512) 224-5575

2 ST. JAMES'S PLACE
LONDON, SW1A 1NP
TELEPHONE (01) 629-1207
TELEX 28310

May 4, 1984

RE: Crystal Oil Company

The Pacific Stock Exchange
Incorporated
301 Pine Street
San Francisco, California 94104

Dear Sirs:

We have acted as counsel for Crystal Oil Company, a Louisiana corporation (the "Company") in connection with the transactions contemplated by the merger of Crystal Oil Company, a Maryland corporation ("Crystal") with and into the Company (the "Merger"). In connection with the Merger, the Company is applying for the listing of 23,815,338 shares of common stock, $1 par value, of the Company (the "Common Stock"), on The Pacific Stock Exchange. The Company's application relates to the proposed Merger of Crystal with and into the Company in accordance with a Plan of Reorganization and Agreement of Merger dated May 2, 1984 (the "Agreement"), between the Company and Crystal.

The Merger will become effective upon the filing of the Agreement with the Secretary of State of the State of Louisiana (the "Effective Time of Merger") which is currently expected to occur on May 4, 1984, following the stockholders annual meeting of Crystal on May 4, 1984.

In connection with such matters, we have examined originals or copies certified or otherwise identified to our satisfaction of such documents, corporate records, certificates of officers of the Company and other instruments as we deem necessary or appropriate for the purpose of this opinion:

(i) All of the issued and outstanding shares of Common Stock of the Company have been duly authorized and validly issued and are fully paid and nonassessable, with no liability attaching to the holders thereof. Such shares were not issued in violation of the preemptive rights of any shareholder.

(ii) The shares of Common Stock reserved for issuance upon conversion of the 9% Convertible Subordinated Debentures due 1991 and the 11 3/8% Convertible Subordinated Debentures due 2000, have been duly authorized and will be, when issued pursuant to the terms of the Debentures, validly issued, fully paid and nonassessable, with no personal liability attaching to the holders thereof.

(iii) The 23,815,338 shares of Common Stock have not been registered under the Securities Act of 1933 pursuant to Section 3(a)(9) of the Securities Act of 1933, as amended.

The opinions expressed herein are for the sole benefit of, and may be relied only upon by, you and may not relied upon in any manner by any other person. The opinions expressed herein are based upon and relate only to the laws of the State of Texas insofar as such laws are concerned.

Very truly yours,

Fulbright & Jaworski

THE PACIFIC STOCK EXCHANGE INCORPORATED

**Brian Scott-Murray**
Listings Representative
(415) 393-4163

San Francisco
June 18, 1984

Mr. Robert F. Roberts
Chairman, President and CEO
Crystal Oil Company
400 Crystal Oil Building
Shreveport, LA 71101

Re: Substitute Original Listing

Dear Mr. Roberts:

In regards to the above, I am pleased to inform you of the Exchange's approval of your application with regard to the change in your State of Incorporation.

I enclose for your reference a copy of our certification upon your form 8-B which we provided to the Securities and Exchange Commission.

If I can be of any additional assistance, I hope that you will feel free to contact me directly.

Respectfully,

Brian Scott-Murray

BSM/dg

Enclosure

THE PACIFIC STOCK EXCHANGE INCORPORATED

June 13, 1984

Securities & Exchange Commission
450 Fifth Street N.W.
Washington D.C. 20549

Attn: Mr. Bruce Sharpes

Gentlemen,

The Governing Board of Pacific Stock Exchange, Inc., hereby certifies that on June 13 , 1984, it received from Crystal Oil Company what purports to be the application on Form 8-B for registration of securities on this Exchange.

The Governing Board of Pacific Stock Exchange, Inc., further certifies that it has approved the following class of securities for listing and registration.

Common Stock, $1.00 par value.

The Exchange respectfully requests that effectiveness be accelerated .

Sincerely,

James S. Gallagher
President
PACIFIC STOCK EXCHANGE, INC.

RAM01023

MSE
MIDWEST STOCK EXCHANGE, INCORPORATED
120 South LaSalle Street Chicago, Illinois 60603
Telephone: (312) 368-2222

May 23, 1984

RECEIVED
CORPORATE SECRETARY
MAY 25 1984

Ms. Cheryl Rogers
Securities and Exchange Commission
Division of Market Regulation
450 Fifth Street (Room 5192)
Washington, DC 20549

Dear Ms. Rogers:

The Midwest Stock Exchange, Inc. is hereby filing application with the Securities and Exchange Commission pursuant to Section 12(f)(1)(B) thereunder, for unlisted trading privileges in the following securities:

Homestake Mining Company (Delaware), Common Stock, $12.50 Par Value
LISTED: New York Stock Exchange

Crystal Oil Company (Louisiana), Common Stock, $1.00 Par Value
LISTED: American Stock Exchange

Sea-Land Corporation, Common Stock, No Par Value
LISTED: New York Stock Exchange

Gleason Corporation (Delaware), Common Stock, $1.00 Par Value
LISTED: New York Stock Exchange

Lear Petroleum Corporation (Delaware), Common Stock, 10¢ Par Value
LISTED: New York Stock Exchange

Bowater Incorporated, Common Stock, $1.00 Par Value
LISTED: New York Stock Exchange

M.D.C. Corporation, Common Stock, 1¢ Par Value
LISTED: New York Stock Exchange

Showboat Inc., Common Stock, $1.00 Par Value
LISTED: New York Stock Exchange

Tambrands Inc., Common Stock, 25¢ Par Value
LISTED: New York Stock Exchange

The Exchange certifies that pursuant to Rule 12f-1, copies of this application have been sent to the issuers and to the Exchanges on which they are registered.

Last sale information for these securities is reported in the consolidated transaction reporting system.

If this application is granted, these securities will be admitted to trade in the Dual Trading System of the Midwest Stock Exchange, Inc. and may subsequently be assigned to a Specialist/Odd-lot Dealer, pursuant to the

rules of the Exchange.

Respectfully submitted,
MIDWEST STOCK EXCHANGE, INC.

Robbin Tengroth
Senior Listing Representative
Listing/Membership Department

FULBRIGHT & JAWORSKI
Bank of the Southwest Building
Houston, Texas 77002

# M E M O R A N D U M

TO: FILE

DATE: February 28, 1984

FROM: Curtis W. Huff

RE: CRYSTAL OIL COMPANY
BLUE SKY SURVEY:
SECURITIES EXEMPTIONS

---

This memorandum has been prepared in connection with the proposed merger of Crystal Oil Company, a Maryland corporation ("Old Crystal"), with and into Crystal Oil Company, a Louisiana corporation, ("New Crystal"), and the issuance by New Crystal of its common stock ("New Crystal Common Stock") to holders of the common stock of Old Crystal. The memorandum sets forth in summary form certain information concerning the extent to which and the conditions under which it is believed that the issuance of the New Crystal Common Stock may be made without registration under the securities or "Blue Sky" laws of the fifty states, Washington, D.C. and Puerto Rico.

In the following jurisdictions, a statutory exemption from registration exists and no action need be taken to perfect it:*

| | |
|---|---|
| Alabama (R) | Alaska (R)(L) |
| Arizona (R)(L) | Arkansas (R)(L) |
| California (R)(L) | Colorado (L)(O) |
| Connecticut (R)(O) | Delaware (L)(O) |
| District of Columbia (E) | Florida (R) |
| Georgia (R)(L) | Hawaii (L)(O) |
| Idaho (R)(L) | Illinois (R)(L) |
| Indiana (L) | Iowa (L) |

---

* For specific statutory information regarding any of the above exemptions, reference is hereby made to Appendix "A", which is attached hereto and incorporated herein by reference.

| | |
|---|---|
| Kansas (L) | Kentucky (R)(L) |
| Louisiana (R)(L) | Maine (R) |
| Maryland (L)(O) | Massachusetts (L)(O) |
| Michigan(R)(L) | Minnesota (L) |
| Mississippi (L)(O) | Missouri (L)(O) |
| Montana (R)(L) | Nebraska (R)(L) |
| Nevada (E) | New Hampshire (L) |
| New Jersey (L)(O) | New Mexico (R)(L) |
| New York (E) | North Carolina (L)(O) |
| North Dakota (R)(L) | Ohio (R)(L) |
| Oklahoma (R)(L) | Oregon (R)(L) |
| Pennsylvania(R)(L) | Puerto Rico (L)(O) |
| Rhode Island (R) | South Carolina(L)(O) |
| South Dakota (R)(L) | Tennessee (L)(O) |
| Texas (R)(L) | Utah (U) |
| Virginia (R)(L) | Vermont (R)(L) |
| Wisconsin (R)(L) | Washington (R)(L) |
| Wyoming (O)(L) | West Virginia (L)(O) |

(R) = Reorganization exemption.
(L) = Listed security exemption.
(O) = The definitions of "offer" and "sale" do not include a merger or reorganization appoved by class vote.
(E) = No registration requirement for interstate security transactions.
(U) = The definitions of "offer" and "sale" do not include a reorganization for the purpose of changing domicile.

In New York, a petition under Section 359-f of the New York General Business Law and a designation for service of process must be filed prior to the offer of the New Crystal Common Stock to perfect an exemption to the dealer registration provisions in the state.

C.W.H.

/jw

FOOTNOTES

(a) Generally, there is a filing requirement to perfect the reorganization exemption in Arkansas. Such a filing, however, is not required where the reorganization is solely to effect a change in domicile.

(b) California and Pennsylvania each have a transaction exemption for mergers and reorganizations which are available unless 25% or more of the outstanding shares of any class of shares that are to be exchanged are held by persons having addresses in such states. With respect to Crystal Oil, residents of California and Pennsylvania clearly represent less than 25% of the total security holders to whom shares are to be exchanged.

(c) The listed security exemptions in these states are dependent upon the issuer meeting each of the following criteria: (i) that it is a United States corporation, (ii) that it has been subject to Section 12 of the Securities Exchange Act of 1934 for at least three years, (iii) that for the last seven years it not have had a material default in its obligations to creditors or stockholders, (iv) that it have a consolidated net worth of 1 million dollars for four of the five last fiscal years, (v) that the stock to be received in the reorganization have substantially the same voting rights as the stock to be exchanged and (vi) that there be at least 750,000 shares outstanding with a minimum aggregate market value of 3.75 million dollars held by at least 1,200 stockholders.

(d) The definition of "offer", offer to sale", "sale" and "sell" excludes any act incident to a class vote by stockholders on a merger, consolidation, split-up, spinoff, share-exchange, reclassification or transfer of assets in consideration of securities of another corporation.

(e) There is no issuer registration requirement for interstate sales of securities in this state.

(f) The reorganization exemption in Idaho is contingent upon either (i) there be no commission or remuneration paid in connection with the transaction or (ii) the issuer file a notice with the state within 30 days prior to the transaction.

(g) The reorganization exemption in Indiana requires that the Commissioner be notified in writing of all terms of the transaction within five full business days prior to the transaction, during which time the commissioner may disallow the exemption. If no action is taken by the Commissioner during the five business days following the filing, the exemption will automatically become effective.

(h) The issuer must file its proxy materials with the Commissioner at least 10 days prior to the transaction and distribute the same to each security holder.

(i) The issuer must file a notice specifying the terms of the transaction, and any other information as the Commissioner may require, within 30 days of the transaction, during which time the Commissioner may disallow the exemption. If no action is taken by the Commissioner during this 30 day time period, the exemption will become effective.

(j) The issuer must file a notice with the Bank Superintendent containing (i) the name and business or post office asddress of the issuer, (ii) an identification of the security and (iii) a filing fee of $100.00.

(k) The issuer must file with the Commissioner of Securities a general description of the transaction within ten days prior to the transaction.

(l) The issuer must file a petition under Section 359-f of the New York General Business Law.

(m) The definitions of "offer and "sale" do not include a reorganization for the sole purpose to effect a change in domicile.

(n) The security must be listed on a qualified national securities exchange or be a security substantially equal in rank to a security so listed and approved by the Division of Securities. Since the Crystal Oil securities will not be listed prior to the merger and may not be considered to be substantially equal in rank to a security so listed and approved by the Division, this exemption may not be available. However, it could be argued that the current Crystal Oil securities which are listed on the American Stock Exchange would qualify as a security listed and approved to which the New Crystal Oil securities would be substantially equal in rank to.

Appendix A

February 22, 1984

KANEB/MORAN MERGER
BLUE SKY SURVEY OF AVAILABLE EXEMPTIONS

| State | Registration or Notice Required to Perfect Exemption | Reorganization Exemption Available | Stock Exch. Exemption Available | Other Exemption Available | Section | Comments |
|---|---|---|---|---|---|---|
| Alabama | No | | * | | 8-6-11(a)(14) | |
| | -- | | -- | | ---- | |
| Alaska | No | * | | | 45.55.140(b)(15) | |
| | No | | * | | 45.55.140(a)(10) | |
| Arizona | No | * | | | 44-1844(6) | |
| | No | | * | | 44-1843(7) | |
| Arkansas | No | * | | | Rule 14(b)(15)(A) | (a) |
| | No | * | | | 67-1248(a)(7) | |

| State | Registration or Notice Required to Perfect Exemption | Reorganization Exemption Available | Stock Exch. Exemption Available | Other Exemption Available | Section | Comments |
|---|---|---|---|---|---|---|
| California | No | * | * | | 25103(c) | (b) |
| | No, but see comment | | * | | 25100(o) | (c) |
| Colorado | No | | * | | 11-51-113(1)(g) | |
| | No | | | * | 11-51-102(10)(f)(II) | (d) |
| Connecticut | No | | | * | 36-471(k)(7)(c) | (d) |
| | No | | * | | 36-490(a)(8) | |
| Delaware | No | | | * | 7302(a)(11)(d) | (d) |
| | No | | * | | 7309(a)(8) | |
| District of Columbia | No | | | * | | (e) |
| Florida | No | * | | | 517.061(9) | |

RAM01031

| State | Registration or Notice Required to Perfect Exemption | Reorganization Exemption Available | Stock Exch. Exemption Available | Other Exemption Available | Section | Comments |
|---|---|---|---|---|---|---|
| Georgia | No | * | | | 10-5-9(12) | |
| | No | | * | | 10-5-8(8) | |
| Hawaii | No | | * | | 485-4(8) | |
| | No | | | * | 485-1(10)(F)(iii) | (d) |
| Idaho | No, but see comment | * | | | 30-1435(13) | (f) |
| | No | | * | | 30-1434(8) | |
| Illinois | No | * | | | 137.4(I) | |
| | No | | * | | 137.3(G) | |
| Indiana | Yes, see comment | * | | | 23-2-1-2(b)(15) | (g) |
| | No | | * | | 23-2-1-2(a)(5) | |
| Iowa | Yes, see comment | * | | | 502.203(13) | (h) |
| | No | | * | | 502.202(8) | |



RAM01032

| State | Registration or Notice Required to Perfect Exemption | Reorganization Exemption Available | Stock Exch. Exemption Available | Other Exemption Available | Section | Comments |
|---|---|---|---|---|---|---|
| Kansas | Yes, see comment | * | | | 17.1262(L) | (i) |
| | No, but see comment | | * | | Rule 81-5-1 | (c) |
| Kentucky | No | * | | | 292.410(1)(n) | |
| | No | | * | | 292.400(8) | |
| Louisiana | No | * | | | 51:705(6) | |
| | No | | * | | 51:704(6) | |
| Maine | No | * | | | 874-A(13) | |
| | Yes, see comment | | * | | 873(5)(B) | (j) |
| Maryland | No | * | | * | 11-102(a)(3) | (d) |
| | No | | * | | 11-601(8) | |
| Massachusetts | No | | | * | 401(i)(6)(c) | (d) |
| | No | | * | | 402(a)(8) | |



RAM01033

| State | Registration or Notice Required to Perfect Exemption | Reorganization Exemption Available | Stock Exch. Exemption Available | Other Exemption Available | Section | Comments |
|---|---|---|---|---|---|---|
| Michigan | No | * | | | 451.802(b)(19) | |
| | No | | * | | 451.802(a)(7) | |
| Minnesota | Yes, see comment | * | | | 80A.15.2(1) | (k) |
| | No | | * | | 80A.15.1(k) | |
| Mississippi | No | | | * | 75-71-105(8)(6)(c) | (d) |
| | No | | * | | 75-71-201(8) | |
| Missouri | No | | * | | 409.402(8) | |
| | No | | | * | 409.401(j)(6)(C) | (d) |
| Montana | No | * | | | 30-10-105(15) | |
| | No | | * | | 30-10-104(13) | |
| Nebraska | No | * | | | 8-1111(14) | |
| | No | | * | | 8-1110(7) | |



RAM01034

| State | Registration or Notice Required to Perfect Exemption | Reorganization Exemption Available | Stock Exch. Exemption Available | Other Exemption Available | Section | Comments |
|---|---|---|---|---|---|---|
| Nevada | No, but see comment | | | | N/A | (e) |
| New Hampshire | Yes, see comment | * | | | 421-B:17(II)(1) | (k) |
| | No | | * | | 421-B(I)(f) | |
| New Jersey | No | | | * | 49:3-49(j)(6)(c) | (d) |
| | No | | * | | 49:3-50(a)(8) | |
| New Mexico | No | * | | | 58-13-29(N) | |
| | No | | * | | 58-13-29(F) | |
| New York | Yes, see comment | | | | | (1) |
| | Yes, see comment | | * | | 359-f(k) | (1) |
| North Carolina | No | | | * | 78A-2(8)(f)(3) | (d) |
| | No | | * | | 78A-16(8) | |



RAM01035

| State | Registration or Notice Required to Perfect Exemption | Reorganization Exemption Available | Stock Exch. Exemption Available | Other Exemption Available | Section | Comments |
|---|---|---|---|---|---|---|
| North Dakota | No | * | | | 10-04-06(6) | |
| | No | | * | | 10-04-05(6) | |
| Ohio | No | * | | | 1707-03(U)(2) | |
| | No | | * | | 1707.02(E) | |
| Oklahoma | No | * | | | 401(b)(16) | |
| | No | | * | | 401(a)(8) | |
| Oregon | No | * | | | 59.035(13) | |
| | No | | * | | 59.025(4) | |
| Pennsylvania | No, but see comment | * | | | 1-203(o) | (a) |
| | No | | * | | 1-202(f) | |
| Puerto Rico | No | | * | | 882(a)(8) | |
| | No | | | * | 881(j)(6)(C) | (d) |

RAM01036

| State | Registration or Notice Required to Perfect Exemption | Reorganization Exemption Available | Stock Exch. Exemption Available | Other Exemption Available | Section | Comments |
|---|---|---|---|---|---|---|
| Rhode Island | No | * | | | 7-11-9(d) | |
| | No | | * | | 7-11-8(d) | |
| South Carolina | No | | * | | 35-1-310(7) | |
| | No | | | * | 35-1-20(10)(f)(iii) | (d) |
| South Dakota | No | * | | | 47-31-91 | |
| | No | | * | | 47-31-71 | |
| Tennessee | No | | | * | 48-16-102-11-F(vii) | (d) |
| | No | | * | | 48-16-103(a)(8) | (c) |
| Texas | No | * | | | 581-5(G)<br>Admin. Sec. 111.2 | |
| | No | | * | | 581-6(F) | |
| Utah | No | | | * | 61-1-13(15)(vii) | (m) |
| | No, but see comment | | * | | 61-1-14(1)(g)<br>Rule 14.1(g) | (n) |



RAM01037

| State | Registration or Notice Required to Perfect Exemption | Reorganization Exemption Available | Stock Exch. Exemption Available | Other Exemption Available | Section | Comments |
|---|---|---|---|---|---|---|
| Vermont | No | * | | | 9-4204(6) | |
| | No | | * | | 9-4203(6) | |
| Virginia | No | * | | | 13.1-514(c)(2) | |
| | No | | * | | 13.1-514(a)(8) | |
| Washington | No | * | | | 21.20.320(14) | |
| | No | | * | | WAC Rule 460-42A-081 | |
| West Virginia | No | | | * | 32-401(j)(6)(C) | (d) |
| | No | | * | | 32-402(a)(8) | |
| Wisconsin | No | * | | | 551.23(13) may apply | |
| | No, but see comment | | * | | SEC.201.7 551.22(7) | (c) |
| Wyoming | No | | | * | 17-4-113(ix)(F)(III) | (d) |
| | No | | * | | 17-4-114(a)(vii) | (c) |



RAM01038

APPLICATION FOR EXEMPTION FROM
SECTION 359-e OF THE NEW YORK BUSINESS LAW

1. The name, address and legal nature (corporation, trust, partnership, etc.) of the issuer entity (the "applicant"); the business of the applicant; its place and date of organization; and whether it is a successor to another entity within the last two years.

A. Name: Crystal Oil Louisiana, Inc. ("New Crystal")

B. Address: 400 Crystal Building,
Shreveport, Louisiana 71101

C. Legal Nature: Corporation

D. Principal Business: The exploration and production of crude oil and natural gas.

E. Place and Date of Organization: Louisiana; Febraury 24, 1984.

F. Whether issuer is a successor to another entity:

New Crystal is currently not a successor to any other entity, but it will be the successor to Crystal Oil Company, a Maryland corporation ("Old Crystal"), upon completion of the merger of New Crystal and Old Crystal.

2. The name, residential address, title and affiliation of the individual affiant, his business or profession, and his business address.

A. Name: Robert F. Roberts

B. Residential Address: 1030 E. 70th Street
Shreveport, Louisiana 71106

C. Title and Affiliation: Chairman of the Board, President and Chief Executive Officer of New Crystal and Old Crystal.

D. Business or Profession: Same as 2C above.

E. Business Address: 400 Crystal Building
Shreveport, Louisiana 71101

3. The names and residential addresses of all officers, directors, general partners, trustees, principals and selling shareholders:

| Name | Position or Status | Address |
|---|---|---|
| Robert F. Roberts | Chairman of the Board, President and Chief Executive Officer | 1030 E. 70th St. Shreveport, LA 71106 |
| Mark A. Roberts | Executive Vice President and Director | 939 Delaware Shreveport, LA 71106 |
| L. G. Caskey | Secretary and Director | 6105 River Road Shreveport, LA 71105 |
| Richard D. Miller | Senior Vice President-Land and Exploration | 7417 Camelback Drive Shreveport, LA 71105 |
| Sam J. Clinton | Senior Vice President-Drilling and Production | 336 Jennifer Lane Shreveport, LA 71106 |
| William E. Warnock | Vice President-Engineering | 3051 Dryden Court Shreveport, LA 71115 |
| Daniel R. Grubb | Vice President-Exploration | 1915 Horton St. Shreveport, LA 71105 |
| Joseph B. Boddie | Vice President-Corporate Affairs and Administration | 1812 Willow Point Drive Shreveport, LA 71119 |
| James W. Renz | Vice President - Controller | #1 Country Acres Haughton, LA 71037 |
| Richard H. Sucher | Director | 225 S. Academy Blvd. Colorado Springs, CO 80910 |
| R. Gordon Bader | Director | 2614 E. 13th St. Salt Lake City, Utah 84108 |
| James E. Hogle, Jr. | Director | 220 Kearns Bldg. Salt Lake City, Utah 84101 |

Other than those individuals listed above, there are no other principals or controlling persons of the applicant.

4. Whether any officer, director, trustee, general partner, principal or selling shareholder, has ever

been adjudged a bankrupt, made an assignment for the benefit of creditors, or has been an officer, director or principal of any entity which has ever been reorganized in bankruptcy, adjudged a bankrupt, or which has made an assignment for the benefit of creditors? (If so, explain)

No.

5. Whether any officer, director, trustee, general partner, principal or selling shareholder, has ever been convicted of any crime, or has been the subject of any injunction, crease and desist order, suspension or restraining order, revocation of a license to practice a trade, occupation or profession, or denial of an application to renew same, stipulation or consent to desist from any act or practice, or any other disciplinary action by any court or administrative agency, or whether any such action or proceeding is presently pending? (If so, specify details).

No.

6. The purpose of the offering, the total dollar amount of the offering and the number of units and classes of securities to be offered, including optional units, shares underlying warrants and conversion privileges.

A. Purpose: The purpose of the offering is to effectuate a merger of Old Crystal with and into New Crystal, a wholly owned subsidiary of Old Crystal, for the sole purpose of changing the domicile of Old Crystal from Maryland to Louisiana.

B. Number of Units and Classes of Securities to be offered:

23,815,338 shares of Common Stock, $1.00 par value which includes 2,045,884 shares of Common Stock reserved for issuance upon the conversion of Old Crystal's 11-3/8% Convertible Subordinated Debentures due 2000 and 832,000 shares of Common Stock reserved for issuance upon conversion of Old Crystal's 9% Convertible Subordinated Debentures Due 1991.

C. Approximate total dollar amount of offering:

$345,322,401 ($14.50 (approximate market value of stock) X 23,815,338 (21,769,454 shares of Common Stock currently outstanding plus 2,045,884 shares of Common Stock reserved for issuance upon conversion of the 11-3/8% and 9% Convertible Debentures).

7. Offering Literature and Informational Documents.

A. A copy of the offering literature which is to be used in connection with the offering is attached hereto as Exhibit A.

B. A copy of the Applicant's latest annual report to shareholders is attached hereto as Exhibit B.

C. The applicant hereby undertakes to file with the Department of Law all amendments to the above-mentioned offering material and any other offering literature which is to be used in connection with the offering.

8. Exemption Sought.

A. The paragraph of Subd. 2 of Section 359-f of the NYGBL which the applicant seeks to obtain the exemption is paragraph (b).

B. The facts upon which the exemption is sought are as follows:

Old Crystal is presenting to its shareholders a proposal to reincorporate Old Crystal in the State of Louisiana through a merger with and into New Crystal. Upon approval and completion of the merger, New Crystal will change its name to "Crystal Oil Company" and will possess all the assets and be responsible for all the obligations and liabilities of Old Crystal. The merger will not result in any change in the name, business, management, location of the principal offices, capitalization, assets or liabilities of Old Crystal. If the merger is approved, each share of common stock of Old Crystal will automatically become a share of common stock of New Crystal. Shareholders of Old Crystal will not be required to exchange their shares in Old Crystal for shares in New Crystal.

The American Stock Exchange (the "AMEX"), a securities exchange located in the State of New York, has stated that the common stock of Crystal Oil Company will be fully listed at all times prior, during and after the proposed merger of Old Crystal with and into New Crystal. The only effect of the merger on the listing of the common stock of Crystal Oil Company on the AMEX is that after the merger, trading will be in Crystal Oil Company, a Louisiana corporation, rather than Crystal Oil Company, a Maryland corporation. The common stock of Crystal Oil Company will be traded on the AMEX without interruption.

WHEREFORE, it is respectfully requested that the offering for the sale of securities of Crystal Oil Company, a Louisiana corporation, be exempted under §359-e Subds. 2.3,4,5 and 6 of the General Business Law.

CRYSTAL OIL LOUISIANA, INC.

By _____
Robert F. Roberts, Chairman of Board, President and Chief Chief Executive Officer

The undersigned affiant, the President of Crystal Oil Louisiana, Inc., a Louisiana corporation, hereby verifies that the information contained in the above application is true and correct.

Dated April 12, 1984

_____
Robert F. Roberts



RAM01043

STATE OF NEW YORK
DEPARTMENT OF LAW
TWO WORLD TRADE CENTER
NEW YORK, N.Y. 10047
TELEPHONE: (212) 488-7412

ROBERT ABRAMS
Attorney General

ORESTES J. MINALY
Assistant Attorney General
In Charge
Bureau of Investor Protection and Securities

Fulbright & Jaworski, Esqs.
Bank of The Southwest Building
Houston, TX 77002

May 23, 1984

Re: Crystal Oil Louisiana Inc.
Merger Old Crystal Into New Crystal

Gentlemen:

Pursuant to your application, the Attorney General, by virtue of authority granted under § 359-f(2) of the General Business Law, grants you exemption from the provisions of § 359-e, subdivision 2, 3, 4, 5, and 6 of that law. Such grant is made upon the following conditions:

The Attorney General retains the right and privilege to cancel such exemption with or without cause at any time hereafter, without prejudice.

The determination to grant this exemption was made upon the facts submitted in the aforementioned application. The Attorney General has made no independent examination or verification of any of these facts and circumstances. Consequently any misstatement of material facts in the application or in the supporting schedules renders this exemption void ab initio and in that event you may be held to account for your failure to comply with the provisions of § 359-e.

Should the circumstances and facts surrounding your business or the offering change or become altered so that you no longer come within the provisions of the paragraphs of § 359-f that were specified in the application, you should immediately notify the Attorney General thereof by registered or certified letter. This exemption becomes ineffective without further notice as of the date of such change or alteration.

Nothing contained herein shall constitute a condonation of any violation of law.

Very truly yours,

MARTIN S. WEBER
Chief, Registration Division

MSW:al

RAM01044

ROBERT ABRAMS
ATTORNEY GENERAL

63183

TWO WORLD TRADE CENTER
NEW YORK, NEW YORK 10047

DATE 06/05/84

STATE OF NEW YORK
DEPARTMENT OF LAW

Fee for EXEMPTION $100.00

Crystal Oil Louisiana Inc.
%Fulbright & Jaworski, Esqs.
Bank of The Southwest BUilding
Houston, TX 77002

PAYMENT RECEIVED
*Check subject to Collection*

ROBERT ABRAMS
ATTORNEY GENERAL

RAM01045

PLAN OF REORGANIZATION
AND
AGREEMENT OF MERGER

This Plan of Reorganization and Agreement of Merger dated as of May 2nd, 1984 (this "Agreement"), between Crystal Oil Company, a Maryland corporation ("Crystal"), and Crystal Oil Louisiana, Inc., a Louisiana corporation ("Crystal Louisiana"), such corporations being hereinafter collectively referred to as the "Constituent Corporations",

W I T N E S S E T H:

WHEREAS, Crystal is a corporation duly organized and existing under the laws of the State of Maryland, having been incorporated on February 3, 1926, and having an authorized capital stock of 36,000,000 shares of capital stock comprised of (i) 1,000,000 shares of Preferred Stock, $5.00 par value, none of which is issued and outstanding, and (ii) 35,000,000 shares of common stock, $1.00 par value (the "Crystal Common Stock"), of which 20,937,454 shares are issued and outstanding and 2,877,884 shares are reserved for issuance upon conversion of Crystal's convertible securities.

WHEREAS, Crystal Louisiana is a corporation duly organized and existing under the laws of the State of Louisiana, having been incorporated on February 24, 1984, and its registered office is in the parish of Caddo, and having an authorized capital stock comprised of (i) 1,000,000 shares of Preferred Stock, $5.00 par value per share, none of which is issued and outstanding and (ii) 35,000,000 shares of common stock, $1.00 par value per share (the "Common Stock"), of which one share is issued and outstanding.

WHEREAS, the respective Boards of Directors of Crystal and Crystal Louisiana deem it advisable and in the best interests of said corporations and the respective stockholders thereof, that Crystal be merged with and into Crystal Louisiana as the surviving corporation as authorized by the statutes of the States of Maryland and Louisiana under and pursuant to the terms and conditions hereinafter set forth, and each of such Boards has duly approved this Agreement; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, and for the purpose of setting forth the terms and conditions of

the merger provided for by this Agreement (the "Merger"), the mode of carrying the same into effect, the manner and basis of converting the shares of the Crystal Common Stock into shares of the Crystal Louisiana Common Stock and such other details and provisions as are deemed necessary or desirable, the parties hereto have agreed and do hereby agree, subject to the approval or adoption of this Agreement by the requisite vote of the stockholders of each Constituent Corporation, and subject to the conditions hereinafter set forth, as follows:

ARTICLE I

Merger and Name of Surviving Corporation

At the Effective Time of the Merger, as hereinafter defined, Crystal shall be merged with and into Crystal Louisiana, which is hereby designated as the "Surviving Corporation", which shall be named "Crystal Oil Company".

ARTICLE II

Terms and Conditions of Merger

The terms and conditions of the Merger are (in addition to those set forth elsewhere in this Agreement) as follows:

(a) Upon and following the Effective Time of the Merger:

(1) The Constituent Corporations shall be a single corporation, which shall be Crystal Louisiana, the corporation designated herein as the Surviving Corporation.

(2) The separate corporate existence of Crystal shall cease.

(3) The Surviving Corporation shall possess all the rights, privileges, immunities and franchises, of a public as well as of a private nature, of each of the Constituent Corporations; and all property, real, personal and mixed, and all debts due to either Constituent Corporation on whatever account, including subscriptions to shares, and all other choses in action, and all and every other interest, of or belonging to or due to either of the Constituent Corporations shall be taken

and deemed to be transferred to and vested in the Surviving Corporation without further act or deed.

(4) The Surviving Corporation shall be responsible and liable for all liabilities and obligations of each of the Constituent Corporations; and any claim existing or action or proceeding pending by or against either of the Constituent Corporations may be prosecuted as if the Merger had not taken place, or the Surviving Corporation may be substituted in its place. Neither the rights of creditors nor any liens upon the property of either of the Constituent Corporations shall be impaired by the Merger. The Surviving Corporation shall adopt, assume and continue all employee benefit plans, whether welfare or retirement, without any gap or lapse of coverage.

(b) At the Effective Time of the Merger, pursuant to Section 2 of Article V of the bylaws of the Surviving Corporation, the number of directors comprising the Board of Directors of the Surviving Corporation shall be six (6), and the Board of Directors, and the members thereof, of the Surviving Corporation shall be:

Robert F. Roberts
Mark A. Roberts
L. G. Caskey
Richard H. Sucher
R. Gordon Bader
James E. Hogle, Jr.

each to serve in accordance with the bylaws of the Surviving Corporation and until his successor shall have been duly elected and qualified.

(c) At the Effective Time of the Merger, the officers of Crystal immediately prior to the Effective Time of the Merger, shall be and constitute the officers of the Surviving Corporation to serve in accordance with the bylaws of the Surviving Corportion until their respective successors shall have been duly elected and qualified in accordance with such bylaws.

(d) The first annual meeting of the shareholders of the Surviving Corporation held after the date of the filing of this Agreement in the office of the Secretary of State of Louisiana shall be the annual meeting provided or to be provided by the by-laws thereof for the year 1985.

(e) The first regular meeting of the Board of Directors of the Surviving Corporation to be held after the date of filing of this Agreement in the office of the

Secretary of State of Louisiana may be called or may convene in the manner provided in the by-laws of the Surviving Corporation and may be held at the time and place specified in the notice of the meeting.

ARTICLE III

Capitalization of Surviving Corporation
And Manner and Basis of Converting Shares

The total authorized capital stock of the Surviving Corporation shall be as set forth in the Articles of Incorporation of the Surviving Corporation, that is, 35,000,000 shares of common stock, $1.00 par value (the "Common Stock of the Surviving Corporation") and 1,000,000 shares of Preferred Stock, $5.00 par value.

The manner and basis of converting the shares of Crystal into shares of the Surviving Corporation and the mode of carrying the Merger into effect shall be as follows:

(a) All shares, if any, of the Crystal Common Stock which, immediately prior to the Effective Time of the Merger, were (i) held by Crystal as treasury shares or (ii) outstanding and owned by Crystal or any direct or indirect wholly owned subsidiary of Crystal shall be cancelled and retired and no securities or cash shall be issued or paid with respect thereto.

(b) Each share of Crystal Common Stock outstanding at the Effective Time of the Merger shall be automatically converted without any action on the part of the holder thereof into one fully paid and nonassessable share of Common Stock of the Surviving Corporation. After the Effective Time of the Merger, each holder of an outstanding certificate which prior thereto represented shares of Crystal Common Stock shall be entitled, upon surrender thereof to the transfer agent for the Common Stock of the Surviving Corporation, to receive in exchange therefor a certificate or certificates representing the number of shares of Common Stock of the Surviving Corporation into which the shares of Crystal Common Stock so surrendered shall have been converted as aforesaid, of such denominations and registered in such names as such holder may request. Until surrendered as provided in this paragraph (b), each of such outstanding certificates which, prior to the Effective Time of the Merger, represented shares of the Crystal Common Stock shall for all purposes evidence the ownership of the shares of Common Stock of the Surviving Corporation into which such shares shall have been so converted.

(c) All shares of Common Stock of the Surviving Corporation into which shares of Crystal Common Stock shall have been converted pursuant to this Article III shall be issued in full satisfaction of all rights pertaining to such converted shares, subject, however, to the obligation of the Surviving Corporation to pay such dividends, if any, as may have been declared by Crystal on such shares of Crystal Common Stock and as remain unpaid at the Effective Time of the Merger.

(d) If any certificate for shares of capital stock of the Surviving Corporation is to be issued in a name other than that in which the certificate surrendered in exchange therefor is registered, it shall be a condition of the issuance thereof that the certificate so surrendered shall be properly endorsed and otherwise in proper form for transfer and that the person requesting such exchange shall have paid to the Surviving Corporation or any agent designated by it any transfer or other taxes required by reason of the issuance of a certificate for shares of capital stock of the Surviving Corporation in any name other than that of the registered holder of the certificate surrendered, or establish to the satisfaction of the Surviving Corporation or any agent designated by it that such tax has been paid or is not payable.

ARTICLE IV

Articles of Incorporation and Bylaws

(a) The Articles of Incorporation, and each amendment thereto, of Crystal Louisiana as existing and constituted immediately prior to the Effective Time of the Merger shall, upon the Merger's becoming effective, be and constitute the Articles of Incorporation of the Surviving Corporation until amended in the manner provided by law; provided, however, that Article First of the Articles of Incorporation of the Surviving Corporation is hereby amended to be effective at the Effective Time of the Merger to read as follows:

FIRST: The name of the corporation is Crystal Oil Company.

(b) The bylaws of Crystal Louisiana as existing and constituted immediately prior to the Effective Time of the Merger shall, upon the Merger's becoming effective, be and constitute the bylaws of the Surviving Corporation until amended in the manner provided by law.

ARTICLE V

Other Provisions with Respect to Merger

(a) This Agreement shall be submitted to the stockholders of each Constituent Corporation as provided by the applicable laws of the States of Maryland and Louisiana. As soon as practicable after the approval or adoption thereof by the stockholders of each Constituent Corporation in accordance with the requirements of the laws of the States of Maryland and Louisiana and the obtaining of all necessary regulatory approvals, all required documents shall be executed, filed and recorded and all required acts shall be done in order to accomplish the Merger under the provisions of the applicable statutes of the States of Maryland and Louisiana.

ARTICLE VI

Approval and Effective Time of the Merger

The Merger shall become effective when all the following actions shall have been taken:

(a) this Agreement shall be adopted and approved on behalf of each Constituent Corporation in accordance with the General Corporation Law of the State of Maryland and the Louisiana Business Corporation Law,

(b) Articles of Merger (with this Agreement attached as part thereof), setting forth the information required by, and executed and verified in accordance with, the Maryland General Corporation Law, shall be filed in the office of the Secretary of State of the State of Maryland, and

(c) this Agreement as so adopted and approved, when certified, executed and acknowledged in accordance with the Business Corporation Law of the State of Louisiana, shall be filed and recorded in the office of the Secretary of State of the State of Louisiana (the particular time and date at which such filing and recording shall be accomplished being herein referred to as the "Effective Time of the Merger").

ARTICLE VII

Miscellaneous Provisions

(a) If at any time the Surviving Corporation shall consider or be advised that any further assignment or assurance in law or other action is necessary or desirable

to vest, perfect or confirm, of record or otherwise, in the Surviving Corporation the title to any property or rights of Crystal acquired or to be acquired by or as a result of the Merger, the proper officers and directors of Crystal and the Surviving Corporation, respectively, shall be, and they hereby are, severally and fully authorized to execute and deliver such deeds, assignments and assurances in law and to take such other action as may be necessary or proper in the name of Crystal or the Surviving Corporation to vest, perfect or confirm title to such property or rights in the Surviving Corporation and otherwise carry out the purposes of this Agreement.

(b) The Boards of Directors of the Constituent Corporations may (by an instrument in writing signed on behalf of each of the parties hereto) amend this Plan of Reorganization and Agreement of Merger at any time prior to the filing of this Plan of Reorganization and Agreement of Merger with the Secretary of State of the State of Louisiana, provided that any amendment to this Plan of Reorganization and Agreement of Merger made subsequent to the adoption of this Plan of Reorganization and Agreement of Merger by the stockholders of any Constituent Corporation shall not (1) alter or change the amount or kind of shares, securities, cash, property and/or rights to be received in exchange for or on conversion of all or any of the shares of any class or series thereof of such Constituent Corporation, (2) alter or change any term of the Articles of Incorporation of the Surviving Corporation to be effected by the Merger, or (3) alter or change any of the terms and conditions of this Plan of Reorganization and Agreement of Merger if such alteration or change would adversely affect the holders of any class of series thereof of such Constituent Corporation.

(c) For the convenience of the parties and to facilitate the filing and recording of this Agreement, any number of counterparts hereof may be executed, and each such counterpart shall be deemed to be an original instrument.

(d) This Agreement and the legal relations between the parties hereto shall be governed by and construed in accordance with the laws of the State of Louisiana except insofar as provisions of the Maryland General Corporation Law are required by the laws of the State of Maryland to be applied to the Merger.

(e) The Surviving Corporation shall pay all expenses of carrying this Agreement into effect and of accomplishing the Merger.

(f) This Agreement cannot be altered or amended except pursuant to an instrument in writing signed by the parties hereto.

IN WITNESS WHEREOF, the parties to this agreement of merger, pursuant to authority duly given by their respective boards of directors have caused this agreement of merger to be executed by a majority of the directors of each party hereto, and corporate seal affixed.

CRYSTAL OIL COMPANY

By _____
Robert F. Roberts

_____
Mark A. Roberts

_____
L. G. Caskey

_____
Richard H. Sucher

_____
R. Gordon Bader

_____
James E. Hogle, Jr.

CRYSTAL OIL LOUISIANA, INC.

By _____
Robert F. Roberts

_____
Mark A. Roberts

_____
L. G. Caskey

_____
Richard H. Sucher

_____
R. Gordon Bader

_____
James E. Hogle, Jr.



RAM01053

I, L. G. Caskey, Secretary of Crystal Oil Louisiana, Inc., a corporation organized and existing undr the laws of the State of Louisiana, hereby certify, as such secretary, that the Plan of Reorganization and Agreement of Merger to which this certificate is attached, after having been first duly signed by a majority of the board of directors on behalf of said corporation and having been signed by a majority of the Board of Directors on behalf of Crystal Oil Company, a Maryland corporation, was duly submitted to the shareholders of said Crystal Oil of Louisiana, Inc. at a special meeting of said shareholders called and held separately from the meeting of shareholders of any other corporation after notice by mail as provided by R.S. 12:73, La. Rev. Stats. 1950 on the 26th day of March, 1984, for the purpose of considering and taking action upon the proposed Plan of Reorganization and Agreement of Merger; that a quorum of shareholders was present or represented at said meeting; that one share of stock of said corporation was on said date issued and outstanding having voting power; that the proposed Plan of Reorganization and Agreement of Merger was approved by the shareholders by an affirmative vote representing at least two-thirds of the voting power present at the shareholders meeting of said corporation, and that thereby the Plan of Reorganization and Agreement of Merger was at said meeting duly adopted as the act of the shareholders of said Crystal Oil Louisiana, Inc. and the duly adopted agreement of said corporation.

WITNESS my hand on this 4th day of May, 1984.

L. G. Caskey, Secretary

RAM01054

I, L. G. Caskey, Secretary of Crystal Oil Company, a corporation organized and existing under the laws of the State of Maryland, hereby certify, as such Secretary and under the seal of the said corporation, that the Plan of Reorganization and Agreement of Merger to which this Certificate is attached, after having been first duly signed on behalf of the said corporation by a majority of the directors thereof, was duly submitted to the stockholders of said Crystal Oil Company, at the annual meeting of said stockholders called and held separately from the meeting of stockholders of any other corporation, after at least ten (10) days' notice by mail, as provided by the Maryland General Corporation Law on the 27th day of April, 1984 for the purpose of considering and taking action upon the proposed Plan of Reorganization and Agreement of Merger, that 20,937,454 (20,937,454) shares of stock of said corporation were on said day issued and outstanding, that the holders of 285,596 (285,596) shares voted against the approval of the proposed Plan of Reorganization and Agreement of Merger, the said affirmative vote representing at least two-thirds of the total number of shares of the outstanding capital stock of said corporation entitled to vote thereon, and thereby the Plan of Reorganization and Agreement of Merger was at said meeting duly adopted as the act of the stockholders of said Crystal Oil Company as the duly adopted Agreement of the said corporation.

WITNESS my hand on this 4th day of May, 1984.

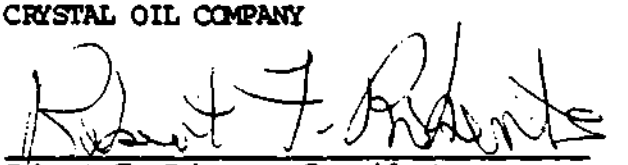
L. G. Caskey, Secretary



RAM01055

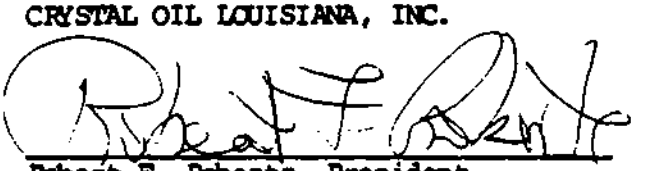
THE ABOVE PLAN OF REORGANIZATION AND AGREEMENT OF MERGER, having been executed by a majority of the Board of Directors of each corporate party thereto, and having been adopted separately by each corporate party thereto, in accordance with the provisions of the Business Corporation Law of the State of Louisiana, and the General Corporation Law of the State of Maryland, and that fact having been certified on said Plan of Reorganization and Agreement of Merger by the Secretary of corporate party thereto, the President of each corporate party thereto does now hereby execute the said Plan of Reorganization and Agreement of Merger by authority of the directors and shareholders thereof, as a respective agreement of each of said corporations, on this 4th day of May, 1984.

CRYSTAL OIL COMPANY



Robert F. Roberts, President

CRYSTAL OIL LOUISIANA, INC.



Robert F. Roberts, President

RAM01056

STATE OF LOUISIANA )
PARISH OF CADDO )

BE IT REMEMBERED that on this 4th day of May, A.D. 1984, personally came before me, the undersigned, a Notary Public in and for the parish and state aforesaid, Robert F. Roberts, President of Crystal Oil Louisiana, Inc., a corporation of the State of Louisiana and one of the corporations described in and which executed the foregoing Plan of Reorganization and Agreement of Merger, and he duly executed said Plan of Reorganization and Agreement of Merger before me and acknowledged said Plan of Reorganization and Agreement of Merger to be the agreement of said corporation.

IN WITNESS WHEREOF the said appearer has signed these presents and I have hereunto affixed my official hand and seal, on the day and date first hereinabove written.

Robert F. Roberts, President of
Crystal Oil Louisiana, Inc.
(A Louisiana Corporation)

(NOTARIAL SEAL) Carla Virginia Bryant
NOTARY PUBLIC

STATE OF LOUISIANA )
PARISH OF CADDO )

BE IT REMEMBERED that on this 4th day of May, A.D. 1984, personally came before me, the undersigned, a Notary Public in and for the parish and state aforesaid, Robert F. Roberts, President of Crystal Oil Company, a corporation of the State of Maryland and one of the corporations described in and which executed the foregoing Plan of Reorganization and Agreement of Merger, and he duly executed said Plan of Reorganization and Agreement of Merger before me and acknowledged said Plan of Reorganization and Agreement of Merger to be the agreement of said corporation.

IN WITNESS WHEREOF the said appearer has signed these presents and I have hereunto affixed my official hand and seal, on the day and date first hereinabove written.

Robert F. Roberts, President of
Crystal Oil Company
(A Maryland Corporation)

(NOTARIAL SEAL) Carla Virginia Bryant
NOTARY PUBLIC

# ASSUMPTION AGREEMENT AND CONSENT

THIS ASSUMPTION AGREEMENT AND CONSENT dated as of May 4, 1984, by and among CRYSTAL OIL COMPANY, a Maryland corporation ("Crystal"), CRYSTAL OIL LOUISIANA, INC., a Louisiana corporation ("Crystal Louisiana") and a wholly owned subsidiary of Crystal, and BANKERS TRUST COMPANY (the "Bank").

## RECITALS

A. Crystal has heretofore executed and delivered to the Bank that certain promissory note in favor of the Bank dated July 28, 1982, in the original principal amount of $250,000,000 (the "Note") in connection with the Loan Agreement dated July 28, 1982 (the "Loan Agreement"), between Crystal and the Bank.

B. Crystal and Crystal Louisiana are parties to a Plan of Reorganization and Agreement of Merger dated May 2, 1984 (the "Agreement"), pursuant to which Crystal will be merged with and into Crystal Louisiana (the "Merger"). The Merger will become effective upon the filing of the Agreement with the Secretary of State of the State of Louisiana (the "Effective Time of the Merger").

C. As a result of the Merger, Crystal Louisiana will succeed to and become subject to and responsible for all of the debts, liabilities and obligations of Crystal, including those arising under the Note and the Loan Agreement with the effect set forth in the Louisiana Business Corporation Law. Crystal Louisiana, however, desires to expressly assume in writing the due and punctual payment of the principal of and interest on the Note according to its terms, and the due and punctual performance and observance of all of the terms, covenants, agreements and conditions of the Note and the Loan Agreement to be performed or observed by Crystal.

D. All conditions and requirements necessary to make this Assumption Agreement and Consent, when duly executed and delivered, a valid and binding agreement in accordance with its terms have been performed and fulfilled.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE ONE
ASSUMPTION

Section 1.01. Crystal Louisiana hereby expressly assumes the due and punctual payment of the principal of and interest on the Note according to its terms and the due and punctual performance and observance of all of the terms, covenants, agreements and conditions of the Note and the Loan Agreement to be performed or observed by Crystal and Crystal Louisiana shall, by virtue of such assumption and the execution and delivery of this Assumption Agreement and Consent, succeed to and be substituted for Crystal, with the same effect as if Crystal Louisiana had been named in the Note and the Loan Agreement.

ARTICLE TWO
CONSENT

Section 2.01. The Bank hereby consents to the Merger and the assumption by Crystal Louisiana of the liabilities and duties of Crystal under the Note and the Loan Agreement.

ARTICLE THREE
MISCELLANEOUS

Section 3.01. Except as herein set forth, the Note and the Loan Agreement are in all respects ratified and confirmed and shall remain in full force and effect.

Section 3.02. Unless otherwise defined herein, all capitalized terms used herein shall have the meanings as set forth in the Loan Agreement. All terms defined in the recitals hereto shall have the meanings therein set forth.

Section 3.03. This Assumption Agreement and Consent may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes; but such counterparts shall be deemed to constitute but one and the same instrument.

Section 3.04. This Assumption Agreement and Consent shall become effective upon the Effective Time of the Merger. If for any reason the Agreement is terminated before the Effective Time of the Merger of the Merger or the Merger is not consummated, this Assumption Agreement and Consent shall be null and void and without any effect whatsoever.

IN WITNESS WHEREOF, the parties have caused this Assumption Agreement and Consent to be duly executed, as of the day and year first written above.

CRYSTAL OIL COMPANY

By _____
Robert F. Roberts, Chairman
of the Board, President and
Chief Executive Officer

CRYSTAL OIL COMPANY LOUISIANA, INC.

By _____
Robert F. Roberts, Chairman
of the Board, President and
Chief Executive Officer

BANKERS TRUST COMPANY

By Richard W. Constable
VICE PRESIDENT

RAM01061

UNITED STATES OF AMERICA

# State of Louisiana

## James H. "Jim" Brown

**SECRETARY OF STATE**

*As Secretary of State, of the State of Louisiana, I do hereby Certify that the annexed transcript was prepared by and in this office from the record on file, of which purports to be a copy, and that it is full, true and correct.*

*In testimony whereof, I have hereunto set my hand and caused the Seal of my Office to be affixed at the City of Baton Rouge on,* May 4, 1984.

Jim Brown

*Secretary of State*

RAM01062

PLAN OF REORGANIZATION
AND
AGREEMENT OF MERGER

This Plan of Reorganization and Agreement of Merger dated as of May 2nd, 1984 (this "Agreement"), between Crystal Oil Company, a Maryland corporation ("Crystal"), and Crystal Oil Louisiana, Inc., a Louisiana corporation ("Crystal Louisiana"), such corporations being hereinafter collectively referred to as the "Constituent Corporations",

W I T N E S S E T H:

WHEREAS, Crystal is a corporation duly organized and existing under the laws of the State of Maryland, having been incorporated on February 3, 1926, and having an authorized capital stock of 36,000,000 shares of capital stock comprised of (i) 1,000,000 shares of Preferred Stock, $5.00 par value, none of which is issued and outstanding, and (ii) 35,000,000 shares of common stock, $1.00 par value (the "Crystal Common Stock"), of which 20,937,454 shares are issued and outstanding and 2,877,884 shares are reserved for issuance upon conversion of Crystal's convertible securities.

WHEREAS, Crystal Louisiana is a corporation duly organized and existing under the laws of the State of Louisiana, having been incorporated on February 24, 1984, and its registered office is in the parish of Caddo, and having an authorized capital stock comprised of (i) 1,000,000 shares of Preferred Stock, $5.00 par value per share, none of which is issued and outstanding and (ii) 35,000,000 shares of common stock, $1.00 par value per share (the "Common Stock"), of which one share is issued and outstanding.

WHEREAS, the respective Boards of Directors of Crystal and Crystal Louisiana deem it advisable and in the best interests of said corporations and the respective stockholders thereof, that Crystal be merged with and into Crystal Louisiana as the surviving corporation as authorized by the statutes of the States of Maryland and Louisiana under and pursuant to the terms and conditions hereinafter set forth, and each of such Boards has duly approved this Agreement; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, and for the purpose of setting forth the terms and conditions of

the merger provided for by this Agreement (the "Merger"), the mode of carrying the same into effect, the manner and basis of converting the shares of the Crystal Common Stock into shares of the Crystal Louisiana Common Stock and such other details and provisions as are deemed necessary or desirable, the parties hereto have agreed and do hereby agree, subject to the approval or adoption of this Agreement by the requisite vote of the stockholders of each Constituent Corporation, and subject to the conditions hereinafter set forth, as follows:

ARTICLE I

Merger and Name of Surviving Corporation

At the Effective Time of the Merger, as hereinafter defined, Crystal shall be merged with and into Crystal Louisiana, which is hereby designated as the "Surviving Corporation", which shall be named "Crystal Oil Company".

ARTICLE II

Terms and Conditions of Merger

The terms and conditions of the Merger are (in addition to those set forth elsewhere in this Agreement) as follows:

(a) Upon and following the Effective Time of the Merger:

(1) The Constituent Corporations shall be a single corporation, which shall be Crystal Louisiana, the corporation designated herein as the Surviving Corporation.

(2) The separate corporate existence of Crystal shall cease.

(3) The Surviving Corporation shall possess all the rights, privileges, immunities and franchises, of a public as well as of a private nature, of each of the Constituent Corporations; and all property, real, personal and mixed, and all debts due to either Constituent Corporation on whatever account, including subscriptions to shares, and all other choses in action, and all and every other interest, of or belonging to or due to either of the Constituent Corporations shall be taken

and deemed to be transferred to and vested in the Surviving Corporation without further act or deed.

(4) The Surviving Corporation shall be responsible and liable for all liabilities and obligations of each of the Constituent Corporations; and any claim existing or action or proceeding pending by or against either of the Constituent Corporations may be prosecuted as if the Merger had not taken place, or the Surviving Corporation may be substituted in its place. Neither the rights of creditors nor any liens upon the property of either of the Constituent Corporations shall be impaired by the Merger. The Surviving Corporation shall adopt, assume and continue all employee benefit plans, whether welfare or retirement, without any gap or lapse of coverage.

(b) At the Effective Time of the Merger, pursuant to Section 2 of Article V of the bylaws of the Surviving Corporation, the number of directors comprising the Board of Directors of the Surviving Corporation shall be six (6), and the Board of Directors, and the members thereof, of the Surviving Corporation shall be:

Robert F. Roberts
Mark A. Roberts
L. G. Caskey
Richard H. Sucher
R. Gordon Bader
James E. Hogle, Jr.

each to serve in accordance with the bylaws of the Surviving Corporation and until his successor shall have been duly elected and qualified.

(c) At the Effective Time of the Merger, the officers of Crystal immediately prior to the Effective Time of the Merger, shall be and constitute the officers of the Surviving Corporation to serve in accordance with the bylaws of the Surviving Corportion until their respective successors shall have been duly elected and qualified in accordance with such bylaws.

(d) The first annual meeting of the shareholders of the Surviving Corporation held after the date of the filing of this Agreement in the office of the Secretary of State of Louisiana shall be the annual meeting provided or to be provided by the by-laws thereof for the year 1985.

(e) The first regular meeting of the Board of Directors of the Surviving Corporation to be held after the date of filing of this Agreement in the office of the

Secretary of State of Louisiana may be called or may convene in the manner provided in the by-laws of the Surviving Corporation and may be held at the time and place specified in the notice of the meeting.

ARTICLE III

Capitalization of Surviving Corporation
And Manner and Basis of Converting Shares

The total authorized capital stock of the Surviving Corporation shall be as set forth in the Articles of Incorporation of the Surviving Corporation, that is, 35,000,000 shares of common stock, $1.00 par value (the "Common Stock of the Surviving Corporation") and 1,000,000 shares of Preferred Stock, $5.00 par value.

The manner and basis of converting the shares of Crystal into shares of the Surviving Corporation and the mode of carrying the Merger into effect shall be as follows:

(a) All shares, if any, of the Crystal Common Stock which, immediately prior to the Effective Time of the Merger, were (i) held by Crystal as treasury shares or (ii) outstanding and owned by Crystal or any direct or indirect wholly owned subsidiary of Crystal shall be cancelled and retired and no securities or cash shall be issued or paid with respect thereto.

(b) Each share of Crystal Common Stock outstanding at the Effective Time of the Merger shall be automatically converted without any action on the part of the holder thereof into one fully paid and nonassessable share of Common Stock of the Surviving Corporation. After the Effective Time of the Merger, each holder of an outstanding certificate which prior thereto represented shares of Crystal Common Stock shall be entitled, upon surrender thereof to the transfer agent for the Common Stock of the Surviving Corporation, to receive in exchange therefor a certificate or certificates representing the number of shares of Common Stock of the Surviving Corporation into which the shares of Crystal Common Stock so surrendered shall have been converted as aforesaid, of such denominations and registered in such names as such holder may request. Until surrendered as provided in this paragraph (b), each of such outstanding certificates which, prior to the Effective Time of the Merger, represented shares of the Crystal Common Stock shall for all purposes evidence the ownership of the shares of Common Stock of the Surviving Corporation into which such shares shall have been so converted.

(c) All shares of Common Stock of the Surviving Corporation into which shares of Crystal Common Stock shall have been converted pursuant to this Article III shall be issued in full satisfaction of all rights pertaining to such converted shares, subject, however, to the obligation of the Surviving Corporation to pay such dividends, if any, as may have been declared by Crystal on such shares of Crystal Common Stock and as remain unpaid at the Effective Time of the Merger.

(d) If any certificate for shares of capital stock of the Surviving Corporation is to be issued in a name other than that in which the certificate surrendered in exchange therefor is registered, it shall be a condition of the issuance thereof that the certificate so surrendered shall be properly endorsed and otherwise in proper form for transfer and that the person requesting such exchange shall have paid to the Surviving Corporation or any agent designated by it any transfer or other taxes required by reason of the issuance of a certificate for shares of capital stock of the Surviving Corporation in any name other than that of the registered holder of the certificate surrendered, or establish to the satisfaction of the Surviving Corporation or any agent designated by it that such tax has been paid or is not payable.

ARTICLE IV

Articles of Incorporation and Bylaws

(a) The Articles of Incorporation, and each amendment thereto, of Crystal Louisiana as existing and constituted immediately prior to the Effective Time of the Merger shall, upon the Merger's becoming effective, be and constitute the Articles of Incorporation of the Surviving Corporation until amended in the manner provided by law; provided, however, that Article First of the Articles of Incorporation of the Surviving Corporation is hereby amended to be effective at the Effective Time of the Merger to read as follows:

FIRST: The name of the corporation is Crystal Oil Company.

(b) The bylaws of Crystal Louisiana as existing and constituted immediately prior to the Effective Time of the Merger shall, upon the Merger's becoming effective, be and constitute the bylaws of the Surviving Corporation until amended in the manner provided by law.

ARTICLE V

Other Provisions with Respect to Merger

(a) This Agreement shall be submitted to the stockholders of each Constituent Corporation as provided by the applicable laws of the States of Maryland and Louisiana. As soon as practicable after the approval or adoption thereof by the stockholders of each Constituent Corporation in accordance with the requirements of the laws of the States of Maryland and Louisiana and the obtaining of all necessary regulatory approvals, all required documents shall be executed, filed and recorded and all required acts shall be done in order to accomplish the Merger under the provisions of the applicable statutes of the States of Maryland and Louisiana.

ARTICLE VI

Approval and Effective Time of the Merger

The Merger shall become effective when all the following actions shall have been taken:

(a) this Agreement shall be adopted and approved on behalf of each Constituent Corporation in accordance with the General Corporation Law of the State of Maryland and the Louisiana Business Corporation Law,

(b) Articles of Merger (with this Agreement attached as part thereof), setting forth the information required by, and executed and verified in accordance with, the Maryland General Corporation Law, shall be filed in the office of the Secretary of State of the State of Maryland, and

(c) this Agreement as so adopted and approved, when certified, executed and acknowledged in accordance with the Business Corporation Law of the State of Louisiana, shall be filed and recorded in the office of the Secretary of State of the State of Louisiana (the particular time and date at which such filing and recording shall be accomplished being herein referred to as the "Effective Time of the Merger").

ARTICLE VII

Miscellaneous Provisions

(a) If at any time the Surviving Corporation shall consider or be advised that any further assignment or assurance in law or other action is necessary or desirable

to vest, perfect or confirm, of record or otherwise, in the Surviving Corporation the title to any property or rights of Crystal acquired or to be acquired by or as a result of the Merger, the proper officers and directors of Crystal and the Surviving Corporation, respectively, shall be, and they hereby are, severally and fully authorized to execute and deliver such deeds, assignments and assurances in law and to take such other action as may be necessary or proper in the name of Crystal or the Surviving Corporation to vest, perfect or confirm title to such property or rights in the Surviving Corporation and otherwise carry out the purposes of this Agreement.

(b) The Boards of Directors of the Constituent Corporations may (by an instrument in writing signed on behalf of each of the parties hereto) amend this Plan of Reorganization and Agreement of Merger at any time prior to the filing of this Plan of Reorganization and Agreement of Merger with the Secretary of State of the State of Louisiana, provided that any amendment to this Plan of Reorganization and Agreement of Merger made subsequent to the adoption of this Plan of Reorganization and Agreement of Merger by the stockholders of any Constituent Corporation shall not (1) alter or change the amount or kind of shares, securities, cash, property and/or rights to be received in exchange for or on conversion of all or any of the shares of any class or series thereof of such Constituent Corporation, (2) alter or change any term of the Articles of Incorporation of the Surviving Corporation to be effected by the Merger, or (3) alter or change any of the terms and conditions of this Plan of Reorganization and Agreement of Merger if such alteration or change would adversely affect the holders of any class of series thereof of such Constituent Corporation.

(c) For the convenience of the parties and to facilitate the filing and recording of this Agreement, any number of counterparts hereof may be executed, and each such counterpart shall be deemed to be an original instrument.

(d) This Agreement and the legal relations between the parties hereto shall be governed by and construed in accordance with the laws of the State of Louisiana except insofar as provisions of the Maryland General Corporation Law are required by the laws of the State of Maryland to be applied to the Merger.

(e) The Surviving Corporation shall pay all expenses of carrying this Agreement into effect and of accomplishing the Merger.

(f) This Agreement cannot be altered or amended except pursuant to an instrument in writing signed by the parties hereto.



RAM01069

IN WITNESS WHEREOF, the parties to this agreement of merger, pursuant to authority duly given by their respective boards of directors have caused this agreement of merger to be executed by a majority of the directors of each party hereto, and corporate seal affixed.

CRYSTAL OIL COMPANY

By _____
Robert F. Roberts

_____
Mark A. Roberts

_____
L. G. Caskey

_____
Richard H. Sucher

_____
R. Gordon Bader

_____
James E. Hogle, Jr.

CRYSTAL OIL LOUISIANA, INC.

By _____
Robert F. Roberts

_____
Mark A. Roberts

_____
L. G. Caskey

_____
Richard H. Sucher

_____
R. Gordon Bader

_____
James E. Hogle, Jr.

RAM01070

I, L. G. Caskey, Secretary of Crystal Oil Louisiana, Inc., a corporation organized and existing undr the laws of the State of Louisiana, hereby certify, as such secretary, that the Plan of Reorganization and Agreement of Merger to which this certificate is attached, after having been first duly signed by a majority of the board of directors on behalf of said corporation and having been signed by a majority of the Board of Directors on behalf of Crystal Oil Company, a Maryland corporation, was duly submitted to the shareholders of said Crystal Oil of Louisiana, Inc. at a special meeting of said shareholders called and held separately from the meeting of shareholders of any other corporation after notice by mail as provided by R.S. 12:73, La. Rev. Stats. 1950 on the 26th day of March, 1984,. for the purpose of considering and taking action upon the proposed Plan of Reorganization and Agreement of Merger; that a quorum of shareholders was present or represented at said meeting; that one share of stock of said corporation was on said date issued and outstanding having voting power; that the proposed Plan of Reorganization and Agreement of Merger was approved by the shareholders by an affirmative vote representing at least two-thirds of the voting power present at the shareholders meeting of said corporation, and that thereby the Plan of Reorganization and Agreement of Merger was at said meeting duly adopted as the act of the shareholders of said Crystal Oil Louisiana, Inc. and the duly adopted agreement of said corporation.

WITNESS my hand on this 4th day of May, 1984.

L. G. Caskey, Secretary

RAM01071

I, L. G. Caskey, Secretary of Crystal Oil Company, a corporation organized and existing under the laws of the State of Maryland, hereby certify, as such Secretary and under the seal of the said corporation, that the Plan of Reorganization and Agreement of Merger to which this Certificate is attached, after having been first duly signed on behalf of the said corporation by a majority of the directors thereof, was duly submitted to the stockholders of said Crystal Oil Company, at the annual meeting of said stockholders called and held separately from the meeting of stockholders of any other corporation, after at least ten (10) days' notice by mail, as provided by the Maryland General Corporation Law on the 27th day of April, 1984 for the purpose of considering and taking action upon the proposed Plan of Reorganization and Agreement of Merger, that 20,937,454 (20,937,454) shares of stock of said corporation were on said day issued and outstanding, that the holders of 285,596 (285,596) shares voted against the approval of the proposed Plan of Reorganization and Agreement of Merger, the said affirmative vote representing at least two-thirds of the total number of shares of the outstanding capital stock of said corporation entitled to vote thereon, and thereby the Plan of Reorganization and Agreement of Merger was at said meeting duly adopted as the act of the stockholders of said Crystal Oil Company as the duly adopted Agreement of the said corporation.

WITNESS my hand on this 4th day of May, 1984.

L. G. Caskey, Secretary

RAM01072

THE ABOVE PLAN OF REORGANIZATION AND AGREEMENT OF MERGER, having been executed by a majority of the Board of Directors of each corporate party thereto, and having been adopted separately by each corporate party thereto, in accordance with the provisions of the Business Corporation Law of the State of Louisiana, and the General Corporation Law of the State of Maryland, and that fact having been certified on said Plan of Reorganization and Agreement of Merger by the Secretary of corporate party thereto, the President of each corporate party thereto does now hereby execute the said Plan of Reorganization and Agreement of Merger by authority of the directors and shareholders thereof, as a respective agreement of each of said corporations, on this 4th day of May, 1984.

CRYSTAL OIL COMPANY

Robert F. Roberts, President

CRYSTAL OIL LOUISIANA, INC.

Robert F. Roberts, President

STATE OF LOUISIANA X
PARISH OF CADDO X

BE IT REMEMBERED that on this 4th day of May, A.D. 1984, personally came before me, the undersigned, a Notary Public in and for the parish and state aforesaid, Robert F. Roberts, President of Crystal Oil Louisiana, Inc., a corporation of the State of Louisiana and one of the corporations described in and which executed the foregoing Plan of Reorganization and Agreement of Merger, and he duly executed said Plan of Reorganization and Agreement of Merger before me and acknowledged said Plan of Reorganization and Agreement of Merger to be the agreement of said corporation.

IN WITNESS WHEREOF the said appearer has signed these presents and I have hereunto affixed my official hand and seal, on the day and date first hereinabove written.

Robert F. Roberts, President of
Crystal Oil Louisiana, Inc.
(A Louisiana Corporation)

(NOTARIAL SEAL) Carla Virginia Bryant
NOTARY PUBLIC

STATE OF LOUISIANA X
PARISH OF CADDO I

BE IT REMEMBERED that on this 4th day of May, A.D. 1984, personally came before me, the undersigned, a Notary Public in and for the parish and state aforesaid, Robert F. Roberts, President of Crystal Oil Company, a corporation of the State of Maryland and one of the corporations described in and which executed the foregoing Plan of Reorganization and Agreement of Merger, and he duly executed said Plan of Reorganization and Agreement of Merger before me and acknowledged said Plan of Reorganization and Agreement of Merger to be the agreement of said corporation.

IN WITNESS WHEREOF the said appearer has signed these presents and I have hereunto affixed my official hand and seal, on the day and date first hereinabove written.

Robert F. Roberts, President of
Crystal Oil Company
(A Maryland Corporation)

(NOTARIAL SEAL) Carla Virginia Bryant
NOTARY PUBLIC

UNITED STATES OF AMERICA

# State of Louisiana

DUPLICATE

## James H. "Jim" Brown

SECRETARY OF STATE

*As Secretary of State, of the State of Louisiana, I do hereby Certify that*

a Plan of Reorganization and Agreement of Merger whereby CRYSTAL OIL COMPANY, domiciled at Baltimore, Maryland, is merged into

CRYSTAL OIL LOUISIANA, INC.,

Domiciled at Shreveport, Louisiana,

Certified by the Secretary of each corporation as having been approved by the shareholders, and signed and acknowledged by the President of each corporation on May 4, 1984,

Was recorded in this Office on May 4, 1984, the date merger became effective, and filed in Record of Charters Book 341,

By virtue of this Agreement, I further certify that CRYSTAL OIL COMPANY, domiciled at Baltimore, Maryland, is no longer qualified to transact business in this State.

I further certify that by virtue of this Agreement, the name of the surviving corporation is changed to:

CRYSTAL OIL COMPANY

*In testimony whereof, I have hereunto set my hand and caused the Seal of my Office to be affixed at the City of Baton Rouge on,*

May 4, 1984.

Jim Brown

*Secretary of State*

RAM01076

# UNITED STATES OF AMERICA

# State of Louisiana

## James H. "Jim" Brown
**SECRETARY OF STATE**

*As Secretary of State, of the State of Louisiana, I do hereby Certify that*

a Plan of Reorganization and Agreement of Merger whereby CRYSTAL OIL COMPANY, domiciled at Baltimore, Maryland, is merged into

CRYSTAL OIL LOUISIANA, INC.,

Domiciled at Shreveport, Louisiana,

Certified by the Secretary of each corporation as having been approved by the shareholders, and signed and acknowledged by the President of each corporation on May 4, 1984,

Was recorded in this Office on May 4, 1984, the date merger became effective, and filed in Record of Charters Book 341,

By virtue of this Agreement, I further certify that CRYSTAL OIL COMPANY, domiciled at Baltimore, Maryland, is no longer qualified to transact business in this State.

I further certify that by virtue of this Agreement, the name of the surviving corporation is changed to:

CRYSTAL OIL COMPANY

*In testimony whereof, I have hereunto set my hand and caused the Seal of my Office to be affixed at the City of Baton Rouge on,* May 4, 1984.

/s/ James H. "Jim" Brown.

*Secretary of State*

CERTIFIED A TRUE COPY
JAMES H. "JIM" BROWN
SECRETARY OF STATE

DATE: May 4, 1984.

Jim Brown

RAM01077

STATE OF MARYLAND

24819

# STATE DEPARTMENT OF ASSESSMENTS AND TAXATION

301 West Preston Street, Baltimore, Maryland 21201

*THIS IS TO CERTIFY THAT the within instrument is a true copy of the*

ARTICLES OF MERGER

MERGING

CRYSTAL OIL COMPANY ( A MD. CORP.)

INTO

CRYSTAL OIL LOUISIANA, INC. ( A LOUISIANA CORP.) SURVIVOR

*as approved and received for record by the State Department of Assessments and Taxation of Maryland,* MAY 4, 1984
*at* 1:49 *o'clock* P.M.

*AS WITNESS my hand and official seal of the said Department at Baltimore this* 21st *day of* MAY *,19* 84

JOSEPH V. STEWART
LEGAL OFFICER

RAM01078

ARTICLES OF MERGER

merging:

CRYSTAL OIL COMPANY (a Md. Corp.)

into

CRYSTAL OIL LOUISIANA, INC. (a Louisiana Corp.)-Survivor

approved and received for record by the State Department of Assessments and Taxation of Maryland May 4, 1984 at 1:49 o'clock P. M. as in conformity with law and ordered recorded.

Recorded in Liber , folio , one of the Charter Records of the State Department of Assessments and Taxation of Maryland.

Bonus tax paid $ _____ Recording fee paid $ 24.00 Special Fee paid $ _____

To the clerk of the Circuit Court of Baltimore City

IT IS HEREBY CERTIFIED, that the within instrument, together with all indorsements thereon, has md been received, approved and recorded by the State Department of Assessments and Taxation of Maryland.

AS WITNESS my hand and seal of the said Department at Baltimore.

A 164941

RAM01079

ARTICLES OF MERGER

MERGING

CRYSTAL OIL COMPANY
(a Maryland corporation)

INTO

CRYSTAL OIL LOUISIANA, INC.
(a Louisiana corporation)

FIRST: CRYSTAL OIL LOUISIANA, INC., a corporation organized and existing under the laws of the State of Louisiana ("Crystal Louisiana"), and Crystal Oil Company, a corporation organized and existing under the laws of the State of Maryland ("Crystal"), agree that Crystal shall be merged into Crystal Louisiana. The terms and conditions of the merger and the mode of carrying the same into effect are as herein set forth in these articles of merger.

SECOND: Crystal Oil Louisiana, Inc., a corporation organized and existing under the laws of the State of Louisiana, shall survive the merger and shall continue under the name "Crystal Oil Company".

THIRD: The parties to the articles of merger are Crystal Oil Louisiana, Inc., a corporation organized on the 24th day of February, 1984, under the Business Corporation Law of the State of Louisiana, and Crystal Oil Company, a

41258470

RAM01080

corporation organized and existing under the laws of the State of Maryland.

FOURTH: The following amendments to the charter of the surviving corporation are to be effected as part of the merger:

Article First of the Articles of Incorporation of Crystal Louisiana is amended to read as follows:

FIRST: The name of the corporation is Crystal Oil Company.

FIFTH: The total number of shares of stock of all classes which Crystal has authority to issue is Thirty-Six Million (36,000,000) shares, consisting of Thirty-Five Million (35,000,000) shares of common stock of the par value of One Dollar ($1.00) per share, of the aggregate par value of the Thirty-Five Million Dollars ($35,000,000) and One Million (1,000,000) shares of preferred stock of the par value of Five Dollars ($5.00) per share, of the aggregate par value of the Five Million Dollars ($5,000,000).

The total number of shares, of stock of all classes which Crystal Louisiana has authority to issue is Thirty-Six Million (36,000,000) shares, consisting of Thirty-Five Million (35,000,000) shares of common stock of the par value of One Dollar ($1.00) per share, of the aggregate par value of Thirty Five Million Dollars ($35,000,000) and One Million

(1,000,000) shares of preferred stock of the par value of Five Dollars ($5.00) per share, of the aggregate par value of Five Million Dollars ($5,000,000).

SIXTH: The manner and basis of converting or exchanging issued stock of the merged corporation into different stock or other consideration and the manner of dealing with any issued stock of the merged corporation not to be so converted or exchanged shall be as follows:

(a) All shares, if any, of Crystal's common stock, $1.00 par value ("Crystal Common Stock") which, immediately prior to the effective time of the merger, were (i) held by Crystal as treasury shares or (ii) outstanding and owned by Crystal or any direct or indirect wholly owned subsidiary of Crystal shall be cancelled and retired and no securities or cash shall be issued or paid with respect thereto.

(b) Each share of Crystal Common Stock outstanding at the effective time of the merger shall be automatically converted without any action on the part of the holder thereof into one fully paid and nonassessable share of common stock of Crystal Louisiana ("Crystal Louisiana Common Stock"). After the effective time of the merger, each holder of an outstanding certificate which prior thereto represented shares of Crystal Common Stock shall be entitled, upon surrender thereof to the transfer agent for Crystal Louisiana Common Stock, to receive in exchange therefor a certificate

or certificates representing the number of shares of Crystal Louisiana Common Stock into which the shares of Crystal Common Stock so surrendered shall have been converted as aforesaid, of such denominations and registered in such names as such holder may request. Until surrendered, each of such outstanding certificates which, prior to the effective time of the merger, represented shares of the Crystal Common Stock shall for all purposes evidence the ownership of the shares of Crystal Louisiana Common Stock into which such shares shall have been so converted.

(c) All shares of Crystal Louisiana Common Stock into which shares of Crystal Common Stock shall have been converted shall be issued in full satisfaction of all rights pertaining to such converted shares, subject, however, to the obligation of Crystal Louisiana to pay such dividends, if any, as may have been declared by Crystal on such shares of Crystal Common Stock and as remain unpaid at the effective time of the merger.

SEVENTH: The principal office of Crystal, organized under the laws of the State of Maryland, is located in the Parish of Caddo, State of Louisiana.

Crystal owns no property in the State of Maryland.

EIGHTH: The location of the principal office of the surviving corporation in the State of Louisiana, the state of its incorporation, is 400 Crystal Building, P. O. Box 21101, Shreveport, Louisiana 71120, and the name and post

office address of the resident agent of Crystal Louisiana in Maryland is The Corporation Trust Incorporated, 32 South Street, Baltimore, Maryland 21202.

NINTH: The terms and conditions of the merger transaction as set forth in these Articles of Merger were advised, authorized and approved by Crystal Oil Company, in the manner and by the vote required by its charter and the laws of Maryland. The manner in which the merger was approved is as follows:

The merger was (a) duly advised by the board of directors of Crystal Oil Company, by the adoption on February 22, 1984, of a resolution declaring that the merger herein proposed was advisable substantially upon the terms and conditions set forth in these articles of merger, and directing that the proposed merger be submitted for action thereon at the annual meeting of the stockholders of said corporation, and (b) duly approved by the stockholders of said corporation in the manner and by the vote required by law at the said meeting of the stockholders held on May 4, 1984, by the affirmative vote of the holders of two-thirds of each class of stock entitled to vote separately thereon.

TENTH: The terms and conditions of the transaction as set forth in these articles were duly advised and authorized and approved by Crystal Louisiana in the manner and by the vote required by the laws of the State of Louisiana and

by the charter of the said corporation. The manner in which the merger was approved is as follows:

The merger was (a) duly advised by the Board of Directors of Crystal Oil Louisiana, Inc., by the adoption on April 6, 1984, of a resolution declaring that the merger herein proposed was advisable substantially upon the terms and conditions set forth in these articles of merger, and directing that the proposed merger be submitted for action thereon to the sole stockholder of said corporation, and (b) duly approved by the sole stockholder of said corporation in the manner and by the vote required by law on May 2, 1984.

IN WITNESS WHEREOF, Crystal Oil Company and Crystal Oil Louisiana, Inc., the corporations parties to the merger, have caused these articles of merger to be signed in their respective corporate names and on their behalf by their respective presidents or vice-presidents and witnessed or attested by their respective secretaries or assistant secretaries, as of the 4th day of May, 1984.

CRYSTAL OIL COMPANY

By _____
President (~~or Vice-President~~)

ATTEST:

_____
L. G. Caskey, Secretary



RAM01085

CRYSTAL OIL LOUISIANA, INC.

By _____
President ~~(or Vice-President)~~

ATTEST:

_____
Secretary ~~(or Assistant Secretary)~~

THE UNDERSIGNED, President ~~(or Vice-President)~~ of Crystal Oil Company, who executed on behalf of said corporation the foregoing Articles of Merger, of which this certificate is made a part, hereby acknowledges, in the name and on behalf of said corporation, the foregoing Articles of Merger to be the corporate act of said corporation and further certifies that, to the best of his knowledge, information and belief, the matters and facts set forth therein with respect to the approval thereof are true in all material respects, under the penalties of perjury.

_____
( President)

THE UNDERSIGNED, President ~~(or Vice-President)~~ of Crystal Oil Louisiana, Inc. who executed on behalf of said corporation the foregoing Articles of Merger, of which this certificate is made a part, hereby acknowledges, in the name and on behalf of said corporation, the foregoing Articles of Merger to be the corporate act of said corporation and further certifies that, to the best of his knowledge, information and belief, the matters and facts set forth therein with respect to the approval thereof are true in all material respects, under the penalties of perjury.

_____
( PRESIDENT )

RAM01086

MARYLAND
State Department of Assessments and Taxation
Gene L. Burner, Director

07833

TO WHOM IT MAY CONCERN:

This is to advise you that your Articles of Merger

for CRYSTAL OIL COMPANY into CRYSTAL OIL LOUISIANA, INC. were

received and approved for record on May 4, 1984 at 1:49 p.m.

The official acknowledgment will be forthcoming from this Department.

Very truly yours,

Paula Cary McLean

Paula Cary McLean
Legal Officer

24.00 FEE PAID

301 West Preston Street, Baltimore, Maryland 21201 / Phone: 301-383-2560

ATS-011

RAM01087

corporation organized and existing under the laws of the state of Maryland.

FOURTH: The following amendments to the charter of the surviving corporation are to be effected as part of the merger:

Article First of the Articles of Incorporation of Crystal Louisiana is amended to read as follows:

FIRST: The name of the corporation is Crystal Oil Company.

FIFTH: The total number of shares of stock of all classes which Crystal has authority to issue is Thirty-Six Million (36,000,000) shares, consisting of Thirty-Five Million (35,000,000) shares of common stock of the par value of One Dollar ($1.00) per share, of the aggregate par value of the Thirty-Five Million Dollars ($35,000,000) and One Million (1,000,000) shares of preferred stock of the par value of Five Dollars ($5.00) per share, of the aggregate par value of the Five Million Dollars ($5,000,000).

The total number of shares, of stock of all classes which Crystal Louisiana has authority to issue is Thirty-Six Million (36,000,000) shares, consisting of Thirty-Five Million (35,000,000) shares of common stock of the par value of One Dollar ($1.00) per share, of the aggregate par value of Thirty Five Million Dollars ($35,000,000) and One Million

(1,000,000) shares of preferred stock of the par value of Five Dollars ($5.00) per share, of the aggregate par value of Five Million Dollars ($5,000,000).

SIXTH: The manner and basis of converting or exchanging issued stock of the merged corporation into different stock or other consideration and the manner of dealing with any issued stock of the merged corporation not to be so converted or exchanged shall be as follows:

(a) All shares, if any, of Crystal's common stock, $1.00 par value ("Crystal Common Stock") which, immediately prior to the effective time of the merger, were (i) held by Crystal as treasury shares or (ii) outstanding and owned by Crystal or any direct or indirect wholly owned subsidiary of Crystal shall be cancelled and retired and no securities or cash shall be issued or paid with respect thereto.

(b) Each share of Crystal Common Stock outstanding at the effective time of the merger shall be automatically converted without any action on the part of the holder thereof into one fully paid and nonassessable share of common stock of Crystal Louisiana ("Crystal Louisiana Common Stock"). After the effective time of the merger, each holder of an outstanding certificate which prior thereto represented shares of Crystal Common Stock shall be entitled, upon surrender thereof to the transfer agent for Crystal Louisiana Common Stock, to receive in exchange therefor a certificate

or certificates representing the number of shares of Crystal Louisiana Common Stock into which the shares of Crystal Common Stock so surrendered shall have been converted as aforesaid, of such denominations and registered in such names as such holder may request. Until surrendered, each of such outstanding certificates which, prior to the effective time of the merger, represented shares of the Crystal Common Stock shall for all purposes evidence the ownership of the shares of Crystal Louisiana Common Stock into which such shares shall have been so converted.

(c) All shares of Crystal Louisiana Common Stock into which shares of Crystal Common Stock shall have been converted shall be issued in full satisfaction of all rights pertaining to such converted shares, subject, however, to the obligation of Crystal Louisiana to pay such dividends, if any, as may have been declared by Crystal on such shares of Crystal Common Stock and as remain unpaid at the effective time of the merger.

SEVENTH: The principal office of Crystal, organized under the laws of the State of Maryland, is located in the Parish of Caddo, State of Louisiana.

Crystal owns no property in the State of Maryland.

EIGHTH: The location of the principal office of the surviving corporation in the State of Louisiana, the state of its incorporation, is 400 Crystal Building, P. O. Box 21101, Shreveport, Louisiana 71120, and the name and post

office address of the resident agent of Crystal Louisiana in Maryland is The Corporation Trust Incorporated, 32 South Street, Baltimore, Maryland 21202.

NINTH: The terms and conditions of the merger transaction as set forth in these Articles of Merger were advised, authorized and approved by Crystal Oil Company, in the manner and by the vote required by its charter and the laws of Maryland. The manner in which the merger was approved is as follows:

The merger was (a) duly advised by the board of directors of Crystal Oil Company, by the adoption on February 22, 1984, of a resolution declaring that the merger herein proposed was advisable substantially upon the terms and conditions set forth in these articles of merger, and directing that the proposed merger be submitted for action thereon at the annual meeting of the stockholders of said corporation, and (b) duly approved by the stockholders of said corporation in the manner and by the vote required by law at the said meeting of the stockholders held on May 4, 1984, by the affirmative vote of the holders of two-thirds of each class of stock entitled to vote separately thereon.

TENTH: The terms and conditions of the transaction as set forth in these articles were duly advised and authorized and approved by Crystal Louisiana in the manner and by the vote required by the laws of the State of Louisiana and

by the charter of the said corporation. The manner in which the merger was approved is as follows:

The merger was (a) duly advised by the Board of Directors of Crystal Oil Louisiana, Inc., by the adoption on April 6, 1984, of a resolution declaring that the merger herein proposed was advisable substantially upon the terms and conditions set forth in these articles of merger, and directing that the proposed merger be submitted for action thereon to the sole stockholder of said corporation, and (b) duly approved by the sole stockholder of said corporation in the manner and by the vote required by law on May 2, 1984.

IN WITNESS WHEREOF, Crystal Oil Company and Crystal Oil Louisiana, Inc., the corporations parties to the merger, have caused these articles of merger to be signed in their respective corporate names and on their behalf by their respective presidents or vice-presidents and witnessed or attested by their respective secretaries or assistant secretaries, as of the 4th day of May, 1984.

CRYSTAL OIL COMPANY

By _____
President ~~(or Vice-President)~~

ATTEST:

_____
L. G. Caskey, Secretary

CRYSTAL OIL LOUISIANA, INC.

By _____
President (~~or Vice President~~)

ATTEST:

_____
Secretary (or Assistant Secretary)

THE UNDERSIGNED, President ~~(or Vice President)~~ of Crystal Oil Company, who executed on behalf of said corporation the foregoing Articles of Merger, of which this certificate is made a part, hereby acknowledges, in the name and on behalf of said corporation, the foregoing Articles of Merger to be the corporate act of said corporation and further certifies that, to the best of his knowledge, information and belief, the matters and facts set forth therein with respect to the approval thereof are true in all material respects, under the penalties of perjury.

_____
( President)

THE UNDERSIGNED, President ~~(or Vice-President)~~ of Crystal Oil Louisiana, Inc. who executed on behalf of said corporation the foregoing Articles of Merger, of which this certificate is made a part, hereby acknowledges, in the name and on behalf of said corporation, the foregoing Articles of Merger to be the corporate act of said corporation and further certifies that, to the best of his knowledge, information and belief, the matters and facts set forth therein with respect to the approval thereof are true in all material respects, under the penalties of perjury.

_____
( PRESIDENT )

MARYLAND
State Department of Assessments and Taxation

THE ARTICLES OF MERGER

merging:

CRYSTAL OIL COMPANY (a Md. Corp.)

into

CRYSTAL OIL LOUISIANA, INC. (a Louisiana Corp.)-Survivor

BEEN RECEIVED AND APPROVED BY THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION THIS 4th DAY OF May, 1984, at 1:49 P.M. AND WILL BE RECORDED.

BY Deborah Dickerson
Deborah Dickerson

301 West Preston Street, Baltimore, Maryland 21201 / Phone: 383-3720

FIRST SUPPLEMENTAL INDENTURE

Dated as of May 4, 1984

between

CRYSTAL OIL LOUISIANA, INC.

and

BANKERS TRUST COMPANY,
as Trustee

to

INDENTURE

Dated as of December 15, 1981

between

CRYSTAL OIL COMPANY

and

BANKERS TRUST COMPANY,
as Trustee

12 5/8% Subordinated Debentures due December 15, 2001

FIRST SUPPLEMENTAL INDENTURE, dated as of May 4, 1984, by and between CRYSTAL OIL LOUISIANA, INC., a corporation organized and existing under the laws of the state of Louisiana (the "Company"), having its principal offices at 229 Milam Street, P.O. Box 21101, Shreveport, Louisiana 71120, and BANKERS TRUST COMPANY, a New York state banking association organized and existing under the laws of New York ("Trustee"), having its principal corporate trust office at 280 Park Avenue, New York, New York 10017;

W I T N E S S E T H:

WHEREAS, Crystal Oil Company, a corporation organized and existing under the laws of the State of Maryland (the "Predecessor Company"), has heretofore executed and delivered to the Trustee that certain Indenture dated as of December 15, 1981, by and between the Predecessor Company and the Trustee (the "Existing Indenture") pursuant to which the Predecessor Company issued its 12 5/8% Subordinated Debentures due December 15, 2001 (the "Debentures") in the original aggregate principal amount of $80,000,000;

WHEREAS, pursuant to that certain Agreement of Merger and Plan of Reorganization dated May 2, 1984, between the Company and the Predecessor Company (the "Merger Agreement"), the Predecessor Company has been merged with and into the Company on the date hereof (the "Merger"), and in

connection with the Merger, each outstanding share of common stock of the Predecessor Company, $1.00 par value, will automatically be converted into and exchanged for one share of the common stock of the Company, $1.00 par value;

WHEREAS, Section 13.01 of the Existing Indenture provides that in the event the Predecessor Company merges into another corporation, the successor corporation shall expressly assume, by supplemental indenture to the Existing Indenture, executed and delivered to the Trustee in a form satisfactory to the Trustee, the due and punctual payment of the principal of and premium, if any, and the interest on all the outstanding Debentures and the performance and observance of each and every covenant and condition of the Existing Indenture on the part of the Predecessor Company to be performed or observed;

WHEREAS, as a result of the Merger, the Company has succeeded to and become subject to and responsible for all debts, liabilities and obligations of the Predecessor Company and, therefore, desires to assume the due and punctual payment of the principal of and premium, if any, and all interest on all the outstanding Debentures and the performance of each and every covenant of the Existing Indenture on the part of the Predecessor Company to be performed or observed;

WHEREAS, the parties deem it necessary to enter into this First Supplemental Indenture to evidence the

succession of the Company as the successor to the Predecessor Company and the assumption by the Company of all the obligations of the Predecessor Company;

WHEREAS, Section 14.01 of the Existing Indenture provides that the Predecessor Company and Trustee may, from time to time, without the consent of the holders of the Debentures, enter into one or more supplemental indentures for, among other things, the purposes described above;

WHEREAS, the Company has been duly authorized by its Board of Directors to enter into, execute and deliver this First Supplemental Indenture;

WHEREAS, all conditions contained in the Existing Indenture with respect to the Merger have been complied with; and

WHEREAS, all conditions and requirements necessary to make the Debentures issued under the Existing Indenture as hereby supplemented the valid obligations of the Company and to make the Existing Indenture as hereby supplemented a valid and binding agreement of the Company, in accordance with its terms, have been performed and fulfilled;

NOW THEREFORE, in order to comply with the provisions of the Existing Indenture and for and in consideration of the premises and the covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company

and the Trustee for the equal and proportionate benefit of all holders of the Debentures, agree as follows:

ARTICLE ONE
DEFINITIONS

Section 1.01. The definition of the term "Company" as set forth in Article 1 of the Existing Indenture is hereby amended to read in its entirety as follows:

*Company*:

The term "Company" shall mean Crystal Oil Louisiana, Inc., a Louisiana corporation, and, subject to Article 13, shall also include its successors and assigns.

Section 1.02. Unless otherwise defined herein, all terms used in this First Supplemental Indenture that are defined in the Existing Indenture shall have the same meanings as used therein.

ARTICLE TWO
ASSUMPTION AND SUBSTITUTION

Section 2.01. The Company hereby expressly assumes the due and punctual payment of the principal of and premium, if any, and the interest on all the Debentures, and the performance and observance of each and every covenant and condition of the Existing Indenture on the part of the Predecessor Company to be performed or observed.

Section 2.02. The Company shall succeed to and be substituted for, and may exercise every right and power of the Predecessor Company under the Existing Indenture, with

the same effect as if the Company had been named as the "Company" therein.

ARTICLE THREE
ENDORSEMENT AND CHANGE OF FORM OF DEBENTURE

Section 3.01. Any Debentures authenticated and delivered after the effective date of this First Supplemental Indenture shall (unless textually revised as hereinafter provided) bear the following notation which may be stamped, typewritten or overprinted thereon:

> "On May 4, 1984, Crystal Oil Company, a Maryland corporation ("Crystal"), was merged into Crystal Oil Louisiana, Inc., a Louisiana corporation ("Crystal Louisiana"). Crystal Louisiana has, pursuant to the terms of that merger and that certain First Supplemental Indenture dated as of May 4, 1984, between it and the Trustee (the "Supplemental Indenture"), assumed the due and punctual payment of the principal of and premium, if any, and the interest on the Debentures and the performance of each and every covenant and condition of the Indenture to be performed or observed by Crystal. Copies of the Supplemental Indenture are on file at the principal corporate trust office of the Trustee."

Any Debentures hereafter authenticated and delivered in exchange or substitution for Debentures then

outstanding shall, if the Company so elects, be textually revised in a form approved by the Trustee to make reference to the First Supplemental Indenture instead of being stamped, typewritten or overprinted as hereinabove provided.

Anything herein or in the Existing Indenture to the contrary notwithstanding, the failure to affix the notation herein provided to any Debenture or to exchange any Debenture for a new Debenture modified as herein provided shall not affect the rights of the Holder of such Debenture.

Section 3.02. Notwithstanding anything contained herein to the contrary, the Trustee shall not at any time be under any responsibility to require or cause any Debenture now or hereafter outstanding to be presented to it or delivered to it for any purpose provided for in this Article Three or for the legal consequences of the failure of any holder of Debentures so to present or deliver the same.

## ARTICLE FOUR
## MISCELLANEOUS

Section 4.01. Except as expressly supplemented by this First Supplemental Indenture, the Existing Indenture and the Debentures issued thereunder are in all respects ratified and confirmed and all of the rights, remedies, terms, conditions, covenants and agreements of the Existing Indenture, and Debentures issued thereunder shall remain in full force and effect.

Section 4.02. This First Supplemental Indenture is executed as and shall constitute an indenture supplemental to

the Existing Indenture and shall be construed in connection with and as part of the Existing Indenture. This First Supplemental Indenture shall be governed by and construed in accordance with the laws of the jurisdiction which governs the Existing Indenture and its construction.

Section 4.03. If any provision of this First Supplemental Indenture limits, qualifies or conflicts with another provision of this First Supplemental Indenture or any provision of the Existing Indenture, which is required to be included by any of the provisions of Sections 310 to 317 inclusive of the Trust Indenture Act of 1939, such required provision shall control.

Section 4.04. The recitals contained in this First Supplemental Indenture shall be taken as statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this First Supplemental Indenture.

Section 4.05. This First Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes; but such counterparts shall together be deemed to constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this First Supplemental Indenture to be duly executed, and

their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

ATTEST:

L. S. Caskey
SECRETARY

CRYSTAL OIL LOUISIANA, INC.

By: Robert F. Roberts
Title: PRESIDENT

ATTEST:

V. E. Sandford

BANKERS TRUST COMPANY

By: [illegible]
Assist. Vice President



RAM01103

CRYSTAL OIL LOUISIANA, INC.

STATE OF LOUISIANA |
PARISH OF CADDO |

This instrument was acknowledged before me on May 3, 1984, by Robert F. Roberts, the President of Crystal Oil Louisiana, Inc., a Louisiana corporation, on behalf of said corporation.

Carla Virginia Bryant
Notary Public in and for
the State of Louisiana

My commission expires:

at death.



RAM01104

TRUSTEE

STATE OF N.Y.
COUNTY OF N.Y.

This instrument was acknowledged before me on May 2, 1984, by _____, as Assistant Vice President of BANKERS TRUST COMPANY, a New York state banking association, on behalf of said state banking corporation, in its capacity as trustee.

Rosemary Melendez
Notary Public in and for
the State of N.Y.

ROSEMARY MELENDEZ
Notary Public, State of New York
No. 03-4679497
Qualified in Bronx County
Certificate Filed in New York County
Commission Expires March 30, 1986

My commission expires:

3-30-86



RAM01105

# FIRST SUPPLEMENTAL INDENTURE

Dated as of May 4, 1984

between

CRYSTAL OIL LOUISIANA, INC.

and

BANKERS TRUST COMPANY,
as Trustee

to

INDENTURE

Dated as of July 15, 1980

between

CRYSTAL OIL COMPANY

and

BANKERS TRUST COMPANY,
as Trustee

13 3/4% Subordinated Debentures due July 15, 2000

FIRST SUPPLEMENTAL INDENTURE, dated as of May 4, 1984, by and between CRYSTAL OIL LOUISIANA, INC., a corporation organized and existing under the laws of the State of Louisiana (the "Company"), having its principal offices at 229 Milam Street, P.O. Box 21101, Shreveport, Louisiana 71120, and BANKERS TRUST COMPANY, a New York state banking corporation organized and existing under the laws of New York ("Trustee"), having its principal corporate trust office at 280 Park Avenue, New York, New York 10017;

W I T N E S S E T H:

WHEREAS, Crystal Oil Company, a corporation organized and existing under the laws of the State of Maryland (the "Predecessor Company"), has heretofore executed and delivered to the Trustee that certain Indenture dated as of July 15, 1980, by and between the Predecessor Company and the Trustee (the "Existing Indenture") pursuant to which the Predecessor Company issued its 13-3/4% Subordinated Debentures due July 15, 2000 (the "Debentures") in the original aggregate principal amount of $35,000,000;

WHEREAS, pursuant to that certain Agreement of Merger and Plan of Reorganization dated May 2, 1984, between the Company and the Predecessor Company (the "Merger Agreement"), the Predecessor Company has been merged with and into the Company on the date hereof (the "Merger"), and in

connection with the Merger, each outstanding share of common stock of the Predecessor Company, $1.00 par value, will automatically be converted into and exchanged for one share of the common stock of the Company, $1.00 par value;

WHEREAS, Section 13.01 of the Existing Indenture provides that in the event the Predecessor Company merges into another corporation, the successor corporation shall expressly assume, by supplemental indenture to the Existing Indenture, executed and delivered to the Trustee in a form satisfactory to the Trustee, the due and punctual payment of the principal of and premium, if any, and the interest on all the outstanding Debentures and the performance and observance of each and every covenant and condition of the Existing Indenture on the part of the Predecessor Company to be performed or observed;

WHEREAS, as a result of the Merger, the Company has succeeded to and become subject to and responsible for all debts, liabilities and obligations of the Predecessor Company and, therefore, desires to assume the due and punctual payment of the principal of and premium, if any, and all interest on all the outstanding Debentures and the performance of each and every covenant of the Existing Indenture on the part of the Predecessor Company to be performed or observed;

WHEREAS, the parties deem it necessary to enter into this First Supplemental Indenture to evidence the

succession of the Company as the successor to the Predecessor Company and the assumption by the Company of all the obligations of the Predecessor Company;

WHEREAS, Section 14.01 of the Existing Indenture provides that the Predecessor Company and Trustee may, from time to time, without the consent of the holders of the Debentures, enter into one or more supplemental indentures for, among other things, the purposes described above;

WHEREAS, the Company has been duly authorized by its Board of Directors to enter into, execute and deliver this First Supplemental Indenture;

WHEREAS, all conditions contained in the Existing Indenture with respect to the Merger have been complied with; and

WHEREAS, all conditions and requirements necessary to make the Debentures issued under the Existing Indenture as hereby supplemented the valid obligations of the Company and to make the Existing Indenture as hereby supplemented a valid and binding agreement of the Company, in accordance with its terms; have been performed and fulfilled;

NOW THEREFORE, in order to comply with the provisions of the Existing Indenture and for and in consideration of the premises and the covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company

and the Trustee for the equal and proportionate benefit of all holders of the Debentures, agree as follows:

ARTICLE ONE
DEFINITIONS

Section 1.01. The definition of the term "Company" as set forth in Article 1 of the Existing Indenture is hereby amended to read in its entirety as follows:

*Company*:

The term "Company" shall mean Crystal Oil Louisiana, Inc., a Louisiana corporation, and, subject to Article 13, shall also include its successors and assigns.

Section 1.02. Unless otherwise defined herein, all terms used in this First Supplemental Indenture that are defined in the Existing Indenture shall have the same meanings as used therein.

ARTICLE TWO
ASSUMPTION AND SUBSTITUTION

Section 2.01. The Company hereby expressly assumes the due and punctual payment of the principal of and premium, if any, and the interest on all the Debentures, and the performance and observance of each and every covenant and condition of the Existing Indenture on the part of the Predecessor Company to be performed or observed.

Section 2.02. The Company shall succeed to and be substituted for, and may exercise every right and power of the Predecessor Company under the Existing Indenture, with

the same effect as if the Company had been named as the "Company" therein.

ARTICLE THREE
ENDORSEMENT AND CHANGE OF FORM OF DEBENTURE

Section 3.01. Any Debentures authenticated and delivered after the effective date of this First Supplemental Indenture shall (unless textually revised as hereinafter provided) bear the following notation which may be stamped, typewritten or overprinted thereon:

> "On May 4, 1984, Crystal Oil Company, a Maryland corporation ("Crystal"), was merged into Crystal Oil Louisiana, Inc., a Louisiana corporation ("Crystal Louisiana"). Crystal Louisiana has, pursuant to the terms of that merger and that certain First Supplemental Indenture dated as of May 4, 1984, between it and the Trustee (the "Supplemental Indenture"), assumed the due and punctual payment of the principal of and premium, if any, and the interest on the Debentures and the performance of each and every covenant and condition of the Indenture to be performed or observed by Crystal. Copies of the Supplemental Indenture are on file at the principal corporate trust office of the Trustee."

Any Debentures hereafter authenticated and delivered in exchange or substitution for Debentures then



RAM01111

outstanding shall, if the Company so elects, be textually revised in a form approved by the Trustee to make reference to the First Supplemental Indenture instead of being stamped, typewritten or overprinted as hereinabove provided.

Anything herein or in the Existing Indenture to the contrary notwithstanding, the failure to affix the notation herein provided to any Debenture or to exchange any Debenture for a new Debenture modified as herein provided shall not affect the rights of the Holder of such Debenture.

Section 3.02. Notwithstanding anything contained herein to the contrary, the Trustee shall not at any time be under any responsibility to require or cause any Debenture now or hereafter outstanding to be presented to it or delivered to it for any purpose provided for in this Article Three or for the legal consequences of the failure of any holder of Debentures so to present or deliver the same.

## ARTICLE FOUR
## MISCELLANEOUS

Section 4.01. Except as expressly supplemented by this First Supplemental Indenture, the Existing Indenture and the Debentures issued thereunder are in all respects ratified and confirmed and all of the rights, remedies, terms, conditions, covenants and agreements of the Existing Indenture, and Debentures issued thereunder shall remain in full force and effect.

Section 4.02. This First Supplemental Indenture is executed as and shall constitute an indenture supplemental to

the Existing Indenture and shall be construed in connection with and as part of the Existing Indenture. This First Supplemental Indenture shall be governed by and construed in accordance with the laws of the jurisdiction which governs the Existing Indenture and its construction.

Section 4.03. If any provision of this First Supplemental Indenture limits, qualifies or conflicts with another provision of this First Supplemental Indenture or any provision of the Existing Indenture, which is required to be included by any of the provisions of Sections 310 to 317 inclusive of the Trust Indenture Act of 1939, such required provision shall control.

Section 4.04. The recitals contained in this First Supplemental Indenture shall be taken as statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this First Supplemental Indenture.

Section 4.05. This First Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes; but such counterparts shall together be deemed to constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this First Supplemental Indenture to be duly executed, and

their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

ATTEST:

CRYSTAL OIL LOUISIANA, INC.

By: _____
Title: President

SECRETARY

ATTEST:

BANKERS TRUST COMPANY

By: _____
Vice President

CRYSTAL OIL LOUISIANA, INC.

STATE OF LOUISIANA |
|
PARISH OF CADDO |

This instrument was acknowledged before me on May 3, 1984, by Robert E. Roberts, the President of Crystal Oil Louisiana, Inc., a Louisiana corporation, on behalf of said corporation.

Carla Virginia Bryant
Notary Public in and for
the State of Louisiana

My commission expires:

at death.



RAM01115

TRUSTEE

STATE OF N.Y.
COUNTY OF N.Y.

This instrument was acknowledged before me on MAY 7, 1984, by [illegible], a Assistant Vice President of BANKERS TRUST COMPANY, a New York state banking corporation, on behalf of said state banking corporation, in its capacity as trustee.

Rosemary Melendez
Notary Public in and for
the State of N.Y.

My commission expires:

3-30-86

ROSEMARY MELENDEZ
Notary Public, State of New York
No. 03-4679497
Qualified in Bronx County
Certificate Filed in New York County
Commission Expires March 30, 1986

FIRST SUPPLEMENTAL INDENTURE

Dated as of May 4, 1984

between

CRYSTAL OIL LOUISIANA, INC.

and

BANKERS TRUST COMPANY,
as Trustee

to

INDENTURE

Dated as of June 15, 1978

between

CRYSTAL OIL COMPANY

and

BANKERS TRUST COMPANY,
as Trustee

12 5/8% Subordinated Debentures due June 15, 1990

FIRST SUPPLEMENTAL INDENTURE, dated as of May 4, 1984, by and between CRYSTAL OIL LOUISIANA, INC., a corporation organized and existing under the laws of the State of Louisiana (the "Company"), having its principal offices at 229 Milam Street, P.O. Box 21101, Shreveport, Louisiana 71120, and BANKERS TRUST COMPANY, a New York state banking corporation organized and existing under the laws of New York ("Trustee"), having its principal corporate trust office at 280 Park Avenue, New York, New York 10017;

W I T N E S S E T H:

WHEREAS, Crystal Oil Company, a corporation organized and existing under the laws of the State of Maryland (the "Predecessor Company"), has heretofore executed and delivered to the Trustee that certain Indenture dated as of June 15, 1978, by and between the Predecessor Company and the Trustee (the "Existing Indenture") pursuant to which the Predecessor Company issued its 12-5/8% Subordinated Debentures due June 15, 1990 (the "Debentures") in the original aggregate principal amount of $20,000,000;

WHEREAS, pursuant to that certain Agreement of Merger and Plan of Reorganization dated May 2, 1984, between the Company and the Predecessor Company (the "Merger Agreement"), the Predecessor Company has been merged with and into the Company on the date hereof (the "Merger"), and in

connection with the Merger, each outstanding share of common stock of the Predecessor Company, $1.00 par value, will automatically be converted into and exchanged for one share of the common stock of the Company, $1.00 par value;

WHEREAS, Section 13.01 of the Existing Indenture provides that in the event the Predecessor Company merges into another corporation, the successor corporation shall expressly assume, by supplemental indenture to the Existing Indenture, executed and delivered to the Trustee in a form satisfactory to the Trustee, the due and punctual payment of the principal of and premium, if any, and the interest on all the outstanding Debentures and the performance and observance of each and every covenant and condition of the Existing Indenture on the part of the Predecessor Company to be performed or observed;

WHEREAS, as a result of the Merger, the Company has succeeded to and become subject to and responsible for all debts, liabilities and obligations of the Predecessor Company and, therefore, desires to assume the due and punctual payment of the principal of and premium, if any, and all interest on all the outstanding Debentures and the performance of each and every covenant of the Existing Indenture on the part of the Predecessor Company to be performed or observed;

WHEREAS, the parties deem it necessary to enter into this First Supplemental Indenture to evidence the

succession of the Company as the successor to the Predecessor Company and the assumption by the Company of all the obligations of the Predecessor Company;

WHEREAS, Section 14.01 of the Existing Indenture provides that the Predecessor Company and Trustee may, from time to time, without the consent of the holders of the Debentures, enter into one or more supplemental indentures for, among other things, the purposes described above;

WHEREAS, the Company has been duly authorized by its Board of Directors to enter into, execute and deliver this First Supplemental Indenture;

WHEREAS, all conditions contained in the Existing Indenture with respect to the Merger have been complied with; and

WHEREAS, all conditions and requirements necessary to make the Debentures issued under the Existing Indenture as hereby supplemented the valid obligations of the Company and to make the Existing Indenture as hereby supplemented a valid and binding agreement of the Company, in accordance with its terms, have been performed and fulfilled;

NOW THEREFORE, in order to comply with the provisions of the Existing Indenture and for and in consideration of the premises and the covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company

and the Trustee for the equal and proportionate benefit of all holders of the Debentures, agree as follows:

ARTICLE ONE
DEFINITIONS

Section 1.01. The definition of the term "Company" as set forth in Article 1 of the Existing Indenture is hereby amended to read in its entirety as follows:

*Company*:

The term "Company" shall mean Crystal Oil Louisiana, Inc., a Louisiana corporation, and, subject to Article 13, shall also include its successors and assigns.

Section 1.02. Unless otherwise defined herein, all terms used in this First Supplemental Indenture that are defined in the Existing Indenture shall have the same meanings as used therein.

ARTICLE TWO
ASSUMPTION AND SUBSTITUTION

Section 2.01. The Company hereby expressly assumes the due and punctual payment of the principal of and premium, if any, and the interest on all the Debentures, and the performance and observance of each and every covenant and condition of the Existing Indenture on the part of the Predecessor Company to be performed or observed.

Section 2.02. The Company shall succeed to and be substituted for, and may exercise every right and power of the Predecessor Company under the Existing Indenture, with

the same effect as if the Company had been named as the "Company" therein.

ARTICLE THREE
ENDORSEMENT AND CHANGE OF FORM OF DEBENTURE

Section 3.01. Any Debentures authenticated and delivered after the effective date of this First Supplemental Indenture shall (unless textually revised as hereinafter provided) bear the following notation which may be stamped, typewritten or overprinted thereon:

> "On May 4, 1984, Crystal Oil Company, a Maryland corporation ("Crystal"), was merged into Crystal Oil Louisiana, Inc., a Louisiana corporation ("Crystal Louisiana"). Crystal Louisiana has, pursuant to the terms of that merger and that certain First Supplemental Indenture dated as of May 4, 1984, between it and the Trustee (the "Supplemental Indenture"), assumed the due and punctual payment of the principal of and premium, if any, and the interest on the Debentures and the performance of each and every covenant and condition of the Indenture to be performed or observed by Crystal. Copies of the Supplemental Indenture are on file at the principal corporate trust office of the Trustee."

Any Debentures hereafter authenticated and delivered in exchange or substitution for Debentures then

outstanding shall, if the Company so elects, be textually revised in a form approved by the Trustee to make reference to the First Supplemental Indenture instead of being stamped, typewritten or overprinted as hereinabove provided.

Anything herein or in the Existing Indenture to the contrary notwithstanding, the failure to affix the notation herein provided to any Debenture or to exchange any Debenture for a new Debenture modified as herein provided shall not affect the rights of the Holder of such Debenture.

Section 3.02. Notwithstanding anything contained herein to the contrary, the Trustee shall not at any time be under any responsibility to require or cause any Debenture now or hereafter outstanding to be presented to it or delivered to it for any purpose provided for in this Article Three or for the legal consequences of the failure of any holder of Debentures so to present or deliver the same.

## ARTICLE FOUR
## MISCELLANEOUS

Section 4.01. Except as expressly supplemented by this First Supplemental Indenture, the Existing Indenture and the Debentures issued thereunder are in all respects ratified and confirmed and all of the rights, remedies, terms, conditions, covenants and agreements of the Existing Indenture, and Debentures issued thereunder shall remain in full force and effect.

Section 4.02. This First Supplemental Indenture is executed as and shall constitute an indenture supplemental to

the Existing Indenture and shall be construed in connection with and as part of the Existing Indenture. This First Supplemental Indenture shall be governed by and construed in accordance with the laws of the jurisdiction which governs the Existing Indenture and its construction.

Section 4.03. If any provision of this First Supplemental Indenture limits, qualifies or conflicts with another provision of this First Supplemental Indenture or any provision of the Existing Indenture, which is required to be included by any of the provisions of Sections 310 to 317 inclusive of the Trust Indenture Act of 1939, such required provision shall control.

Section 4.04. The recitals contained in this First Supplemental Indenture shall be taken as statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this First Supplemental Indenture.

Section 4.05. This First Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes; but such counterparts shall together be deemed to constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this First Supplemental Indenture to be duly executed, and

their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

ATTEST:

SECRETARY

CRYSTAL OIL LOUISIANA, INC.

By:

Title: PRESIDENT

ATTEST:

BANKERS TRUST COMPANY

By:

Vice President

CRYSTAL OIL LOUISIANA, INC.

STATE OF LOUISIANA |
PARISH OF CADDO |

This instrument was acknowledged before me on May 3, 1984, by Robert T. Roberts, the President of Crystal Oil Louisiana, Inc., a Louisiana corporation, on behalf of said corporation.

Carla Virginia Bryant
Notary Public in and for
the State of Louisiana

My commission expires:

at death



RAM01126

TRUSTEE

STATE OF N.Y.
COUNTY OF N.Y.

This instrument was acknowledged before me on May 2, 1984, by _____, a Assistant Vice President of BANKERS TRUST COMPANY, a New York state banking corporation, on behalf of said state banking corporation, in its capacity as trustee.

Rosemary Melendez
Notary Public in and for
the State of N.Y.

My commission expires:

3-30-86

ROSEMARY MELENDEZ
Notary Public, State of New York
No. 03-4679497
Qualified in Bronx County
Certificate Filed in New York County
Commission Expires March 30, 1986

FIRST SUPPLEMENTAL INDENTURE

Dated as of May 4, 1984

between

CRYSTAL OIL LOUISIANA, INC.

and

BANKERS TRUST COMPANY,
as Trustee

to

INDENTURE

Dated as of April 15, 1980

between

CRYSTAL OIL COMPANY

and

BANKERS TRUST COMPANY,
as Trustee

11 3/8% Convertible Subordinated Debentures due 2000

FIRST SUPPLEMENTAL INDENTURE, dated as of May 4, 1984, by and between CRYSTAL OIL LOUISIANA, INC., a corporation organized and existing under the laws of the State of Louisiana (the "Company"), having its principal offices at 229 Milam Street, P.O. Box 21101, Shreveport, Louisiana 71120, and BANKERS TRUST COMPANY, a New York state banking corporation organized and existing under the laws of New York ("Trustee"), having its principal corporate trust office at 280 Park Avenue, New York, New York 10017;

W I T N E S S E T H:

WHEREAS, Crystal Oil Company, a corporation organized and existing under the laws of the State of Maryland (the "Predecessor Company"), has heretofore executed and delivered to the Trustee that certain Indenture dated as of April 15, 1980, by and between the Predecessor Company and the Trustee (the "Existing Indenture") pursuant to which the Predecessor Company issued its 11-3/8% Convertible Subordinated Debentures due 2000 (the "Debentures") in the original aggregate principal amount of $50,000,000;

WHEREAS, pursuant to that certain Agreement of Merger and Plan of Reorganization dated May 2, 1984, between the Company and the Predecessor Company (the "Merger Agreement"), the Predecessor Company has been merged with and into the Company on the date hereof (the "Merger"), and in

connection with the Merger, each outstanding share of common stock of the Predecessor Company, $1.00 par value, will automatically be converted into and exchanged for one share of the common stock of the Company, $1.00 par value;

WHEREAS, Section 13.01 of the Existing Indenture provides that in the event the Predecessor Company merges into another corporation, the successor corporation shall expressly assume, by supplemental indenture to the Existing Indenture, executed and delivered to the Trustee in a form satisfactory to the Trustee, the due and punctual payment of the principal of and premium, if any, and the interest on all the outstanding Debentures and the performance and observance of each and every covenant and condition of the Existing Indenture on the part of the Predecessor Company to be performed or observed;

WHEREAS, as a result of the Merger, the Company has succeeded to and become subject to and responsible for all debts, liabilities and obligations of the Predecessor Company and, therefore, desires to assume the due and punctual payment of the principal of and premium, if any, and the interest on all the outstanding Debentures and the performance of each and every covenant and condition required to be performed or observed by the Predecessor Company under the Existing Indenture;

WHEREAS, Section 15.06 of the Existing Indenture provides that in the event the Predecessor Company merges into any other corporation (other than in certain instances not herein applicable), such successor corporation shall execute with the Trustee a supplemental indenture to the Existing Indenture providing that each Debenture shall be convertible into the kind and amount of shares of stock and other securities or property receivable upon such merger by a holder of a number of shares of common stock of the Predecessor Company and also providing for adjustments which, for events subsequent to the effective date of the supplemental indenture, shall be nearly equivalent as may be practicable to the adjustments provided in Article Fifteen of the Existing Indenture;

WHEREAS, immediately prior to the Merger, each $1,000 principal amount of the Debentures was convertible into 49 shares of common stock of the Predecessor Company at a conversion price of $ 20.20 per share;

WHEREAS, the parties deem it necessary to enter into this First Supplemental Indenture to evidence the succession of the Company as the successor to the Predecessor Company and the assumption by the Company of all of the obligations of the Predecessor Company and to make provision with respect to the conversion rights of the Debentures

pursuant to the requirements of Section 15.06 of the Existing Indenture;.

WHEREAS, Section 14.01 of the Existing Indenture provides that the Predecessor Company and Trustee may, from time to time, without the consent of the holders of the Debentures, enter into one or more supplemental indentures to provide for, among other things, the purposes described above;

WHEREAS, the Company has been duly authorized by its Board of Directors to enter into, execute and deliver this First Supplemental Indenture;

WHEREAS, all conditions contained in the Existing Indenture with respect to the Merger have been complied with; and

WHEREAS, all conditions and requirements necessary to make the Debentures issued under the Existing Indenture as hereby supplemented the valid obligations of the Company and to make the Existing Indenture as hereby supplemented a valid and binding agreement of the Company, in accordance with its terms, have been performed and fulfilled;

NOW THEREFORE, in order to comply with the provisions of the Existing Indenture and for and in consideration of the premises and the covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company

and the Trustee, for the equal and proportionate benefit of all holders of the Debentures, agree as follows:

ARTICLE ONE
DEFINITIONS

Section 1.01. The definition of the term "Company", as set forth in Article 1 of the Existing Indenture is hereby amended to read in its entirety as follows:

*Company*:

The term "Company" shall mean Crystal Oil Louisiana, Inc., a Louisiana corporation, and, subject to Article 13, shall also include its successors and assigns.

Section 1.02. Unless otherwise defined herein, all terms used in this First Supplemental Indenture that are defined in the Existing Indenture shall have the same meanings as used therein.

ARTICLE TWO
ASSUMPTION AND SUBSTITUTION

Section 2.01. The Company hereby expressly assumes the due and punctual payment of the principal of and premium, if any, and the interest on all the Debentures, and the performance and observance of each and every covenant and condition of the Existing Indenture on the part of the Predecessor Company to be performed or observed, and has provided for conversion rights in accordance with Section 15.06 of the Existing Indenture.

Section 2.02. The Company shall succeed to and be substituted for, and may exercise every right and power of the Predecessor Company under the Existing Indenture, with the same effect as if the Company had been named as the "Company" therein.

ARTICLE THREE
ENDORSEMENT AND CHANGE OF FORM OF DEBENTURE

Section 3.01. Any Debentures authenticated and delivered after the effective date of this First Supplemental Indenture shall (unless textually revised as hereinafter provided) bear the following notation which may be stamped, typewritten or overprinted thereon:

"On May 4, 1984, Crystal Oil Company, a Maryland corporation ("Crystal") was merged into Crystal Oil Louisiana, Inc., a Louisiana corporation ("Crystal Louisiana"). Crystal Louisiana has, pursuant to the terms of that merger and that certain First Supplemental Indenture dated as of May 4, 1984, between it and the Trustee (the "Supplemental Indenture"), assumed the due and punctual payment of the principal of and premium, if any, and the interest on the Debentures and the performance of each and every covenant and condition of the Indenture to be performed or observed by Crystal. This Debenture is now convertible into shares of Common Stock of Crystal Louisiana subject to adjustment as provided in Article 15 of the Indenture. Copies of the

Supplemental Indenture are on file at the principal corporate trust office of the Trustee."

Any Debentures hereafter authenticated and delivered in exchange or substitution for Debentures then outstanding shall, if the Company so elects, be textually revised in a form approved by the Trustee to make reference to the First Supplemental Indenture instead of being stamped, typewritten or overprinted as hereinabove provided.

Anything herein or in the Existing Indenture to the contrary notwithstanding, the failure to affix the notation herein provided to any Debenture or to exchange any Debenture for a new Debenture modified as herein provided shall not affect the rights of the Holder of such Debenture.

Section 3.02. Notwithstanding anything contained herein to the contrary, the Trustee shall not at any time be under any responsibility to require or cause any Debenture now or hereafter outstanding to be presented to it or delivered to it for any purpose provided for in this Article Three or for the legal consequences of the failure of any holder of Debentures so to present or deliver the same.

## ARTICLE FOUR
## MISCELLANEOUS

Section 4.01. Except as expressly supplemented by this First Supplemental Indenture, the Existing Indenture and the Debentures issued thereunder are in all respects ratified

and confirmed and all of the rights, remedies, terms, conditions, covenants and agreements of the Existing Indenture, and Debentures issued thereunder shall remain in full force and effect.

Section 4.02. This First Supplemental Indenture is executed as and shall constitute an indenture supplemental to the Existing Indenture and shall be construed in connection with and as part of the Existing Indenture. This First Supplemental Indenture shall be governed by and construed in accordance with the laws of the jurisdiction which governs the Existing Indenture and its construction.

Section 4.03. If any provision of this First Supplemental Indenture limits, qualifies or conflicts with another provision of this First Supplemental Indenture or any provision of the Existing Indenture which is required to be included by any of the provisions of Sections 310 to 317 inclusive of the Trust Indenture Act of 1939, such required provision shall control.

Section 4.04. The recitals contained in this First Supplemental Indenture shall be taken as statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this First Supplemental Indenture.

Section 4.05. This First Supplemental Indenture may be executed in any number of counterparts, each of which

shall be deemed to be an original for all purposes; but such counterparts shall together be deemed to constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this First Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

ATTEST:

L B Cashey
SECRETARY

CRYSTAL OIL LOUISIANA, INC.

By: Robert F. Roberts
Title: President

ATTEST:

V E Sandford

BANKERS TRUST COMPANY

By: J Hadrianna
Vice President

CRYSTAL OIL LOUISIANA, INC.

STATE OF LOUISIANA |
PARISH OF CADDO |

This instrument was acknowledged before me on May 3, 1984, by Robert F. Roberts, the President of Crystal Oil Louisiana, Inc., a Louisiana corporation, on behalf of said corporation.

Carla Virginia Bryant
Notary Public in and for
the State of Louisiana

My commission expires:

at death

TRUSTEE

STATE OF N.Y.
COUNTY OF N.Y.

This instrument was acknowledged before me on May 2, 1984, by _____, as Assistant Vice President of BANKERS TRUST COMPANY, a New York state banking corporation, on behalf of said state banking corporation, in its capacity as trustee.

Rosemary Melendez
Notary Public in and for the State of N.Y.

My commission expires:

3-30-86

ROSEMARY MELENDEZ
Notary Public, State of New York
No. 03-4079497
Qualified in Bronx County
Certificate Filed in New York County
Commission Expires March 30, 1986



RAM01139

# FIRST SUPPLEMENTAL INDENTURE

Dated as of May 4, 1984

between

CRYSTAL OIL LOUISIANA, INC.

and

BANK OF THE SOUTHWEST NATIONAL ASSOCIATION, HOUSTON
as Trustee

to

INDENTURE

Dated as of December 15, 1983

between

CRYSTAL OIL COMPANY

and

BANK OF THE SOUTHWEST NATIONAL ASSOCIATION, HOUSTON
as Trustee

14 7/8% Senior Subordinated Debentures
due December 15, 1998

FIRST SUPPLEMENTAL INDENTURE, dated as of May 4, 1984, by and between CRYSTAL OIL LOUISIANA, INC., a corporation organized and existing under the laws of the State of Louisiana (the "Company"), having its principal offices at 229 Milam Street, P.O. Box 21101, Shreveport, Louisiana 71120, and BANK OF THE SOUTHWEST NATIONAL ASSOCIATION, HOUSTON, a state banking corporation organized and existing under the laws of Texas ("Trustee"), having its principal corporate trust office at 910 Travis, Houston, Texas 77002;

W I T N E S S E T H:

WHEREAS, Crystal Oil Company, a corporation organized and existing under the laws of the State of Maryland (the "Predecessor Company"), has heretofore executed and delivered to the Trustee that certain Indenture dated as of December 15, 1983, by and between the Predecessor Company and the Trustee (the "Existing Indenture") pursuant to which the Predecessor Company issued its 14 7/8% Senior Subordinated Debentures due December 15, 1998 (the "Debentures") in the original aggregate principal amount of $130,000,000;

WHEREAS, pursuant to that certain Agreement of Merger and Plan of Reorganization dated May 2, 1984, between the Company and the Predecessor Company (the "Merger Agreement"), the Predecessor Company has been merged with and into the Company on the date hereof (the "Merger"), and in

connection with the Merger, each outstanding share of common stock of the Predecessor Company, $1.00 par value, will automatically be converted into and exchanged for one share of the common stock of the Company, $1.00 par value;

WHEREAS, Section 13.01 of the Existing Indenture provides that in the event the Predecessor Company merges into another corporation, the successor corporation shall expressly assume, by supplemental indenture to the Existing Indenture, executed and delivered to the Trustee in a form satisfactory to the Trustee, the due and punctual payment of the principal of and premium, if any, and the interest on all the outstanding Debentures and the performance and observance of each and every covenant and condition of the Existing Indenture on the part of the Predecessor Company to be performed or observed;

WHEREAS, as a result of the Merger, the Company has succeeded to and become subject to and responsible for all debts, liabilities and obligations of the Predecessor Company and, therefore, desires to assume the due and punctual payment of the principal of and premium, if any, and all interest on all the outstanding Debentures and the performance of each and every covenant of the Existing Indenture on the part of the Predecessor Company to be performed or observed;

WHEREAS, the parties deem it necessary to enter into this First Supplemental Indenture to evidence the

succession of the Company as the successor to the Predecessor Company and the assumption by the Company of all the obligations of the Predecessor Company;

WHEREAS, Section 14.01 of the Existing Indenture provides that the Predecessor Company and Trustee may, from time to time, without the consent of the holders of the Debentures, enter into one or more supplemental indentures for, among other things, the purposes described above;

WHEREAS, the Company has been duly authorized by its Board of Directors to enter into, execute and deliver this First Supplemental Indenture;

WHEREAS, all conditions contained in the Existing Indenture with respect to the Merger have been complied with; and

WHEREAS, all conditions and requirements necessary to make the Debentures issued under the Existing Indenture as hereby supplemented the valid obligations of the Company and to make the Existing Indenture as hereby supplemented a valid and binding agreement of the Company, in accordance with its terms, have been performed and fulfilled;

NOW THEREFORE, in order to comply with the provisions of the Existing Indenture and for and in consideration of the premises and the covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company

and the Trustee for the equal and proportionate benefit of all holders of the Debentures, agree as follows:

ARTICLE ONE
DEFINITIONS

Section 1.01. The definition of the term "Company" as set forth in Article 1 of the Existing Indenture is hereby amended to read in its entirety as follows:

*Company*:

The term "Company" shall mean Crystal Oil Louisiana, Inc., a Louisiana corporation, and, subject to Article 13, shall also include its successors and assigns.

Section 1.02. Unless otherwise defined herein, all terms used in this First Supplemental Indenture that are defined in the Existing Indenture shall have the same meanings as used therein.

ARTICLE TWO
ASSUMPTION AND SUBSTITUTION

Section 2.01. The Company hereby expressly assumes the due and punctual payment of the principal of and premium, if any, and the interest on all the Debentures, and the performance and observance of each and every covenant and condition of the Existing Indenture on the part of the Predecessor Company to be performed or observed.

Section 2.02. The Company shall succeed to and be substituted for, and may exercise every right and power of the Predecessor Company under the Existing Indenture, with

the same effect as if the Company had been named as the "Company" therein.

ARTICLE THREE
ENDORSEMENT AND CHANGE OF FORM OF DEBENTURE

Section 3.01. Any Debentures authenticated and delivered after the effective date of this First Supplemental Indenture shall (unless textually revised as hereinafter provided) bear the following notation which may be stamped, typewritten or overprinted thereon:

> "On May 4, 1984, Crystal Oil Company, a Maryland corporation ("Crystal"), was merged into Crystal Oil Louisiana, Inc., a Louisiana corporation ("Crystal Louisiana"). Crystal Louisiana has, pursuant to the terms of that merger and that certain First Supplemental Indenture dated as of May 4, 1984, between it and the Trustee (the "Supplemental Indenture"), assumed the due and punctual payment of the principal of and premium, if any, and the interest on the Debentures and the performance of each and every covenant and condition of the Indenture to be performed or observed by Crystal. Copies of the Supplemental Indenture are on file at the principal corporate trust office of the Trustee."

Any Debentures hereafter authenticated and delivered in exchange or substitution for Debentures then

outstanding shall, if the Company so elects, be textually revised in a form approved by the Trustee to make reference to the First Supplemental Indenture instead of being stamped, typewritten or overprinted as hereinabove provided.

Anything herein or in the Existing Indenture to the contrary notwithstanding, the failure to affix the notation herein provided to any Debenture or to exchange any Debenture for a new Debenture modified as herein provided shall not affect the rights of the Holder of such Debenture.

Section 3.02. Notwithstanding anything contained herein to the contrary, the Trustee shall not at any time be under any responsibility to require or cause any Debenture now or hereafter outstanding to be presented to it or delivered to it for any purpose provided for in this Article Three or for the legal consequences of the failure of any holder of Debentures so to present or deliver the same.

## ARTICLE FOUR
## MISCELLANEOUS

Section 4.01. Except as expressly supplemented by this First Supplemental Indenture, the Existing Indenture and the Debentures issued thereunder are in all respects ratified and confirmed and all of the rights, remedies, terms, conditions, covenants and agreements of the Existing Indenture, and Debentures issued thereunder shall remain in full force and effect.

Section 4.02. This First Supplemental Indenture is executed as and shall constitute an indenture supplemental to

the Existing Indenture and shall be construed in connection with and as part of the Existing Indenture. This First Supplemental Indenture shall be governed by and construed in accordance with the laws of the jurisdiction which governs the Existing Indenture and its construction.

Section 4.03. If any provision of this First Supplemental Indenture limits, qualifies or conflicts with another provision of this First Supplemental Indenture or any provision of the Existing Indenture, which is required to be included by any of the provisions of Sections 310 to 317 inclusive of the Trust Indenture Act of 1939, such required provision shall control.

Section 4.04. The recitals contained in this First Supplemental Indenture shall be taken as statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this First Supplemental Indenture.

Section 4.05. This First Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes; but such counterparts shall together be deemed to constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this First Supplemental Indenture to be duly executed, and

their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

ATTEST:

SECRETARY

CRYSTAL OIL LOUISIANA, INC.

By:
Title:

ATTEST:

BANK OF THE SOUTHWEST NATIONAL ASSOCIATION, HOUSTON

By:
Vice President

RAM01148

CRYSTAL OIL LOUISIANA, INC.

STATE OF LOUISIANA |
PARISH OF CADDO |

This instrument was acknowledged before me on May 3, 1984, by Robert T. Roberts, the President of Crystal Oil Louisiana, Inc., a Louisiana corporation, on behalf of said corporation.

Carla Virginia Bryant
Notary Public in and for
the State of Louisiana

My commission expires:

at death

RAM01149

TRUSTEE

STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me on MAY 1, 1984, by J. CHRIS MATTHEWS, a Vice President of BANK OF THE SOUTHWEST NATIONAL ASSOCIATION, HOUSTON, a state banking corporation, on behalf of said state banking corporation, in its capacity as trustee.

Donna Lynn Smith
Notary Public in and for
the State of Texas

My commission expires:

6-25-86

DONNA LYNN SMITH
Notary Public, State of Texas
My Commission Expires June 25, 1986

FIRST SUPPLEMENTAL INDENTURE

Dated as of May 4, 1984

between

CRYSTAL OIL LOUISIANA, INC.

and

FIRST CITY NATIONAL BANK OF HOUSTON,
as Trustee

to

INDENTURE

Dated as of May 1, 1981

between

CRYSTAL OIL COMPANY

and

FIRST CITY NATIONAL BANK OF HOUSTON,
as Trustee

9% Convertible Subordinated Debentures due 1991

FIRST SUPPLEMENTAL INDENTURE, dated as of May 4, 1984, by and between CRYSTAL OIL LOUISIANA, INC., a corporation organized and existing under the laws of the State of Louisiana (the "Company"), having its principal offices at 229 Milam Street, P.O. Box 21101, Shreveport, Louisiana 71120, and FIRST CITY NATIONAL BANK OF HOUSTON, a national banking corporation organized and existing under the laws of the United States of America ("Trustee"), having its principal corporate trust office in Houston, Texas;

W I T N E S S E T H:

WHEREAS, Crystal Oil Company, a corporation organized and existing under the laws of the State of Maryland (the "Predecessor Company"), has heretofore executed and delivered to the Trustee that certain Indenture dated as of May 1, 1981, by and between the Predecessor Company and the Trustee (the "Existing Indenture") pursuant to which the Predecessor Company issued its 9% Convertible Subordinated Debentures due 1991 (the "Debentures") in the original aggregate principal amount of $31,200,000;

WHEREAS, pursuant to that certain Agreement of Merger and Plan of Reorganization dated May 2, 1984, between the Company and the Predecessor Company (the "Merger Agreement"), the Predecessor Company has been merged with and into the Company on the date hereof (the "Merger"), and in connection with the Merger, each outstanding share of common

stock of the Predecessor Company, $1.00 par value, will automatically be converted into and exchanged for one share of the common stock of the Company, $1.00 par value;

WHEREAS, Section 11.01 of the Existing Indenture provides that in the event the Predecessor Company merges into another corporation, the successor corporation shall expressly assume, by supplemental indenture to the Existing Indenture, executed and delivered to the Trustee in a form satisfactory to the Trustee, the due and punctual payment of the principal of and the interest on all the outstanding Debentures and the due and punctual performance and observance of all of the covenants and conditions of the Existing Indenture on the part of the Predecessor Company to be performed or observed;

WHEREAS, as a result of the Merger, the Company has succeeded to and become subject to and responsible for all debts, liabilities and obligations of the Predecessor Company and, therefore, desires to assume the due and punctual payment of the principal of and the interest on all the outstanding Debentures and the performance of all of the covenants and conditions required to be performed or observed by the Predecessor Company under the Existing Indenture;

WHEREAS, Section 3.04(h) of the Existing Indenture provides that in the event the Predecessor Company merges into any other corporation (other than in certain instances

not herein applicable), such successor corporation shall execute with the Trustee a supplemental indenture to the Existing Indenture providing that each Debenture shall be convertible into the number of shares of stock or other securities or property (including cash) or a combination or thereof receivable upon such merger by a holder of a number of shares of common stock of the Predecessor Company and also providing for adjustments which, for events subsequent to the effective date of the supplemental indenture, shall be nearly equivalent as may be practicable to the adjustments provided in Article Three of the Existing Indenture;

WHEREAS, immediately prior to the Merger, each $1,000 principal amount of the Debentures was convertible into 26 shares of common stock of the Predecessor Company at a conversion price of $37.50 per share;

WHEREAS, the parties deem it necessary to enter into this First Supplemental Indenture to evidence the succession of the Company as the successor to the Predecessor Company and the assumption by the Company of all of the obligations of the Predecessor Company and to make provision with respect to the conversion rights of the Debentures pursuant to the requirements of Section 3.04(h) of the Existing Indenture;

WHEREAS, Section 10.01 of the Existing Indenture provides that the Predecessor Company and Trustee may, from

time to time, without the consent of the holders of the Debentures, enter into one or more supplemental indentures to provide for, among other things, the purposes described above;

WHEREAS, the Company has been duly authorized by its Board of Directors to enter into, execute and deliver this First Supplemental Indenture;

WHEREAS, all conditions contained in the Existing Indenture with respect to the Merger have been complied with; and

WHEREAS, all conditions and requirements necessary to make the Debentures issued under the Existing Indenture as hereby supplemented the valid obligations of the Company and to make the Existing Indenture as hereby supplemented a valid and binding agreement of the Company, in accordance with its terms, have been performed and fulfilled;

NOW THEREFORE, in order to comply with the provisions of the Existing Indenture and for and in consideration of the premises and the covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Trustee, for the equal and proportionate benefit of all holders of the Debentures, agree as follows:

ARTICLE ONE
DEFINITIONS

Section 1.01. The definition of the term "Company", as set forth in Article 1 of the Existing Indenture is hereby amended to read in its entirety as follows:

Company:

The term "Company" shall mean Crystal Oil Louisiana, Inc., a Louisiana corporation, and, subject to the provisions hereof, shall also include its successors and assigns.

Section 1.02. Unless otherwise defined herein, all terms used in this First Supplemental Indenture that are defined in the Existing Indenture shall have the same meanings as used therein.

ARTICLE TWO
ASSUMPTION AND SUBSTITUTION

Section 2.01. The Company hereby expressly assumes the due and punctual payment of the principal of and the interest on all the Debentures, and the performance and observance of all of the covenants and conditions of the Existing Indenture on the part of the Predecessor Company to be performed or observed, and has provided for conversion rights in accordance with Section 3.04(h) of the Existing Indenture.

Section 2.02. The Company shall succeed to and be substituted for, and may exercise every right and power of the Predecessor Company under the Existing Indenture, with

the same effect as if the Company had been named as the "Company" therein.

Section 2.03. Immediately after the Merger, each $1,000 principal amount of the Debentures will be convertible into 26 shares of common stock of the Company at a conversion price of $37.50 per share.

ARTICLE THREE
ENDORSEMENT AND CHANGE OF FORM OF DEBENTURE

Section 3.01. Any Debentures authenticated and delivered after the effective date of this First Supplemental Indenture shall (unless textually revised as hereinafter provided) bear the following notation which may be stamped, typewritten or overprinted thereon:

"On May 4, 1984, Crystal Oil Company, a Maryland corporation ("Crystal") was merged into Crystal Oil Louisiana, Inc., a Louisiana corporation ("Crystal Louisiana"). Crystal Louisiana has, pursuant to the terms of that merger and that certain First Supplemental Indenture dated as of May 4, 1984, between it and the Trustee (the "Supplemental Indenture"), assumed the due and punctual payment of the principal of and the interest on the Debentures and the performance of all of the covenants and conditions of the Indenture to be performed or observed by Crystal. This Debenture is now convertible into shares of Common Stock of Crystal Louisiana subject to adjustment as provided in Article 3 of the Indenture. Copies of the

Supplemental Indenture are on file at the principal corporate trust office of the Trustee."

Any Debentures hereafter authenticated and delivered in exchange or substitution for Debentures then outstanding shall, if the Company so elects, be textually revised in a form approved by the Trustee to make reference to the First Supplemental Indenture instead of being stamped, typewritten or overprinted as hereinabove provided.

Section 3.02. Notwithstanding anything contained herein to the contrary, the Trustee shall not at any time be under any responsibility to require or cause any Debenture now or hereafter outstanding to be presented to it or delivered to it for any purpose provided for in this Article Three or for the legal consequences of the failure of any holder of Debentures so to present or deliver the same.

## ARTICLE FOUR
## MISCELLANEOUS

Section 4.01. Except as expressly supplemented by this First Supplemental Indenture, the Existing Indenture and the Debentures issued thereunder are in all respects ratified and confirmed and all of the rights, remedies, terms, conditions, covenants and agreements of the Existing Indenture, and Debentures issued thereunder shall remain in full force and effect.

Section 4.02. This First Supplemental Indenture is executed as and shall constitute an indenture supplemental to the Existing Indenture and shall be construed in connection

with and as part of the Existing Indenture. This First Supplemental Indenture shall be governed by and construed in accordance with the laws of the jurisdiction which governs the Existing Indenture and its construction.

Section 4.03. If any provision of this First Supplemental Indenture limits, qualifies or conflicts with another provision of this First Supplemental Indenture or any provision of the Existing Indenture which is required to be included by any of the provisions of Sections 310 to 317 inclusive of the Trust Indenture Act of 1939, such required provision shall control.

Section 4.04. The recitals contained in this First Supplemental Indenture shall be taken as statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this First Supplemental Indenture.

Section 4.05. This First Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes; but such counterparts shall together be deemed to constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this First Supplemental Indenture to be duly executed, and

their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

ATTEST:

SECRETARY

CRYSTAL OIL LOUISIANA, INC.

By: _____
Title: PRESIDENT

ATTEST:

FIRST CITY NATIONAL BANK OF HOUSTON

By: _____
Vice President

CRYSTAL OIL LOUISIANA, INC.

STATE OF LOUISIANA |
PARISH OF CADDO |

This instrument was acknowledged before me on May 3, 1984, by Robert F. Roberts, the President of Crystal Oil Louisiana, Inc., a Louisiana corporation, on behalf of said corporation.

Carla Virginia Bryant
Notary Public in and for
the State of Louisiana

My Commission expires:
at death



RAM01161

TRUSTEE

STATE OF Texas
COUNTY OF Harris

This instrument was acknowledged before me on 5-3, 1984, by Dennis H Walter, a Vice President of FIRST CITY NATIONAL BANK OF HOUSTON, a national banking association, on behalf of said national banking association, in its capacity as trustee.

Janice S. Morehead
Notary Public in and for
the State of Texas

My commission expires:

JANICE S. MOREHEAD
Notary Public, State of Texas
My Commission Expires April 30, 1985

RAM01162

CRYSTAL OIL COMPANY

COMPOSITE CERTIFICATE

The undersigned, Robert F. Roberts, as Chairman of the Board, President and Chief Executive Officer, and L. G. Caskey, as Secretary, of Crystal Oil Company, a Louisiana corporation (the "Company"), do hereby certify, respectively as follows:

1. The undersigned, Robert F. Roberts, as Chairman of the Board, President and Chief Executive Oficer, and L. G. Caskey, as Secretary, of the Company certify that the persons named in Exhibit A attached hereto have been duly elected or appointed, have been duly qualified and on April 6, 1984, were and at all subsequent times to and including the date hereof have been officers of the Company holding the respective offices set opposite their names in Exhibit A and the signatures set opposite their names in Exhibit A are their genuine signatures or copies thereof.

2. The undersigned, L. G. Caskey, as Secretary of the Company, certifies:

(i) The Articles of Incorporation of the Company have not been amended or otherwise modified since April 30, 1984;

(ii) Attached hereto as Exhibit B is a true and correct copy of the Plan of Reorganization and Agreement of Merger;

(iii) Attached hereto as Exhibit C are true and correct copies of the resolutions of the Board of Directors of the Company which are now and have been in full force and effect since April 6, 1984 and May 2, 1984, respectively, and of the sole shareholder of the Company which are now and have been in full force and effect since May 2, 1984; and

(iv) Attached hereto as Exhibit D are true and correct copies of the First Supplemental Indentures dated as of May 4, 1984, between the Company and Bankers Trust Company (the "Trustee") with respect to the following Indentures:

(i) Indenture dated as of June 15, 1978, between the Company and the Trustee with respect to 12-5/8% Subordinated Debentures due June 15, 1990;

(ii) Indenture dated as of April 15, 1980, between the Company and the Trustee with respect to 11-3/8% Convertible Subordinated Debentures due 2000;

(iii) Indenture dated as of July 15, 1980, between the Company and the Trustee with respect to 11-3/8% Convertible Subordinated Debentures due 2000; and

(iv) Indenture dated as of December 15, 1981 between the Company and the Trustee with respect to 12-5/8% Subordinated Debentures due December 12, 2001.

WITNESS our hands and the seal of the Company this 4th day of May, 1984.

Robert F. Roberts, Chairman of the Board, President and Chief Executive Officer

L. G. Caskey, Secretary

EXHIBIT A

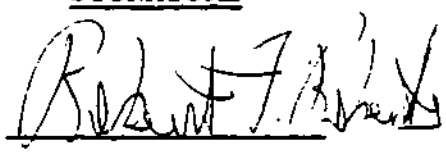
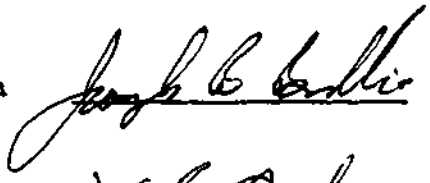
| NAME | OFFICE | SIGNATURE |
| --- | --- | --- |
| Robert F. Roberts | Chairman of the Board, President and Chief Executive Officer |  |
| Joseph B. Boddie | Vice President, Corporate Affairs and Administration |  |
| L. G. Caskey | Secretary | |

EXHIBIT B

PLAN OF REORGANIZATION
AND
AGREEMENT OF MERGER

This Plan of Reorganization and Agreement of Merger dated as of May 2nd, 1984 (this "Agreement"), between Crystal Oil Company, a Maryland corporation ("Crystal"), and Crystal Oil Louisiana, Inc., a Louisiana corporation ("Crystal Louisiana"), such corporations being hereinafter collectively referred to as the "Constituent Corporations",

W I T N E S S E T H:

WHEREAS, Crystal is a corporation duly organized and existing under the laws of the State of Maryland, having been incorporated on February 3, 1926, and having an authorized capital stock of 36,000,000 shares of capital stock comprised of (i) 1,000,000 shares of Preferred Stock, $5.00 par value, none of which is issued and outstanding, and (ii) 35,000,000 shares of common stock, $1.00 par value (the "Crystal Common Stock"), of which 20,937,454 shares are issued and outstanding and 2,877,884 shares are reserved for issuance upon conversion of Crystal's convertible securities.

WHEREAS, Crystal Louisiana is a corporation duly organized and existing under the laws of the State of Louisiana, having been incorporated on February 24, 1984, and its registered office is in the parish of Caddo, and having an authorized capital stock comprised of (i) 1,000,000 shares of Preferred Stock, $5.00 par value per share, none of which is issued and outstanding and (ii) 35,000,000 shares of common stock, $1.00 par value per share (the "Common Stock"), of which one share is issued and outstanding.

WHEREAS, the respective Boards of Directors of Crystal and Crystal Louisiana deem it advisable and in the best interests of said corporations and the respective stockholders thereof, that Crystal be merged with and into Crystal Louisiana as the surviving corporation as authorized by the statutes of the States of Maryland and Louisiana under and pursuant to the terms and conditions hereinafter set forth, and each of such Boards has duly approved this Agreement; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, and for the purpose of setting forth the terms and conditions of

the merger provided for by this Agreement (the "Merger"), the mode of carrying the same into effect, the manner and basis of converting the shares of the Crystal Common Stock into shares of the Crystal Louisiana Common Stock and such other details and provisions as are deemed necessary or desirable, the parties hereto have agreed and do hereby agree, subject to the approval or adoption of this Agreement by the requisite vote of the stockholders of each Constituent Corporation, and subject to the conditions hereinafter set forth, as follows:

ARTICLE I

Merger and Name of Surviving Corporation

At the Effective Time of the Merger, as hereinafter defined, Crystal shall be merged with and into Crystal Louisiana, which is hereby designated as the "Surviving Corporation", which shall be named "Crystal Oil Company".

ARTICLE II

Terms and Conditions of Merger

The terms and conditions of the Merger are (in addition to those set forth elsewhere in this Agreement) as follows:

(a) Upon and following the Effective Time of the Merger:

(1) The Constituent Corporations shall be a single corporation, which shall be Crystal Louisiana, the corporation designated herein as the Surviving Corporation.

(2) The separate corporate existence of Crystal shall cease.

(3) The Surviving Corporation shall possess all the rights, privileges, immunities and franchises, of a public as well as of a private nature, of each of the Constituent Corporations; and all property, real, personal and mixed, and all debts due to either Constituent Corporation on whatever account, including subscriptions to shares, and all other choses in action, and all and every other interest, of or belonging to or due to either of the Constituent Corporations shall be taken

and deemed to be transferred to and vested in the Surviving Corporation without further act or deed.

(4) The Surviving Corporation shall be responsible and liable for all liabilities and obligations of each of the Constituent Corporations; and any claim existing or action or proceeding pending by or against either of the Constituent Corporations may be prosecuted as if the Merger had not taken place, or the Surviving Corporation may be substituted in its place. Neither the rights of creditors nor any liens upon the property of either of the Constituent Corporations shall be impaired by the Merger. The Surviving Corporation shall adopt, assume and continue all employee benefit plans, whether welfare or retirement, without any gap or lapse of coverage.

(b) At the Effective Time of the Merger, pursuant to Section 2 of Article V of the bylaws of the Surviving Corporation, the number of directors comprising the Board of Directors of the Surviving Corporation shall be six (6), and the Board of Directors, and the members thereof, of the Surviving Corporation shall be:

Robert F. Roberts
Mark A. Roberts
L. G. Caskey
Richard H. Sucher
R. Gordon Bader
James E. Hogle, Jr.

each to serve in accordance with the bylaws of the Surviving Corporation and until his successor shall have been duly elected and qualified.

(c) At the Effective Time of the Merger, the officers of Crystal immediately prior to the Effective Time of the Merger, shall be and constitute the officers of the Surviving Corporation to serve in accordance with the bylaws of the Surviving Corportion until their respective successors shall have been duly elected and qualified in accordance with such bylaws.

(d) The first annual meeting of the shareholders of the Surviving Corporation held after the date of the filing of this Agreement in the office of the Secretary of State of Louisiana shall be the annual meeting provided or to be provided by the by-laws thereof for the year 1985.

(e) The first regular meeting of the Board of Directors of the Surviving Corporation to be held after the date of filing of this Agreement in the office of the



RAM01169

Secretary of State of Louisiana may be called or may convene in the manner provided in the by-laws of the Surviving Corporation and may be held at the time and place specified in the notice of the meeting.

ARTICLE III

Capitalization of Surviving Corporation
And Manner and Basis of Converting Shares

The total authorized capital stock of the Surviving Corporation shall be as set forth in the Articles of Incorporation of the Surviving Corporation, that is, 35,000,000 shares of common stock, $1.00 par value (the "Common Stock of the Surviving Corporation") and 1,000,000 shares of Preferred Stock, $5.00 par value.

The manner and basis of converting the shares of Crystal into shares of the Surviving Corporation and the mode of carrying the Merger into effect shall be as follows:

(a) All shares, if any, of the Crystal Common Stock which, immediately prior to the Effective Time of the Merger, were (i) held by Crystal as treasury shares or (ii) outstanding and owned by Crystal or any direct or indirect wholly owned subsidiary of Crystal shall be cancelled and retired and no securities or cash shall be issued or paid with respect thereto.

(b) Each share of Crystal Common Stock outstanding at the Effective Time of the Merger shall be automatically converted without any action on the part of the holder thereof into one fully paid and nonassessable share of Common Stock of the Surviving Corporation. After the Effective Time of the Merger, each holder of an outstanding certificate which prior thereto represented shares of Crystal Common Stock shall be entitled, upon surrender thereof to the transfer agent for the Common Stock of the Surviving Corporation, to receive in exchange therefor a certificate or certificates representing the number of shares of Common Stock of the Surviving Corporation into which the shares of Crystal Common Stock so surrendered shall have been converted as aforesaid, of such denominations and registered in such names as such holder may request. Until surrendered as provided in this paragraph (b), each of such outstanding certificates which, prior to the Effective Time of the Merger, represented shares of the Crystal Common Stock shall for all purposes evidence the ownership of the shares of Common Stock of the Surviving Corporation into which such shares shall have been so converted.

(c) All shares of Common Stock of the Surviving Corporation into which shares of Crystal Common Stock shall have been converted pursuant to this Article III shall be issued in full satisfaction of all rights pertaining to such converted shares, subject, however, to the obligation of the Surviving Corporation to pay such dividends, if any, as may have been declared by Crystal on such shares of Crystal Common Stock and as remain unpaid at the Effective Time of the Merger.

(d) If any certificate for shares of capital stock of the Surviving Corporation is to be issued in a name other than that in which the certificate surrendered in exchange therefor is registered, it shall be a condition of the issuance thereof that the certificate so surrendered shall be properly endorsed and otherwise in proper form for transfer and that the person requesting such exchange shall have paid to the Surviving Corporation or any agent designated by it any transfer or other taxes required by reason of the issuance of a certificate for shares of capital stock of the Surviving Corporation in any name other than that of the registered holder of the certificate surrendered, or establish to the satisfaction of the Surviving Corporation or any agent designated by it that such tax has been paid or is not payable.

ARTICLE IV

Articles of Incorporation and Bylaws

(a) The Articles of Incorporation, and each amendment thereto, of Crystal Louisiana as existing and constituted immediately prior to the Effective Time of the Merger shall, upon the Merger's becoming effective, be and constitute the Articles of Incorporation of the Surviving Corporation until amended in the manner provided by law; provided, however, that Article First of the Articles of Incorporation of the Surviving Corporation is hereby amended to be effective at the Effective Time of the Merger to read as follows:

FIRST: The name of the corporation is Crystal Oil Company.

(b) The bylaws of Crystal Louisiana as existing and constituted immediately prior to the Effective Time of the Merger shall, upon the Merger's becoming effective, be and constitute the bylaws of the Surviving Corporation until amended in the manner provided by law.

ARTICLE V

Other Provisions with Respect to Merger

(a) This Agreement shall be submitted to the stockholders of each Constituent Corporation as provided by the applicable laws of the States of Maryland and Louisiana. As soon as practicable after the approval or adoption thereof by the stockholders of each Constituent Corporation in accordance with the requirements of the laws of the States of Maryland and Louisiana and the obtaining of all necessary regulatory approvals, all required documents shall be executed, filed and recorded and all required acts shall be done in order to accomplish the Merger under the provisions of the applicable statutes of the States of Maryland and Louisiana.

ARTICLE VI

Approval and Effective Time of the Merger

The Merger shall become effective when all the following actions shall have been taken:

(a) this Agreement shall be adopted and approved on behalf of each Constituent Corporation in accordance with the General Corporation Law of the State of Maryland and the Louisiana Business Corporation Law,

(b) Articles of Merger (with this Agreement attached as part thereof), setting forth the information required by, and executed and verified in accordance with, the Maryland General Corporation Law, shall be filed in the office of the Secretary of State of the State of Maryland, and

(c) this Agreement as so adopted and approved, when certified, executed and acknowledged in accordance with the Business Corporation Law of the State of Louisiana, shall be filed and recorded in the office of the Secretary of State of the State of Louisiana (the particular time and date at which such filing and recording shall be accomplished being herein referred to as the "Effective Time of the Merger").

ARTICLE VII

Miscellaneous Provisions

(a) If at any time the Surviving Corporation shall consider or be advised that any further assignment or assurance in law or other action is necessary or desirable

to vest, perfect or confirm, of record or otherwise, in the Surviving Corporation the title to any property or rights of Crystal acquired or to be acquired by or as a result of the Merger, the proper officers and directors of Crystal and the Surviving Corporation, respectively, shall be, and they hereby are, severally and fully authorized to execute and deliver such deeds, assignments and assurances in law and to take such other action as may be necessary or proper in the name of Crystal or the Surviving Corporation to vest, perfect or confirm title to such property or rights in the Surviving Corporation and otherwise carry out the purposes of this Agreement.

(b) The Boards of Directors of the Constituent Corporations may (by an instrument in writing signed on behalf of each of the parties hereto) amend this Plan of Reorganization and Agreement of Merger at any time prior to the filing of this Plan of Reorganization and Agreement of Merger with the Secretary of State of the State of Louisiana, provided that any amendment to this Plan of Reorganization and Agreement of Merger made subsequent to the adoption of this Plan of Reorganization and Agreement of Merger by the stockholders of any Constituent Corporation shall not (1) alter or change the amount or kind of shares, securities, cash, property and/or rights to be received in exchange for or on conversion of all or any of the shares of any class or series thereof of such Constituent Corporation, (2) alter or change any term of the Articles of Incorporation of the Surviving Corporation to be effected by the Merger, or (3) alter or change any of the terms and conditions of this Plan of Reorganization and Agreement of Merger if such alteration or change would adversely affect the holders of any class of series thereof of such Constituent Corporation.

(c) For the convenience of the parties and to facilitate the filing and recording of this Agreement, any number of counterparts hereof may be executed, and each such counterpart shall be deemed to be an original instrument.

(d) This Agreement and the legal relations between the parties hereto shall be governed by and construed in accordance with the laws of the State of Louisiana except insofar as provisions of the Maryland General Corporation Law are required by the laws of the State of Maryland to be applied to the Merger.

(e) The Surviving Corporation shall pay all expenses of carrying this Agreement into effect and of accomplishing the Merger.

(f) This Agreement cannot be altered or amended except pursuant to an instrument in writing signed by the parties hereto.

IN WITNESS WHEREOF, the parties to this agreement of merger, pursuant to authority duly given by their respective boards of directors have caused this agreement of merger to be executed by a majority of the directors of each party hereto, and corporate seal affixed.

CRYSTAL OIL COMPANY

By _____
Robert F. Roberts

_____
Mark A. Roberts

_____
L. G. Caskey

_____
Richard H. Sucher

_____
R. Gordon Bader

_____
James E. Hogle, Jr.

CRYSTAL OIL LOUISIANA, INC.

By _____
Robert F. Roberts

_____
Mark A. Roberts

_____
L. G. Caskey

_____
Richard H. Sucher

_____
R. Gordon Bader

_____
James E. Hogle, Jr.



RAM01174

I, L. G. Caskey, Secretary of Crystal Oil Louisiana, Inc., a corporation organized and existing undr the laws of the State of Louisiana, hereby certify, as such secretary, that the Plan of Reorganization and Agreement of Merger to which this certificate is attached, after having been first duly signed by a majority of the board of directors on behalf of said corporation and having been signed by a majority of the Board of Directors on behalf of Crystal Oil Company, a Maryland corporation, was duly submitted to the shareholders of said Crystal Oil of Louisiana, Inc. at a special meeting of said shareholders called and held separately from the meeting of shareholders of any other corporation after notice by mail as provided by R.S. 12:73, La. Rev. Stats. 1950 on the 26th day of March, 1984, for the purpose of considering and taking action upon the proposed Plan of Reorganization and Agreement of Merger; that a quorum of shareholders was present or represented at said meeting; that one share of stock of said corporation was on said date issued and outstanding having voting power; that the proposed Plan of Reorganization and Agreement of Merger was approved by the shareholders by an affirmative vote representing at least two-thirds of the voting power present at the shareholders meeting of said corporation, and that thereby the Plan of Reorganization and Agreement of Merger was at said meeting duly adopted as the act of the shareholders of said Crystal Oil Louisiana, Inc. and the duly adopted agreement of said corporation.

WITNESS my hand on this 4th day of May, 1984.

L. G. Caskey, Secretary

I, L. G. Caskey, Secretary of Crystal Oil Company, a corporation organized and existing under the laws of the State of Maryland, hereby certify, as such Secretary and under the seal of the said corporation, that the Plan of Reorganization and Agreement of Merger to which this Certificate is attached, after having been first duly signed on behalf of the said corporation by a majority of the directors thereof, was duly submitted to the stockholders of said Crystal Oil Company, at the annual meeting of said stockholders called and held separately from the meeting of stockholders of any other corporation, after at least ten (10) days' notice by mail, as provided by the Maryland General Corporation Law on the 27th day of April, 1984 for the purpose of considering and taking action upon the proposed Plan of Reorganization and Agreement of Merger, that 20,937,454 (20,937,454) shares of stock of said corporation were on said day issued and outstanding, that the holders of 285,596 (285,596) shares voted against the approval of the proposed Plan of Reorganization and Agreement of Merger, the said affirmative vote representing at least two-thirds of the total number of shares of the outstanding capital stock of said corporation entitled to vote thereon, and thereby the Plan of Reorganization and Agreement of Merger was at said meeting duly adopted as the act of the stockholders of said Crystal Oil Company as the duly adopted Agreement of the said corporation.

WITNESS my hand on this 4th day of May, 1984.

L. G. Caskey

L. G. Caskey, Secretary

RAM01176

THE ABOVE PLAN OF REORGANIZATION AND AGREEMENT OF MERGER, having been executed by a majority of the Board of Directors of each corporate party thereto, and having been adopted separately by each corporate party thereto, in accordance with the provisions of the Business Corporation Law of the State of Louisiana, and the General Corporation Law of the State of Maryland, and that fact having been certified on said Plan of Reorganization and Agreement of Merger by the Secretary of corporate party thereto, the President of each corporate party thereto does now hereby execute the said Plan of Reorganization and Agreement of Merger by authority of the directors and shareholders thereof, as a respective agreement of each of said corporations, on this 4th day of May, 1984.

CRYSTAL OIL COMPANY

Robert F. Roberts, President

CRYSTAL OIL LOUISIANA, INC.

Robert F. Roberts, President

RAM01177

STATE OF LOUISIANA )
PARISH OF CADDO )

BE IT REMEMBERED that on this 4th day of May, A.D. 1984, personally came before me, the undersigned, a Notary Public in and for the parish and state aforesaid, Robert F. Roberts, President of Crystal Oil Louisiana, Inc., a corporation of the State of Louisiana and one of the corporations described in and which executed the foregoing Plan of Reorganization and Agreement of Merger, and he duly executed said Plan of Reorganization and Agreement of Merger before me and acknowledged said Plan of Reorganization and Agreement of Merger to be the agreement of said corporation.

IN WITNESS WHEREOF the said appearer has signed these presents and I have hereunto affixed my official hand and seal, on the day and date first hereinabove written.

Robert F. Roberts, President of
Crystal Oil Louisiana, Inc.
(A Louisiana Corporation)

(NOTARIAL SEAL) Carla Virginia Bryant
NOTARY PUBLIC

RAM01178

STATE OF LOUISIANA )
PARISH OF CADDO )

BE IT REMEMBERED that on this 4th day of May, A.D. 1984, personally came before me, the undersigned, a Notary Public in and for the parish and state aforesaid, Robert F. Roberts, President of Crystal Oil Company, a corporation of the State of Maryland and one of the corporations described in and which executed the foregoing Plan of Reorganization and Agreement of Merger, and he duly executed said Plan of Reorganization and Agreement of Merger before me and acknowledged said Plan of Reorganization and Agreement of Merger to be the agreement of said corporation.

IN WITNESS WHEREOF the said appearer has signed these presents and I have hereunto affixed my official hand and seal, on the day and date first hereinabove written.

Robert F. Roberts, President of
Crystal Oil Company
(A Maryland Corporation)

(NOTARIAL SEAL) Carla Virginia Bryant
NOTARY PUBLIC

RAM01179

EXHIBIT C

CRYSTAL OIL LOUISIANA, INC.

Consent of Directors in Lieu
of Organization Meeting

Pursuant to Section 12:81(C)(9) of the Business Corporation Law of the State of Louisiana, the undersigned, being all of the directors of Crystal Oil Louisiana, Inc., a Louisiana corporation (the "Company"), and in lieu of an organization meeting of directors, the call of which is hereby expressly waived, do hereby consent to the adoption of the following resolutions:

RESOLVED, that the form, terms and provisions of the Articles of Incorporation of the Company approved and filed in the office of the Secretary of State of the State of Louisiana on the 24th day of February, 1984, and a certified copy of which was recorded in the office of the Recorder of Mortgages of Caddo Parish, Louisiana, on the 9th day of April, 1984, are hereby in all respects approved, and that the Secretary is hereby instructed to file in the minute book of the Company a copy of the Certificate of Incorporation of the Company;

RESOLVED, that the by-laws attached hereto as Exhibit A are hereby adopted as the by-laws of the Company;

RESOLVED, that the following persons are hereby elected to the offices of the Company set before their respective names until their respective successors are elected and qualified or until their earlier resignation or removal:

| Name | Office |
|---|---|
| Robert F. Roberts | Chairman of the Board, President and Chief Executive Officer |
| Mark A. Roberts | Executive Vice President |
| Richard D. Miller | Senior Vice President |
| Sam J. Clinton | Senior Vice President |
| W. E. Warnock | Vice President-Engineering |
| Daniel Grubb | Vice President-Exploration |
| Joseph B. Boddie | Vice President-Corporate Affairs and Administration |
| James W. Renz | Vice President and Controller |
| L. G. Caskey | Secretary |
| Bryce Crider | Treasurer |
| Earl Etzel | Assistant Secretary |
| J. Ron Gordon | Assistant Vice President |
| L. D. Todd | Assistant Vice President |

RESOLVED, that the form of stock certificate representing shares of Common Stock of the Company attached hereto as Exhibit B is approved and adopted and that the Secretary is instructed to insert a specimen thereof in the minute book;

RESOLVED, that the seal, an impression of which is hereto affixed, is adopted as the corporate seal of the Company;

RESOLVED, that the proper officers are authorized and directed to open accounts in the name of the Company with Louisiana Bank & Trust Company and Bankers Trust Company;

RESOLVED, that the proper officers of the Company are authorized and directed to execute such signature cards and other documents in connection with such accounts as may be necessary or advisable;

RESOLVED, that the proper officers of the Company are authorized and directed to issue to Crystal Oil Company, a Maryland corporation, a certificate representing one share of common stock of the Company, $1.00 par value (the "Company Common Stock"), for $1,000;

RESOLVED, that of the $1,000 consideration received for the issuance of the foregoing share of the Company Common Stock, $1.00 is hereby allocated to the capital stock account and $999 is hereby allocated to the paid-in surplus account on the books of the Company;

RESOLVED, that the proper officer of the Company is hereby authorized to pay all fees and expenses incident to and necessary for the organization of the Company;

RESOLVED, that the fiscal year of the Company shall end on December 31 of each calendar year;

RESOLVED, that the authorized number of Directors constituting the whole Board of Directors of the corporation shall be six;

RESOLVED, that the president or a vice president and the secretary or assistant secretary of the Company are authorized and directed to execute the Certificate of Correction in the form attached hereto as Exhibit C, which corrects the Company's registered office to 229 Milam, Shreveport, Louisiana 71101;

RESOLVED, that the proper officers are authorized and directed to file the Certificate of Correction with the Secretary of State of the State of Louisiana;

RESOLVED, that the Board of Directors hereby deem the merger of the Company with Crystal Oil Company, a Maryland corporation, ("Crystal"), in the best interests of the Company and declare such merger to be advisable on the terms as set forth herein and in the Plan of Reorganization and Agreement of Merger as reviewed by the directors;

RESOLVED, that the form, terms and provisions of the Plan of Reorganization and Agreement of Merger (the "Agreement") attached hereto as Exhibit D to be entered into by the Company and Crystal, in the form before this meeting, providing for the merger of Crystal into the Company (the "Merger") and setting forth the terms and

conditions of said Merger and the mode of carrying the same into effect, are hereby in all respects approved; that the President or any Vice President is hereby authorized and directed, for and in the name and on behalf of the Company to execute and deliver agreements substantially in the form of the Agreement submitted to and approved at this meeting, with such changes therein or additions thereto as the executing officer, with advice of counsel, shall approve, such approval to be conclusively evidenced by such execution and delivery, and to cause the corporate seal of the Company to be affixed thereto and attested by the Secretary of the Company;

RESOLVED, that such Agreement be submitted to the stockholder of the Company in the manner required by law and the bylaws of the Company for approval;

RESOLVED, that upon approval of such Agreement by the stockholder of the Company in the manner required by law, (i) the President or any Vice President is hereby authorized and directed, for and in the name and on behalf of the Company to execute such Agreement and to cause the corporate seal to be affixed thereto and attested by the Secretary of the Company, (ii) the Secretary of the Company is hereby authorized and directed to certify on such Agreement, under the seal of the Company, the fact that at least two-thirds of the total number of the outstanding shares of common stock of the Company voted in favor of the adoption of such Agreement and file the Agreement with the Secretary of State of the State of Louisiana, and (iii) the President or any Vice President and the Secretary of the Company are hereby authorized and directed to execute and verify a Certificate or Articles of Merger in the form required by law and to file such Certificate or Articles of Merger with the Secretary of State of the State of Maryland;

RESOLVED, that the officers of the Company be, and each of them hereby is, authorized to cause to be issued for and in the name of the Company such number of shares of the Company Common Stock as may be issuable in exchange for

all of the outstanding shares of common stock, $1.00 par value, of Crystal in accordance with the terms of the Agreement, and that the authority of the transfer agents and registrars for the Company Common Stock be, and it hereby is, extended to include such number of shares of common stock, and upon the effective time of the Merger, such shares shall be deemed to be validly issued, fully paid and non-assessable and not issued in violation of any pre-emptive rights of any person;

RESOLVED, that the Company reserve, out of its authorized but unissued shares of Company Common Stock, such number of shares of Company Common Stock as may from time to time be issuable upon conversion of Crystal's outstanding 11 3/8% Convertible Subordinated Debentures due 2000 and its 9% Convertible Subordinated Debentures due 1991 and that the authority of the transfer agents and registrars for the Company Common Stock be, and it hereby is, extended to include such number of shares of common stock as may be issuable from time to time upon conversion of such convertible securities;

RESOLVED, that Republic Bank Dallas is appointed as Transfer Agent and Registrar of the Company Common Stock;

RESOLVED, that substitution application be made to the American Stock Exchange for the substitution listing of the Company Common Stock for the common stock, $1.00 par value, of Crystal and the substitution listing of the 12 5/8% Subordinated Debentures due June 15, 1990 of Crystal, the 11 3/8% Convertible Subordinated Debentures due 2000 of Crystal, the 13 3/4% Subordinated Debentures due July 15, 2000 of Crystal, the 9% Convertible Subordinated Debentures due 1991 of Crystal, the 12 5/8% Subordinated Debentures due December 15, 2001 of Crystal and the 14 7/8% Senior Subordinated Debentures due December 15, 1998 of Crystal for the Company's 12 5/8% Subordinated Debentures due June 15, 1990, the Company's 11 3/8% Convertible Subordinated Debentures due 2000, the Company's 13 3/4% Subordinated Debentures due July 15, 2000, the Company's 9% Convertible Subordinated Debentures

due 1991, the Company's 12 5/8% Subordinated Debentures due December 15, 2001 and the Company's 14 7/8% Senior Subordinated Debentures due December 15, 1998 (the "Company Debentures"), and that the President or any Vice President is hereby authorized and directed to sign said application and any listing agreements or documents required by said Exchange in connection therewith and to make such changes in any of same as may be necessary to conform with the requirements for listing, and to appear (if requested) before officials of said Exchange;

RESOLVED, that the President or any Vice President and the Secretary of the Company are authorized and directed to execute and deliver on behalf of the Company any supplemental indentures and other instruments and documents in order to succeed to and be substituted for Crystal with the same effect as if the Company had been named in the following indentures and the Company shall become liable and be bound for and shall expressly assume the due and punctual payment of the principal of and premium, if any, and interest on, and the performance and observance of each and every covenant and condition in connection with the Indenture dated as of June 15, 1978 between Crystal and Bankers Trust Company, Trustee relating to the 12 5/8% Subordinated Debentures due June 15, 1990 of Crystal, the Indenture dated as of April 15, 1980 between Crystal and Bankers Trust Company, Trustee relating to the 11 3/8% Convertible Subordinated Debentures due 2000 of Crystal, the Indenture dated as of July 15, 1980 between Crystal and Bankers Trust Company, Trustee relating to the 13 3/4% Subordinated Debentures due July 15, 2000 of Crystal, the Indenture dated as of May 1, 1981 between Crystal and First City National Bank of Houston, Trustee relating to the 9% Convertible Subordinated Debentures due 1991 of Crystal, the Indenture dated as of December 15, 1981 between Crystal and Bankers Trust Company, Trustee relating to the 12 5/8% Subordinated Debentures due December 15, 2001 of Crystal and the Indenture dated as of December 15, 1983 between Crystal and Bank of the Southwest National Association, Houston, Trustee relating

to the 14 7/8% Senior Subordinated Debentures due December 15, 1998 of Crystal, in order to implement and carry out the Merger, the execution of any such document and the taking of any such action to be conclusive evidence of the necessity or advisability thereof and the authorization hereunder;

RESOLVED, that the President or any Vice President and the Secretary are authorized and directed to execute such consents and amendments and other instruments and documents, and to take such other actions, as such officer deems necessary or advisable with respect to the Loan Agreements dated July 28, 1982, between Crystal and Bankers Trust Company or other agreements or mortgages in order to implement and carry out the Merger, the execution of any such document and the taking of any such action to be conclusive evidence of the necessity or advisability thereof and the authorization hereunder;

RESOLVED, that upon such adoption and execution of such Agreement, the proper officers of the Company are hereby authorized and directed to take all such steps and perform all such acts and things to effectuate and consummate such Agreement as may be provided by law or as may to them seem necessary or proper;

RESOLVED, in connection with the Merger, that it is desirable and in the best interest of the Company that the Company Common Stock and the Company Debentures be qualified or registered for sale in various states; that the President or any Vice President and the Secretary or any Assistant Secretary hereby are authorized to determine the states in which appropriate action shall be taken to qualify or register for sale all or such part of the securities of the Company as said officers may deem advisable; that said officers are hereby authorized to perform on behalf of the Company any and all such acts as they may deem necessary or advisable in order to comply with the applicable laws of any such states, and in connection therewith to execute and file all requisite papers and documents, including, but not limited to, applications, reports, surety bonds, irrevocable consents and appointments of attorneys for

service of process; and the execution by such officers of any such paper or document or the doing by them of any act in connection with the foregoing matters shall conclusively establish their authority therefor from the Company and the approval and ratification by the Company of the papers and documents so executed and the action so taken;

RESOLVED, that, in order to effectuate the foregoing resolutions, there shall be deemed to be adopted any 'haec verba' resolutions required by the authorities of the various jurisdictions as counsel shall advise are necessary, the form of such resolutions to be filed with the records of this meeting, and the Secretary or Assistant Secretary is authorized to certify the said resolutions as having been adopted 'in haec verba';

RESOLVED, that the Company hereby adopts effective simultaneously upon the Merger, the Crystal Oil Company Amended and Restated Pension Plan, as amended to date (the "Plan"), and further directs the amendment of the Plan as of the effective date of the adoption to substitute the name of the Company for that of Crystal, as set forth in that document entitled "Agreement for Adoption and Amendment of Crystal Oil Company Amended and Restated Pension Plan", it being intended that the Plan shall continue uninterrupted by such Merger and that there shall be no gap or lapse in time or effect in the transition thereof or in the maintenance of the Plan and Trust in their qualified and exempt status under the Internal Revenue Code of 1954, as amended (the "Code");

RESOLVED, that the Company contribute the full amount of the contribution to the Plan which is required under the terms of the Plan, within the time required by the terms of the Plan;

RESOLVED, that for the purpose of computing the limitations under Section 415 of the Code, the Company hereby elects as the limitation year for the Plan, the twelve (12) month period beginning on the first day of the Plan Year and

ending on the last day of that Plan Year, as that term is defined in the Plan from time to time;

RESOLVED, that the Company hereby elects to use the compensation accrued for an entire limitation year for purposes of applying the limitations of Section 415 for the Code; and

RESOLVED, that the proper officers of the Company are hereby authorized and directed to execute the Agreement for Adoption and Amendment of Crystal Oil Company Amended and Restated Pension Plan, to transfer the contribution required by the formula set out in the Plan to Louisiana Bank & Trust Company, as Trustee of the Plan, to execute such other documents and to do such other things as may be necessary or appropriate to make such adoption and amendment of the Plan effective, and to execute and deliver any such documents as may be required in order to secure the approval of the adoption and amendment by the Company of the Plan by the Internal Revenue Service as a qualified plan under Section 401 of the Code.

Dated as of the 6 day of April, 1984.

DIRECTORS:

Robert F. Roberts

Mark A. Roberts

L. G. Caskey

RAM01188

Richard A. Sucher

R. Gordon Bader

James E. Hogle, Jr.



RAM01189

Richard A. Sucher

R. Gordon Bader

James E. Hogle, Jr.

CRYSTAL OIL LOUISIANA, INC.

Consent of Directors in Lieu
of Special Meeting

Pursuant to Section 12:81(c)(9) of the Business Corporation Law of the State of Louisiana, the undersigned, being all of the directors of Crystal Oil Louisiana, Inc. a Louisiana corporation (the "Company"), and in lieu of a meeting of directors, the call of which is hereby expressly waived, do hereby consent to the adoption of the following resolutions:

> RESOLVED, that for the purpose of authorizing the Company to transact business in Alabama, Arkansas, Colorado, Florida, Illinois, Indiana, Kansas, Kentucky, Michigan, Mississippi, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Utah and Wyoming, and in any other state, territory or dependency of the United States or any foreign country in which it is necessary or expedient for the Company to transact business, the proper officers of the Company are hereby authorized to appoint and substitute all necessary agents or attorneys for service of process, to designate and change the location of all necessary statutory offices and, under the corporate seal or otherwise, to make and file all necessary certificates, reports, powers of attorney and other instruments as may be required by the laws of such state, territory, dependency or country to authorize the Company to transact business therein and, whenever it is expedient for the Company to cease doing business therein and withdraw therefrom, to revoke any appointment of agent or attorney for service of process, and to file such certificates, reports, revocation of appointment or surrender of authority as may be necessary to terminate the authority of the Company to do business in any such state, territory, dependency or country;

following Indentures are hereby approved:

(i) Indenture dated as of June 15, 1978, between the Company and Bankers Trust Company with respect to 12 5/8% Subordinated Debentures due June 15, 1990;

(ii) Indenture dated as of April 15, 1980, between the Company and Bankers Trust Company with respect to 11 3/8% Convertible Subordinated Debentures due 2000;

(iii) Indenture dated as of July 15, 1980, between the Company and Bankers Trust Company with respect to 13 3/4% Subordinated Debentures due July 15, 2000;

(iv) Indenture dated as of December 15, 1981, between the Company and Bankers Trust Company with respect to 12 5/8% Subordinated Debentures due December 15, 2000;

(v) Indenture dated as of December 15, 1983, between the Company and Bank of the Southwest National Association, Houston with respect to 14 7/8% Senior Subordinated Debentures due December 15, 1998; and

(vi) Indenture dated as of May 1, 1981, between the Company and First City National Bank of Houston with respect to 9% Convertible Subordinated Debentures due 1991;

RESOLVED, that the proper officers of the Company are hereby authorized and directed, for and in the name and on behalf of the Company to execute and deliver the First Supplemental Indentures substantially in the forms submitted to and approved at this meeting, with such changes therein or additions thereto as the executing officer, with advice of counsel, shall approve, such approval to be conclusively evidenced by such execution and delivery, and to cause the corporate seal of the Company to be affixed thereto and attested by the Secretary of the Company;

RESOLVED, that Bankers Trust Company is designated as the officer or agency for presentations, demands, etc., and as paying agent and

RESOLVED, that the Board of Directors consents that service of process upon the registered agent of the Company in Arkansas, or upon the Secretary of State of Arkansas, in any action brought or pending in Arkansas, shall be a valid service upon the Company;

RESOLVED, that the President and Secretary shall certify to a copy of this resolution and file same with the Secretary of State of the State of Arkansas;

RESOLVED, that the President or any Vice President and Secretary or an Assistant Secretary of the Company be and they are hereby authorized and instructed to execute, in the manner provided in Kansas Statutes Annotated Section 17-7301 and all acts amendatory thereto, the Company's written consent to be sued in the State of Kansas;

RESOLVED, that CT Corporation System, 118 North Congress Street, Jackson, Mississippi 39205 be and it hereby is designated and appointed registered agent of the Company in the State of Mississippi upon whom service of process against the Company may be had in the event of any suit against the Company in Mississippi; that all prior designations and appointments of registered agents be and the same are hereby revoked; that 118 North Congress Street, c/o CT Corporation System, Jackson, Mississippi 39205 be and hereby is designated as the registered office; and that the address of its registered office and the address of the business office of its registered agent, will be identical;

RESOLVED, that the officers of the Company are hereby further authorized, for and in the name of and on behalf of the Company, to file all necessary documents, to incur all necessary expenses therefor and to take all such further action and to incur all such further expenses as may be necessary and proper to carry out the intent of the foregoing resolutions;

RESOLVED, that the form, terms and conditions of the First Supplemental Indentures attached hereto as Exhibit A with respect to the

Registrar of the following debentures to be effective upon the merger of Crystal Oil Company into the Company: (i) 12 5/8% Subordinated Debentures due June 15, 1990; (ii) 11 3/8% Convertible Subordinated Debentures due 2000; (iii) 13 3/4% Subordinated Debentures due July 15, 2000; (iv) 12 5/8% Subordinated Debentures due December 15, 2000, and is authorized to sign an agreement with the American Stock Exchange to notify it of issuances, and, if necessary, the termination of services as transfer agent of the Company's Debentures;

RESOLVED, that Bank of the Southwest National Association, Trustee is designated as the office or agency for presentations, demands, etc., and as paying agent and Registrar for the 14 7/8% Senior Subordinated Debentures due 1998, and is authorized to sign an agreement with the American Stock Exchange to notify it of issuances, and, if necessary, the termination of services as transfer agent of the Company's 14 7/8% Senior Subordinated Debentures due 1998.

RESOLVED, that First City National Bank of Houston is designated as the office or agency for presentations, demands, etc., and as paying agent and Registrar for the 9% Convertible Subordinated Debentures due 1991 and is authorized to sign an agreement with the American Stock Exchange to notify it of issuances, and, if necessary, the termination of services as transfer agent of the Company's 9% Convertible Subordinated Debentures due 1991.

DATED as of the 2nd day of May, 1984.

DIRECTORS:

Robert F. Roberts

Mark A. Roberts

L. G. Caskey

James E. Hogle, Jr.

R. Gordon Bader

Richard H. Sucher

RAM01195

CRYSTAL OIL LOUISIANA, INC.

Consent of Sole Shareholder

Pursuant to Section 12:76 of the Louisiana Business Corporation Law, the undersigned, being the sole shareholder of Crystal Oil Louisiana, Inc., a Louisiana corporation (the "Company") does hereby consent to the adoption of the following resolutions:

> RESOLVED, that the form, terms and provisions of the Plan of Reorganization and Agreement of Merger attached hereto as Exhibit A providing for the merger of Crystal Oil Company, a Maryland corporation ("Crystal") into the Company, a Louisiana corporation and wholly owned subsidiary of Crystal, and the conversion of each share of Crystal Common Stock, $1.00 par value, into one share of the Company's Common Stock, $1.00 par value, are hereby approved and adopted; and
>
> RESOLVED, that the proper officers of the Company be, and they hereby are, authorized to take any and all actions and to execute, acknowledge and deliver any and all instruments and documents, under the corporate seal of the Company or otherwise, as they may, in their sole discretion, deem necessary or desirable in order to give effect to the purpose and intent of the foregoing resolution.

Dated as of this 2nd day of May, 1984.

SOLE SHAREHOLDER:

CRYSTAL OIL COMPANY

By: Robert F. Roberts

Robert F. Roberts, Chairman of the Board, President and Chief Executive Officer

RAM01196

EXHIBIT D

# FIRST SUPPLEMENTAL INDENTURE

Dated as of May 4, 1984

between

CRYSTAL OIL LOUISIANA, INC.

and

BANKERS TRUST COMPANY,
as Trustee

to

INDENTURE

Dated as of July 15, 1980

between

CRYSTAL OIL COMPANY

and

BANKERS TRUST COMPANY,
as Trustee

13 3/4% Subordinated Debentures due July 15, 2000

FIRST SUPPLEMENTAL INDENTURE, dated as of May 4, 1984, by and between CRYSTAL OIL LOUISIANA, INC., a corporation organized and existing under the laws of the State of Louisiana (the "Company"), having its principal offices at 229 Milam Street, P.O. Box 21101, Shreveport, Louisiana 71120, and BANKERS TRUST COMPANY, a New York state banking corporation organized and existing under the laws of New York ("Trustee"), having its principal corporate trust office at 280 Park Avenue, New York, New York 10017;

W I T N E S S E T H:

WHEREAS, Crystal Oil Company, a corporation organized and existing under the laws of the State of Maryland (the "Predecessor Company"), has heretofore executed and delivered to the Trustee that certain Indenture dated as of July 15, 1980, by and between the Predecessor Company and the Trustee (the "Existing Indenture") pursuant to which the Predecessor Company issued its 13-3/4% Subordinated Debentures due July 15, 2000 (the "Debentures") in the original aggregate principal amount of $35,000,000;

WHEREAS, pursuant to that certain Agreement of Merger and Plan of Reorganization dated May 2, 1984, between the Company and the Predecessor Company (the "Merger Agreement"), the Predecessor Company has been merged with and into the Company on the date hereof (the "Merger"), and in

connection with the Merger, each outstanding share of common stock of the Predecessor Company, $1.00 par value, will automatically be converted into and exchanged for one share of the common stock of the Company, $1.00 par value;

WHEREAS, Section 13.01 of the Existing Indenture provides that in the event the Predecessor Company merges into another corporation, the successor corporation shall expressly assume, by supplemental indenture to the Existing Indenture, executed and delivered to the Trustee in a form satisfactory to the Trustee, the due and punctual payment of the principal of and premium, if any, and the interest on all the outstanding Debentures and the performance and observance of each and every covenant and condition of the Existing Indenture on the part of the Predecessor Company to be performed or observed;

WHEREAS, as a result of the Merger, the Company has succeeded to and become subject to and responsible for all debts, liabilities and obligations of the Predecessor Company and, therefore, desires to assume the due and punctual payment of the principal of and premium, if any, and all interest on all the outstanding Debentures and the performance of each and every covenant of the Existing Indenture on the part of the Predecessor Company to be performed or observed;

WHEREAS, the parties deem it necessary to enter into this First Supplemental Indenture to evidence the

succession of the Company as the successor to the Predecessor Company and the assumption by the Company of all the obligations of the Predecessor Company;

WHEREAS, Section 14.01 of the Existing Indenture provides that the Predecessor Company and Trustee may, from time to time, without the consent of the holders of the Debentures, enter into one or more supplemental indentures for, among other things, the purposes described above;

WHEREAS, the Company has been duly authorized by its Board of Directors to enter into, execute and deliver this First Supplemental Indenture;

WHEREAS, all conditions contained in the Existing Indenture with respect to the Merger have been complied with; and

WHEREAS, all conditions and requirements necessary to make the Debentures issued under the Existing Indenture as hereby supplemented the valid obligations of the Company and to make the Existing Indenture as hereby supplemented a valid and binding agreement of the Company, in accordance with its terms, have been performed and fulfilled;

NOW THEREFORE, in order to comply with the provisions of the Existing Indenture and for and in consideration of the premises and the covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company

and the Trustee for the equal and proportionate benefit of all holders of the Debentures, agree as follows:

ARTICLE ONE
DEFINITIONS

Section 1.01. The definition of the term "Company" as set forth in Article 1 of the Existing Indenture is hereby amended to read in its entirety as follows:

*Company*:

The term "Company" shall mean Crystal Oil Louisiana, Inc., a Louisiana corporation, and, subject to Article 13, shall also include its successors and assigns.

Section 1.02. Unless otherwise defined herein, all terms used in this First Supplemental Indenture that are defined in the Existing Indenture shall have the same meanings as used therein.

ARTICLE TWO
ASSUMPTION AND SUBSTITUTION

Section 2.01. The Company hereby expressly assumes the due and punctual payment of the principal of and premium, if any, and the interest on all the Debentures, and the performance and observance of each and every covenant and condition of the Existing Indenture on the part of the Predecessor Company to be performed or observed.

Section 2.02. The Company shall succeed to and be substituted for, and may exercise every right and power of the Predecessor Company under the Existing Indenture, with

the same effect as if the Company had been named as the "Company" therein.

ARTICLE THREE
ENDORSEMENT AND CHANGE OF FORM OF DEBENTURE

Section 3.01. Any Debentures authenticated and delivered after the effective date of this First Supplemental Indenture shall (unless textually revised as hereinafter provided) bear the following notation which may be stamped, typewritten or overprinted thereon:

> "On May 4, 1984, Crystal Oil Company, a Maryland corporation ("Crystal"), was merged into Crystal Oil Louisiana, Inc., a Louisiana corporation ("Crystal Louisiana"). Crystal Louisiana has, pursuant to the terms of that merger and that certain First Supplemental Indenture dated as of May 4, 1984, between it and the Trustee (the "Supplemental Indenture"), assumed the due and punctual payment of the principal of and premium, if any, and the interest on the Debentures and the performance of each and every covenant and condition of the Indenture to be performed or observed by Crystal. Copies of the Supplemental Indenture are on file at the principal corporate trust office of the Trustee."

Any Debentures hereafter authenticated and delivered in exchange or substitution for Debentures then

outstanding shall, if the Company so elects, be textually revised in a form approved by the Trustee to make reference to the First Supplemental Indenture instead of being stamped, typewritten or overprinted as hereinabove provided.

Anything herein or in the Existing Indenture to the contrary notwithstanding, the failure to affix the notation herein provided to any Debenture or to exchange any Debenture for a new Debenture modified as herein provided shall not affect the rights of the Holder of such Debenture.

Section 3.02. Notwithstanding anything contained herein to the contrary, the Trustee shall not at any time be under any responsibility to require or cause any Debenture now or hereafter outstanding to be presented to it or delivered to it for any purpose provided for in this Article Three or for the legal consequences of the failure of any holder of Debentures so to present or deliver the same.

## ARTICLE FOUR
## MISCELLANEOUS

Section 4.01. Except as expressly supplemented by this First Supplemental Indenture, the Existing Indenture and the Debentures issued thereunder are in all respects ratified and confirmed and all of the rights, remedies, terms, conditions, covenants and agreements of the Existing Indenture, and Debentures issued thereunder shall remain in full force and effect.

Section 4.02. This First Supplemental Indenture is executed as and shall constitute an indenture supplemental to

the Existing Indenture and shall be construed in connection with and as part of the Existing Indenture. This First Supplemental Indenture shall be governed by and construed in accordance with the laws of the jurisdiction which governs the Existing Indenture and its construction.

Section 4.03. If any provision of this First Supplemental Indenture limits, qualifies or conflicts with another provision of this First Supplemental Indenture or any provision of the Existing Indenture, which is required to be included by any of the provisions of Sections 310 to 317 inclusive of the Trust Indenture Act of 1939, such required provision shall control.

Section 4.04. The recitals contained in this First Supplemental Indenture shall be taken as statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this First Supplemental Indenture.

Section 4.05. This First Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes; but such counterparts shall together be deemed to constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this First Supplemental Indenture to be duly executed, and

their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

ATTEST:

SECRETARY

CRYSTAL OIL LOUISIANA, INC.

By:
Title: President

ATTEST:

BANKERS TRUST COMPANY

By:
Assistant Vice President

CRYSTAL OIL LOUISIANA, INC.

STATE OF LOUISIANA |
|
PARISH OF CADDO |

This instrument was acknowledged before me on _____, 1984, by _____, the _____ of Crystal Oil Louisiana, Inc., a Louisiana corporation, on behalf of said corporation.

Carla Virginia Bryant
Notary Public in and for
the State of Louisiana

My commission expires:

at death.



RAM01206

TRUSTEE

STATE OF N.Y.
COUNTY OF N.Y.

This instrument was acknowledged before me on May 2, 1984, by _____, a Assistant Vice President of BANKERS TRUST COMPANY, a New York state banking corporation, on behalf of said state banking corporation, in its capacity as trustee.

Rosemary Melendez
Notary Public in and for the State of N.Y.

ROSEMARY MELENDEZ
Notary Public, State of New York
No. 03-4679497
Qualified in Bronx County
Certificate Filed in New York County
Commission Expires March 30, 1986

My commission expires:

3-30-86



RAM01207

# FIRST SUPPLEMENTAL INDENTURE

Dated as of May 4, 1984

between

CRYSTAL OIL LOUISIANA, INC.

and

BANKERS TRUST COMPANY,
as Trustee

to

INDENTURE

Dated as of December 15, 1981

between

CRYSTAL OIL COMPANY

and

BANKERS TRUST COMPANY,
as Trustee

12 5/8% Subordinated Debentures due December 15, 2001

FIRST SUPPLEMENTAL INDENTURE, dated as of May 4, 1984, by and between CRYSTAL OIL LOUISIANA, INC., a corporation organized and existing under the laws of the State of Louisiana (the "Company"), having its principal offices at 229 Milam Street, P.O. Box 21101, Shreveport, Louisiana 71120, and BANKERS TRUST COMPANY, a New York state banking association organized and existing under the laws of New York ("Trustee"), having its principal corporate trust office at 280 Park Avenue, New York, New York 10017;

W I T N E S S E T H:

WHEREAS, Crystal Oil Company, a corporation organized and existing under the laws of the State of Maryland (the "Predecessor Company"), has heretofore executed and delivered to the Trustee that certain Indenture dated as of December 15, 1981, by and between the Predecessor Company and the Trustee (the "Existing Indenture") pursuant to which the Predecessor Company issued its 12 5/8% Subordinated Debentures due December 15, 2001 (the "Debentures") in the original aggregate principal amount of $80,000,000;

WHEREAS, pursuant to that certain Agreement of Merger and Plan of Reorganization dated May 2, 1984, between the Company and the Predecessor Company (the "Merger Agreement"), the Predecessor Company has been merged with and into the Company on the date hereof (the "Merger"), and in

connection with the Merger, each outstanding share of common stock of the Predecessor Company, $1.00 par value, will automatically be converted into and exchanged for one share of the common stock of the Company, $1.00 par value;

WHEREAS, Section 13.01 of the Existing Indenture provides that in the event the Predecessor Company merges into another corporation, the successor corporation shall expressly assume, by supplemental indenture to the Existing Indenture, executed and delivered to the Trustee in a form satisfactory to the Trustee, the due and punctual payment of the principal of and premium, if any, and the interest on all the outstanding Debentures and the performance and observance of each and every covenant and condition of the Existing Indenture on the part of the Predecessor Company to be performed or observed;

WHEREAS, as a result of the Merger, the Company has succeeded to and become subject to and responsible for all debts, liabilities and obligations of the Predecessor Company and, therefore, desires to assume the due and punctual payment of the principal of and premium, if any, and all interest on all the outstanding Debentures and the performance of each and every covenant of the Existing Indenture on the part of the Predecessor Company to be performed or observed;

WHEREAS, the parties deem it necessary to enter into this First Supplemental Indenture to evidence the

succession of the Company as the successor to the Predecessor Company and the assumption by the Company of all the obligations of the Predecessor Company;

WHEREAS, Section 14.01 of the Existing Indenture provides that the Predecessor Company and Trustee may, from time to time, without the consent of the holders of the Debentures, enter into one or more supplemental indentures for, among other things, the purposes described above;

WHEREAS, the Company has been duly authorized by its Board of Directors to enter into, execute and deliver this First Supplemental Indenture;

WHEREAS, all conditions contained in the Existing Indenture with respect to the Merger have been complied with; and

WHEREAS, all conditions and requirements necessary to make the Debentures issued under the Existing Indenture as hereby supplemented the valid obligations of the Company and to make the Existing Indenture as hereby supplemented a valid and binding agreement of the Company, in accordance with its terms, have been performed and fulfilled;

NOW THEREFORE, in order to comply with the provisions of the Existing Indenture and for and in consideration of the premises and the covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company

and the Trustee for the equal and proportionate benefit of all holders of the Debentures, agree as follows:

ARTICLE ONE
DEFINITIONS

Section 1.01. The definition of the term "Company" as set forth in Article 1 of the Existing Indenture is hereby amended to read in its entirety as follows:

*Company*:

The term "Company" shall mean Crystal Oil Louisiana, Inc., a Louisiana corporation, and, subject to Article 13, shall also include its successors and assigns.

Section 1.02. Unless otherwise defined herein, all terms used in this First Supplemental Indenture that are defined in the Existing Indenture shall have the same meanings as used therein.

ARTICLE TWO
ASSUMPTION AND SUBSTITUTION

Section 2.01. The Company hereby expressly assumes the due and punctual payment of the principal of and premium, if any, and the interest on all the Debentures, and the performance and observance of each and every covenant and condition of the Existing Indenture on the part of the Predecessor Company to be performed or observed.

Section 2.02. The Company shall succeed to and be substituted for, and may exercise every right and power of the Predecessor Company under the Existing Indenture, with

the same effect as if the Company had been named as the "Company" therein.

ARTICLE THREE
ENDORSEMENT AND CHANGE OF FORM OF DEBENTURE

Section 3.01. Any Debentures authenticated and delivered after the effective date of this First Supplemental Indenture shall (unless textually revised as hereinafter provided) bear the following notation which may be stamped, typewritten or overprinted thereon:

"On May 4, 1984, Crystal Oil Company, a Maryland corporation ("Crystal"), was merged into Crystal Oil Louisiana, Inc., a Louisiana corporation ("Crystal Louisiana"). Crystal Louisiana has, pursuant to the terms of that merger and that certain First Supplemental Indenture dated as of May 4, 1984, between it and the Trustee (the "Supplemental Indenture"), assumed the due and punctual payment of the principal of and premium, if any, and the interest on the Debentures and the performance of each and every covenant and condition of the Indenture to be performed or observed by Crystal. Copies of the Supplemental Indenture are on file at the principal corporate trust office of the Trustee."

Any Debentures hereafter authenticated and delivered in exchange or substitution for Debentures then

outstanding shall, if the Company so elects, be textually revised in a form approved by the Trustee to make reference to the First Supplemental Indenture instead of being stamped, typewritten or overprinted as hereinabove provided.

Anything herein or in the Existing Indenture to the contrary notwithstanding, the failure to affix the notation herein provided to any Debenture or to exchange any Debenture for a new Debenture modified as herein provided shall not affect the rights of the Holder of such Debenture.

Section 3.02. Notwithstanding anything contained herein to the contrary, the Trustee shall not at any time be under any responsibility to require or cause any Debenture now or hereafter outstanding to be presented to it or delivered to it for any purpose provided for in this Article Three or for the legal consequences of the failure of any holder of Debentures so to present or deliver the same.

ARTICLE FOUR
MISCELLANEOUS

Section 4.01. Except as expressly supplemented by this First Supplemental Indenture, the Existing Indenture and the Debentures issued thereunder are in all respects ratified and confirmed and all of the rights, remedies, terms, conditions, covenants and agreements of the Existing Indenture, and Debentures issued thereunder shall remain in full force and effect.

Section 4.02. This First Supplemental Indenture is executed as and shall constitute an indenture supplemental to

the Existing Indenture and shall be construed in connection with and as part of the Existing Indenture. This First Supplemental Indenture shall be governed by and construed in accordance with the laws of the jurisdiction which governs the Existing Indenture and its construction.

Section 4.03. If any provision of this First Supplemental Indenture limits, qualifies or conflicts with another provision of this First Supplemental Indenture or any provision of the Existing Indenture, which is required to be included by any of the provisions of Sections 310 to 317 inclusive of the Trust Indenture Act of 1939, such required provision shall control.

Section 4.04. The recitals contained in this First Supplemental Indenture shall be taken as statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this First Supplemental Indenture.

Section 4.05. This First Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes; but such counterparts shall together be deemed to constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this First Supplemental Indenture to be duly executed, and

their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

ATTEST:

SECRETARY

CRYSTAL OIL LOUISIANA, INC.

By:
Title: PRESIDENT

ATTEST:

BANKERS TRUST COMPANY

By:
Vice President

RAM01216

CRYSTAL OIL LOUISIANA, INC.

STATE OF LOUISIANA §
§
PARISH OF CADDO §

This instrument was acknowledged before me on _____, 1984, by _____, the _____ of Crystal Oil Louisiana, Inc., a Louisiana corporation, on behalf of said corporation.

Carla Virginia Bryant
Notary Public in and for
the State of Louisiana

My commission expires:

at death.



RAM01217

TRUSTEE

STATE OF New York
COUNTY OF New York

This instrument was acknowledged before me on May 2, 1984, by _____, as assistant Vice President of BANKERS TRUST COMPANY, a New York state banking association, on behalf of said state banking corporation, in its capacity as trustee.

Rosemary Melendez
Notary Public in and for
the State of N.Y.

ROSEMARY MELENDEZ
Notary Public, State of New York
No. 03-4679497
Qualified in Bronx County
Certificate Filed in New York County
Commission Expires March 30, 1986

My commission expires:

3-30-86

RAM01218

# FIRST SUPPLEMENTAL INDENTURE

Dated as of May 4, 1984

between

CRYSTAL OIL LOUISIANA, INC.

and

BANKERS TRUST COMPANY,
as Trustee

to

INDENTURE

Dated as of June 15, 1978

between

CRYSTAL OIL COMPANY

and

BANKERS TRUST COMPANY,
as Trustee

12 5/8% Subordinated Debentures due June 15, 1990

FIRST SUPPLEMENTAL INDENTURE, dated as of May 4, 1984, by and between CRYSTAL OIL LOUISIANA, INC., a corporation organized and existing under the laws of the State of Louisiana (the "Company"), having its principal offices at 229 Milam Street, P.O. Box 21101, Shreveport, Louisiana 71120, and BANKERS TRUST COMPANY, a New York state banking corporation organized and existing under the laws of New York ("Trustee"), having its principal corporate trust office at 280 Park Avenue, New York, New York 10017;

W I T N E S S E T H:

WHEREAS, Crystal Oil Company, a corporation organized and existing under the laws of the State of Maryland (the "Predecessor Company"), has heretofore executed and delivered to the Trustee that certain Indenture dated as of June 15, 1978, by and between the Predecessor Company and the Trustee (the "Existing Indenture") pursuant to which the Predecessor Company issued its 12-5/8% Subordinated Debentures due June 15, 1990 (the "Debentures") in the original aggregate principal amount of $20,000,000;

WHEREAS, pursuant to that certain Agreement of Merger and Plan of Reorganization dated May 2, 1984, between the Company and the Predecessor Company (the "Merger Agreement"), the Predecessor Company has been merged with and into the Company on the date hereof (the "Merger"), and in

connection with the Merger, each outstanding share of common stock of the Predecessor Company, $1.00 par value, will automatically be converted into and exchanged for one share of the common stock of the Company, $1.00 par value;

WHEREAS, Section 13.01 of the Existing Indenture provides that in the event the Predecessor Company merges into another corporation, the successor corporation shall expressly assume, by supplemental indenture to the Existing Indenture, executed and delivered to the Trustee in a form satisfactory to the Trustee, the due and punctual payment of the principal of and premium, if any, and the interest on all the outstanding Debentures and the performance and observance of each and every covenant and condition of the Existing Indenture on the part of the Predecessor Company to be performed or observed;

WHEREAS, as a result of the Merger, the Company has succeeded to and become subject to and responsible for all debts, liabilities and obligations of the Predecessor Company and, therefore, desires to assume the due and punctual payment of the principal of and premium, if any, and all interest on all the outstanding Debentures and the performance of each and every covenant of the Existing Indenture on the part of the Predecessor Company to be performed or observed;

WHEREAS, the parties deem it necessary to enter into this First Supplemental Indenture to evidence the

succession of the Company as the successor to the Predecessor Company and the assumption by the Company of all the obligations of the Predecessor Company;

WHEREAS, Section 14.01 of the Existing Indenture provides that the Predecessor Company and Trustee may, from time to time, without the consent of the holders of the Debentures, enter into one or more supplemental indentures for, among other things, the purposes described above;

WHEREAS, the Company has been duly authorized by its Board of Directors to enter into, execute and deliver this First Supplemental Indenture;

WHEREAS, all conditions contained in the Existing Indenture with respect to the Merger have been complied with; and

WHEREAS, all conditions and requirements necessary to make the Debentures issued under the Existing Indenture as hereby supplemented the valid obligations of the Company and to make the Existing Indenture as hereby supplemented a valid and binding agreement of the Company, in accordance with its terms, have been performed and fulfilled;

NOW THEREFORE, in order to comply with the provisions of the Existing Indenture and for and in consideration of the premises and the covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company

and the Trustee for the equal and proportionate benefit of all holders of the Debentures, agree as follows:

ARTICLE ONE
DEFINITIONS

Section 1.01. The definition of the term "Company" as set forth in Article 1 of the Existing Indenture is hereby amended to read in its entirety as follows:

*Company*:

The term "Company" shall mean Crystal Oil Louisiana, Inc., a Louisiana corporation, and, subject to Article 13, shall also include its successors and assigns.

Section 1.02. Unless otherwise defined herein, all terms used in this First Supplemental Indenture that are defined in the Existing Indenture shall have the same meanings as used therein.

ARTICLE TWO
ASSUMPTION AND SUBSTITUTION

Section 2.01. The Company hereby expressly assumes the due and punctual payment of the principal of and premium, if any, and the interest on all the Debentures, and the performance and observance of each and every covenant and condition of the Existing Indenture on the part of the Predecessor Company to be performed or observed.

Section 2.02. The Company shall succeed to and be substituted for, and may exercise every right and power of the Predecessor Company under the Existing Indenture, with

the same effect as if the Company had been named as the "Company" therein.

ARTICLE THREE
ENDORSEMENT AND CHANGE OF FORM OF DEBENTURE

Section 3.01. Any Debentures authenticated and delivered after the effective date of this First Supplemental Indenture shall (unless textually revised as hereinafter provided) bear the following notation which may be stamped, typewritten or overprinted thereon:

"On May 4, 1984, Crystal Oil Company, a Maryland corporation ("Crystal"), was merged into Crystal Oil Louisiana, Inc., a Louisiana corporation ("Crystal Louisiana"). Crystal Louisiana has, pursuant to the terms of that merger and that certain First Supplemental Indenture dated as of May 4, 1984, between it and the Trustee (the "Supplemental Indenture"), assumed the due and punctual payment of the principal of and premium, if any, and the interest on the Debentures and the performance of each and every covenant and condition of the Indenture to be performed or observed by Crystal. Copies of the Supplemental Indenture are on file at the principal corporate trust office of the Trustee."

Any Debentures hereafter authenticated and delivered in exchange or substitution for Debentures then

outstanding shall, if the Company so elects, be textually revised in a form approved by the Trustee to make reference to the First Supplemental Indenture instead of being stamped, typewritten or overprinted as hereinabove provided.

Anything herein or in the Existing Indenture to the contrary notwithstanding, the failure to affix the notation herein provided to any Debenture or to exchange any Debenture for a new Debenture modified as herein provided shall not affect the rights of the Holder of such Debenture.

Section 3.02. Notwithstanding anything contained herein to the contrary, the Trustee shall not at any time be under any responsibility to require or cause any Debenture now or hereafter outstanding to be presented to it or delivered to it for any purpose provided for in this Article Three or for the legal consequences of the failure of any holder of Debentures so to present or deliver the same.

## ARTICLE FOUR
## MISCELLANEOUS

Section 4.01. Except as expressly supplemented by this First Supplemental Indenture, the Existing Indenture and the Debentures issued thereunder are in all respects ratified and confirmed and all of the rights, remedies, terms, conditions, covenants and agreements of the Existing Indenture, and Debentures issued thereunder shall remain in full force and effect.

Section 4.02. This First Supplemental Indenture is executed as and shall constitute an indenture supplemental to

the Existing Indenture and shall be construed in connection with and as part of the Existing Indenture. This First Supplemental Indenture shall be governed by and construed in accordance with the laws of the jurisdiction which governs the Existing Indenture and its construction.

Section 4.03. If any provision of this First Supplemental Indenture limits, qualifies or conflicts with another provision of this First Supplemental Indenture or any provision of the Existing Indenture, which is required to be included by any of the provisions of Sections 310 to 317 inclusive of the Trust Indenture Act of 1939, such required provision shall control.

Section 4.04. The recitals contained in this First Supplemental Indenture shall be taken as statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this First Supplemental Indenture.

Section 4.05. This First Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes; but such counterparts shall together be deemed to constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this First Supplemental Indenture to be duly executed, and

their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

ATTEST:

SECRETARY

CRYSTAL OIL LOUISIANA, INC.

By:
Title: PRESIDENT

ATTEST:

BANKERS TRUST COMPANY

By:
Vice President

RAM01227

CRYSTAL OIL LOUISIANA, INC.

STATE OF LOUISIANA |
PARISH OF CADDO |

This instrument was acknowledged before me on _____, 1984, by _____, the _____ of Crystal Oil Louisiana, Inc., a Louisiana corporation, on behalf of said corporation.

Carla Virginia Bryant
Notary Public in and for
the State of Louisiana

My commission expires:

at death.

TRUSTEE

STATE OF N.Y. }
COUNTY OF N.Y. }

This instrument was acknowledged before me on May 2, 1984, by _____, as Assistant Vice President of BANKERS TRUST COMPANY, a New York state banking corporation, on behalf of said state banking corporation, in its capacity as trustee.

Rosemary Melendez
Notary Public in and for
the State of N.Y.

My commission expires:

3-30-86

ROSEMARY MELENDEZ
Notary Public, State of New York
No. 03-4679497
Qualified in Bronx County
Certificate Filed in New York County
Commission Expires March 30, 1986

FIRST SUPPLEMENTAL INDENTURE

Dated as of May 4, 1984

between

CRYSTAL OIL LOUISIANA, INC.

and

BANKERS TRUST COMPANY,
as Trustee

to

INDENTURE

Dated as of April 15, 1980

between

CRYSTAL OIL COMPANY

and

BANKERS TRUST COMPANY,
as Trustee

11 3/8% Convertible Subordinated Debentures due 2000

FIRST SUPPLEMENTAL INDENTURE, dated as of May 4, 1984, by and between CRYSTAL OIL LOUISIANA, INC., a corporation organized and existing under the laws of the State of Louisiana (the "Company"), having its principal offices at 229 Milam Street, P.O. Box 21101, Shreveport, Louisiana 71120, and BANKERS TRUST COMPANY, a New York state banking corporation organized and existing under the laws of New York ("Trustee"), having its principal corporate trust office at 280 Park Avenue, New York, New York 10017;

W I T N E S S E T H:

WHEREAS, Crystal Oil Company, a corporation organized and existing under the laws of the State of Maryland (the "Predecessor Company"), has heretofore executed and delivered to the Trustee that certain Indenture dated as of April 15, 1980, by and between the Predecessor Company and the Trustee (the "Existing Indenture") pursuant to which the Predecessor Company issued its 11-3/8% Convertible Subordinated Debentures due 2000 (the "Debentures") in the original aggregate principal amount of $50,000,000;

WHEREAS, pursuant to that certain Agreement of Merger and Plan of Reorganization dated May 2, 1984, between the Company and the Predecessor Company (the "Merger Agreement"), the Predecessor Company has been merged with and into the Company on the date hereof (the "Merger"), and in

connection with the Merger, each outstanding share of common stock of the Predecessor Company, $1.00 par value, will automatically be converted into and exchanged for one share of the common stock of the Company, $1.00 par value;

WHEREAS, Section 13.01 of the Existing Indenture provides that in the event the Predecessor Company merges into another corporation, the successor corporation shall expressly assume, by supplemental indenture to the Existing Indenture, executed and delivered to the Trustee in a form satisfactory to the Trustee, the due and punctual payment of the principal of and premium, if any, and the interest on all the outstanding Debentures and the performance and observance of each and every covenant and condition of the Existing Indenture on the part of the Predecessor Company to be performed or observed;

WHEREAS, as a result of the Merger, the Company has succeeded to and become subject to and responsible for all debts, liabilities and obligations of the Predecessor Company and, therefore, desires to assume the due and punctual payment of the principal of and premium, if any, and the interest on all the outstanding Debentures and the performance of each and every covenant and condition required to be performed or observed by the Predecessor Company under the Existing Indenture;

WHEREAS, Section 15.06 of the Existing Indenture provides that in the event the Predecessor Company merges into any other corporation (other than in certain instances not herein applicable), such successor corporation shall execute with the Trustee a supplemental indenture to the Existing Indenture providing that each Debenture shall be convertible into the kind and amount of shares of stock and other securities or property receivable upon such merger by a holder of a number of shares of common stock of the Predecessor Company and also providing for adjustments which, for events subsequent to the effective date of the supplemental indenture, shall be nearly equivalent as may be practicable to the adjustments provided in Article Fifteen of the Existing Indenture;

WHEREAS, immediately prior to the Merger, each $1,000 principal amount of the Debentures was convertible into 49 shares of common stock of the Predecessor Company at a conversion price of $ 20.20 per share;

WHEREAS, the parties deem it necessary to enter into this First Supplemental Indenture to evidence the succession of the Company as the successor to the Predecessor Company and the assumption by the Company of all of the obligations of the Predecessor Company and to make provision with respect to the conversion rights of the Debentures

pursuant to the requirements of Section 15.06 of the Existing Indenture;

WHEREAS, Section 14.01 of the Existing Indenture provides that the Predecessor Company and Trustee may, from time to time, without the consent of the holders of the Debentures, enter into one or more supplemental indentures to provide for, among other things, the purposes described above;

WHEREAS, the Company has been duly authorized by its Board of Directors to enter into, execute and deliver this First Supplemental Indenture;

WHEREAS, all conditions contained in the Existing Indenture with respect to the Merger have been complied with; and

WHEREAS, all conditions and requirements necessary to make the Debentures issued under the Existing Indenture as hereby supplemented the valid obligations of the Company and to make the Existing Indenture as hereby supplemented a valid and binding agreement of the Company, in accordance with its terms, have been performed and fulfilled;

NOW THEREFORE, in order to comply with the provisions of the Existing Indenture and for and in consideration of the premises and the covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company

and the Trustee, for the equal and proportionate benefit of all holders of the Debentures, agree as follows:

ARTICLE ONE
DEFINITIONS

Section 1.01. The definition of the term "Company", as set forth in Article 1 of the Existing Indenture is hereby amended to read in its entirety as follows:

*Company*:

The term "Company" shall mean Crystal Oil Louisiana, Inc., a Louisiana corporation, and, subject to Article 13, shall also include its successors and assigns.

Section 1.02. Unless otherwise defined herein, all terms used in this First Supplemental Indenture that are defined in the Existing Indenture shall have the same meanings as used therein.

ARTICLE TWO
ASSUMPTION AND SUBSTITUTION

Section 2.01. The Company hereby expressly assumes the due and punctual payment of the principal of and premium, if any, and the interest on all the Debentures, and the performance and observance of each and every covenant and condition of the Existing Indenture on the part of the Predecessor Company to be performed or observed, and has provided for conversion rights in accordance with Section 15.06 of the Existing Indenture.

Section 2.02. The Company shall succeed to and be substituted for, and may exercise every right and power of the Predecessor Company under the Existing Indenture, with the same effect as if the Company had been named as the "Company" therein.

ARTICLE THREE
ENDORSEMENT AND CHANGE OF FORM OF DEBENTURE

Section 3.01. Any Debentures authenticated and delivered after the effective date of this First Supplemental Indenture shall (unless textually revised as hereinafter provided) bear the following notation which may be stamped, typewritten or overprinted thereon:

"On May 4, 1984, Crystal Oil Company, a Maryland corporation ("Crystal") was merged into Crystal Oil Louisiana, Inc., a Louisiana corporation ("Crystal Louisiana"). Crystal Louisiana has, pursuant to the terms of that merger and that certain First Supplemental Indenture dated as of May 4, 1984, between it and the Trustee (the "Supplemental Indenture"), assumed the due and punctual payment of the principal of and premium, if any, and the interest on the Debentures and the performance of each and every covenant and condition of the Indenture to be performed or observed by Crystal. This Debenture is now convertible into shares of Common Stock of Crystal Louisiana subject to adjustment as provided in Article 15 of the Indenture. Copies of the

Supplemental Indenture are on file at the principal corporate trust office of the Trustee."

Any Debentures hereafter authenticated and delivered in exchange or substitution for Debentures then outstanding shall, if the Company so elects, be textually revised in a form approved by the Trustee to make reference to the First Supplemental Indenture instead of being stamped, typewritten or overprinted as hereinabove provided.

Anything herein or in the Existing Indenture to the contrary notwithstanding, the failure to affix the notation herein provided to any Debenture or to exchange any Debenture for a new Debenture modified as herein provided shall not affect the rights of the Holder of such Debenture.

Section 3.02. Notwithstanding anything contained herein to the contrary, the Trustee shall not at any time be under any responsibility to require or cause any Debenture now or hereafter outstanding to be presented to it or delivered to it for any purpose provided for in this Article Three or for the legal consequences of the failure of any holder of Debentures so to present or deliver the same.

## ARTICLE FOUR
## MISCELLANEOUS

Section 4.01. Except as expressly supplemented by this First Supplemental Indenture, the Existing Indenture and the Debentures issued thereunder are in all respects ratified



RAM01237

and confirmed and all of the rights, remedies, terms, conditions, covenants and agreements of the Existing Indenture, and Debentures issued thereunder shall remain in full force and effect.

Section 4.02. This First Supplemental Indenture is executed as and shall constitute an indenture supplemental to the Existing Indenture and shall be construed in connection with and as part of the Existing Indenture. This First Supplemental Indenture shall be governed by and construed in accordance with the laws of the jurisdiction which governs the Existing Indenture and its construction.

Section 4.03. If any provision of this First Supplemental Indenture limits, qualifies or conflicts with another provision of this First Supplemental Indenture or any provision of the Existing Indenture which is required to be included by any of the provisions of Sections 310 to 317 inclusive of the Trust Indenture Act of 1939, such required provision shall control.

Section 4.04. The recitals contained in this First Supplemental Indenture shall be taken as statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this First Supplemental Indenture.

Section 4.05. This First Supplemental Indenture may be executed in any number of counterparts, each of which

shall be deemed to be an original for all purposes; but such counterparts shall together be deemed to constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this First Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

ATTEST:

SECRETARY

CRYSTAL OIL LOUISIANA, INC.

By:
Title: President

ATTEST:

BANKERS TRUST COMPANY

By:
Vice President



RAM01239

CRYSTAL OIL LOUISIANA, INC.

STATE OF LOUISIANA §
§
PARISH OF CADDO §

This instrument was acknowledged before me on _____, 1984, by _____, the _____ of Crystal Oil Louisiana, Inc., a Louisiana corporation, on behalf of said corporation.

Carla Virginia Bryant
Notary Public in and for
the State of Louisiana

My commission expires:

at death.



RAM01240

TRUSTEE

STATE OF N.Y.
COUNTY OF N.Y.

This instrument was acknowledged before me on MAY 2, 1984, by _____, ~~a~~ assistant Vice President of BANKERS TRUST COMPANY, a New York state banking corporation, on behalf of said state banking corporation, in its capacity as trustee.

Rosemary Melendez
Notary Public in and for the State of N.Y.

My commission expires:

3-30-86

ROSEMARY MELENDEZ
Notary Public, State of New York
No. 03-4879497
Qualified in Bronx County
Certificate Filed in New York County
Commission Expires March 30, 1986



RAM01241

**BANKERS TRUST COMPANY**
NEW YORK

I, Mark Hirshan, Assistant Secretary of BANKERS TRUST COMPANY, a corporation, duly organized and existing under the Laws of the State of New York, hereby certify that the following is a true copy of resolutions duly passed by the Board of Directors of said Company at meetings regularly and duly held, at which quorums were present; that said resolutions are still in force; and that no action has been taken in any way to nullify the effect of same:

"(1) *RESOLVED*, that, whenever in these resolutions used, the words:

*Officer* shall be taken to mean the Chairman of the Board, the Vice Chairman of the Board, the President, the Chairman of the Executive Committee, an Executive Vice President, an Administrative Vice President, a Senior Vice President, a First Vice President, a Vice President, a Secretary, a Controller, an Assistant Vice President, a Trust Officer, an Assistant Controller, an Assistant Secretary, an Assistant Treasurer, an Assistant Trust Officer, a Manager, or any other title in which the word "Officer" is used; or at the overseas offices, a General Manager; • • • •

(2) *RESOLVED*, that any contract, document, instrument, certificate or other paper that it may be necessary or appropriate to execute for, or on behalf of, the Company in the conduct of its lawful business, either on its own behalf or in a fiduciary, representative or agency capacity, may be signed by any officer of the Company, except that

A. Travelers' letters of credit issued by the Company shall be signed (a) by any two of the group consisting of officers, Assistant Managers and Holders of Per Procuration, or (b) by any one of the foregoing group and by a Designated Employee;

B. Reconcilements, verifications, certifications of balances and correspondence relating thereto may be signed by a General Auditor, an Auditor, a Deputy Auditor, an Associate Auditor, an Assistant Auditor or an Auditor of the London Offices; and certifications of balances may also be signed by an Assistant Manager or a Holder of a Per Procuration;

C. In respect of real estate standing in the name of this Company in any fiduciary capacity or held by it as an agent, or in any fiduciary capacity, contracts (a) authorizing agents to manage such properties and to sign leases in connection therewith, (b) for light, heat and power for such properties, and (c) covering care and maintenance services for such properties where such contract involves total receipts or total expenditures of more than $20,000 a year, shall be signed by a Vice President;

D. Appointments of attorneys-in-fact to represent the Company as a fiduciary in any proceeding before the Treasury Department of the United States or any other tax authority shall be signed by a Vice President, an Assistant Vice President or a Trust Officer; when the Company is named as attorney to transfer stock certificates, registered bonds or other securities, powers of substitution in connection with the transfer thereof may be signed by any officer or any employee specifically authorized in writing for this purpose by a Vice President; appointments on behalf of this Company, as Trustee under Equipment Trusts (under either the Conditional Sale or Philadelphia Plan), of agents or inspectors to receive delivery or inspect, accept and sign receipts for equipment deliverable under such trusts shall be signed by a Vice President or an Assistant Vice President; and other appointments of attorneys-in-fact, agents or substitutes, with or without power of substitution and with or without full power of revocation, to perform on a specific occasion or for a specific transaction or specific transactions any act on behalf of the Company shall be signed by a Vice President;

(3) *RESOLVED*, that, in addition to the authority conveyed under resolution (2):

A. An Assistant Manager may sign satisfactions, extensions, assignments, releases and instruments of partial release of chattel mortgages, conditional sales contracts and other personal property held by this Company as security, including assignments of life insurance policies;

B. An Assistant Manager or a Holder of a Per Procuration may sign (1) checks, drafts, bills of exchange and other orders drawn by this Company for the payment of money or the delivery of securities or other property, commercial letters of credit and acceptances of time drafts drawn on the Company; (2) endorsements on behalf of this Company in the regular course of the business of the Company on checks, drafts, notes, bills of exchange, acceptances, bills of lading, warehouse receipts, insurance certificates and policies and other similar documents; and (3) receipts for money, securities or other property; • • • •

C. Guarantees of signatures on registered stocks, bonds and other documents may be signed by an Assistant Manager or any employee specifically authorized in writing for this purpose by a Vice President; • • • • "

I further certify that the following persons hold in this Company the positions indicated below and that the signatures appearing alongside their names are specimens of their true signatures:

| Title | Name | Specimen Signature |
|---|---|---|
| Assistant Secretary | V.E.Sandford | V. E. Sandford |
| Assistant Vice President | J.Sadrianna | J. Sadrianna |

*IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company*

*the* 2nd *day of* May, 19 84.

Mark Hirshan

ASSISTANT SECRETARY OF BANKERS TRUST COMPANY

RAM01242

OFFICERS' CERTIFICATE

The undersigned, Robert F. Roberts and L. G. Caskey, do hereby certify that they are the duly elected, qualified and acting Chairman of the Board, President and Chief Executive Officer, and Secretary, respectively, of Crystal Oil Company, a Maryland corporation (the "Predecessor Company"), and that:

1. Pursuant to the merger of the Predecessor Company into Crystal Oil Louisiana, Inc., a Louisiana corporation (the "Company"), a wholly owned subsidiary of the Predecessor Company (hereinafter called the "Merger"), and upon the filing of the Plan of Reorganization and Agreement of Merger dated as of May 2, 1984, by and among the Company and the Predecessor Company with the Secretary of State of the State of Louisiana (the "Effective Time of the Merger"), the Company will succeed to and become subject to and responsible for all of the debts, liabilities and obligations of the Predecessor Company.

2. Each of the undersigned has read the terms and provisions (including, without limitation, Articles Three, Ten and Eleven) of the Indenture dated as of May 1, 1981 (the "Indenture"), by and between the Predecessor Company and First City National Bank of Houston, a national banking association, as Trustee (the "Trustee"), relating to the Predecessor Company's 9% Convertible Subordinated Debentures due 1990 (the "Debentures").

3. Each of the undersigned has read the terms and provisions of the First Supplemental Indenture dated as of May 4, 1984 among the Company and the Trustee (the "First Supplemental Indenture"), pursuant to which the Company will assume all of the obligations of the Predecessor Company under the Indenture to make payments of principal of (and premium, if any) and interest on the Debentures pursuant to the terms of the Indenture.

4. Each of the undersigned has participated in and is familiar with the proceedings taken by the Predecessor Company in connection with the Merger and has, to the extent deemed by him necessary for this Certificate, reviewed the records of the Predecessor Company as to its compliance with the covenants and conditions contained in the Indenture and his statements or opinions contained in this Certificate are based upon that review and upon general information which he has gained as an officer of the Predecessor Company.

5. Each of the undersigned has made such examination or investigation as in each of their opinions is necessary to enable him to express an informed opinion as to whether or not such covenants and conditions and the provisions of Article Three, Article Ten and Article Eleven of the Indenture have been complied with.

6. In the opinion of each of the undersigned, all conditions precedent set forth in the Indenture with respect to the Merger and the execution of the First Supplemental Indenture have been complied with, the execution of the First Supplemental Indenture is authorized by the Indenture and the Merger and First Supplemental Indenture are in compliance with Article Three, Article Ten and Article Eleven of the Indenture.

IN WITNESS WHEREOF, the undersigned have set their hands and affixed the corporate seal of Crystal Oil Company as of this 4th day of May, 1984.

CRYSTAL OIL COMPANY

[SEAL]

By _____
Robert F. Roberts, Chairman of the Board, President and Chief Executive Officer

By _____
L. G. Caskey, Secretary

OFFICERS' CERTIFICATE

The undersigned, Robert F. Roberts and L. G. Caskey, do hereby certify that they are the duly elected, qualified and acting Chairman of the Board, President and Chief Executive Officer, and Secretary, respectively, of Crystal Oil Company, a Maryland corporation (the "Predecessor Company"), and that:

1. Pursuant to the merger of the Predecessor Company into Crystal Oil Louisiana, Inc., a Louisiana corporation (the "Company"), a wholly owned subsidiary of the Predecessor Company (hereinafter called the "Merger"), and upon the filing of the Plan of Reorganization and Agreement of Merger dated as of May 2, 1984, by and among the Company and the Predecessor Company with the Secretary of State of the State of Louisiana (the "Effective Time of the Merger"), the Company will succeed to and become subject to and responsible for all of the debts, liabilities and obligations of the Predecessor Company.

2. Each of the undersigned has read the terms and provisions (including, without limitation, Articles Thirteen and Fourteen) of the Indenture dated as of December 15, 1983 (the "Indenture"), by and between the Predecessor Company and Bank of the Southwest National Association, Houston, a state banking corporation, as Trustee (the "Trustee"), relating to the Predecessor Company's 14-7/8% Subordinated Debentures due December 15, 1998 (the "Debentures").

3. Each of the undersigned has read the terms and provisions of the First Supplemental Indenture dated as of May 4, 1984 among the Company and the Trustee (the "First Supplemental Indenture"), pursuant to which the Company will assume all of the obligations of the Predecessor Company under the Indenture to make payments of principal of (and premium, if any) and interest on the Debentures pursuant to the terms of the Indenture.

4. Each of the undersigned has participated in and is familiar with the proceedings taken by the Predecessor Company in connection with the Merger and has, to the extent deemed by him necessary for this Certificate, reviewed the records of the Predecessor Company as to its compliance with the covenants and conditions contained in the Indenture and his statements or opinions contained in this Certificate are based upon that review and upon general information which he has gained as an officer of the Predecessor Company.

5. Each of the undersigned has made such examination or investigation as in each of their opinions is necessary to enable him to express an informed opinion as to whether or not such covenants and conditions and the provisions of Article Thirteen and Article Fourteen of the Indenture have been complied with.

6. In the opinion of each of the undersigned, all such covenants and conditions and all conditions precedent set forth in the Indenture with respect to the Merger and the execution of the First Supplemental Indenture have been complied with, the execution of the First Supplemental Indenture is authorized by the Indenture and the Merger and First Supplemental Indenture are in compliance with Article Thirteen and Article Fourteen of the Indenture.

IN WITNESS WHEREOF, the undersigned have set their hands and affixed the corporate seal of Crystal Oil Company as of this 4th day of May, 1984.

CRYSTAL OIL COMPANY

[SEAL]

By _____
Robert F. Roberts, Chairman of the Board, President and Chief Executive Officer

By _____
L. G. Caskey, Secretary



RAM01246

OFFICERS' CERTIFICATE

The undersigned, Robert F. Roberts and L. G. Caskey, do hereby certify that they are the duly elected, qualified and acting Chairman of the Board, President and Chief Executive Officer, and Secretary, respectively, of Crystal Oil Company, a Maryland corporation (the "Predecessor Company"), and that:

1. Pursuant to the merger of the Predecessor Company into Crystal Oil Louisiana, Inc., a Louisiana corporation (the "Company"), a wholly owned subsidiary of the Predecessor Company (hereinafter called the "Merger"), and upon the filing of the Plan of Reorganization and Agreement of Merger dated as of May 2, 1984, by and among the Company and the Predecessor Company with the Secretary of State of the State of Louisiana (the "Effective Time of the Merger"), the Company will succeed to and become subject to and responsible for all of the debts, liabilities and obligations of the Predecessor Company.

2. Each of the undersigned has read the terms and provisions (including, without limitation, Articles Thirteen and Fourteen) of the Indenture dated as of June 15, 1978 (the "Indenture"), by and between the Predecessor Company and Bankers Trust Company, a New York state banking corporation, as Trustee (the "Trustee"), relating to the Predecessor Company's 11-3/8% Convertible Subordinated Debentures due 2000 (the "Debentures").

3. Each of the undersigned has read the terms and provisions of the First Supplemental Indenture dated as of May 4, 1984 among the Company and the Trustee (the "First Supplemental Indenture"), pursuant to which the Company will assume all of the obligations of the Predecessor Company under the Indenture to make payments of principal of (and premium, if any) and interest on the Debentures pursuant to the terms of the Indenture.

4. Each of the undersigned has participated in and is familiar with the proceedings taken by the Predecessor Company in connection with the Merger and has, to the extent deemed by him necessary for this Certificate, reviewed the records of the Predecessor Company as to its compliance with the covenants and conditions contained in the Indenture and his statements or opinions contained in this Certificate are based upon that review and upon general information which he has gained as an officer of the Predecessor Company.

5. Each of the undersigned has made such examination or investigation as in each of their opinions is necessary to enable him to express an informed opinion as to whether or not such covenants and conditions and the provisions of Article Thirteen, Article Fourteen and Article Fifteen of the Indenture have been complied with.

6. In the opinion of each of the undersigned, all such covenants and conditions and all conditions precedent set forth in the Indenture with respect to the Merger and the execution of the First Supplemental Indenture have been complied with, the execution of the First Supplemental Indenture is authorized by the Indenture and the Merger and First Supplemental Indenture are in compliance with Article Thirteen, Article Fourteen and Article Fifteen of the Indenture.

7. After the Effective Time of the Merger no default in the performance of any covenant or condition contained in the Indenture, and no event which, after notice or the lapse of time, or both, would become a default shall have happened and be continuing.

IN WITNESS WHEREOF, the undersigned have set their hands and affixed the corporate seal of Crystal Oil Company as of this 4th day of May, 1984.

CRYSTAL OIL COMPANY

[SEAL]

By _____
Robert F. Roberts, Chairman of the Board, President and Chief Executive Officer

By _____
L. G. Caskey, Secretary



RAM01248

OFFICERS' CERTIFICATE

The undersigned, Robert F. Roberts and L. G. Caskey, do hereby certify that they are the duly elected, qualified and acting Chairman of the Board, President and Chief Executive Officer, and Secretary, respectively, of Crystal Oil Company, a Maryland corporation (the "Predecessor Company"), and that:

1. Pursuant to the merger of the Predecessor Company into Crystal Oil Louisiana, Inc., a Louisiana corporation (the "Company"), a wholly owned subsidiary of the Predecessor Company (hereinafter called the "Merger"), and upon the filing of the Plan of Reorganization and Agreement of Merger dated as of May 2, 1984, by and among the Company and the Predecessor Company with the Secretary of State of the State of Louisiana (the "Effective Time of the Merger"), the Company will succeed to and become subject to and responsible for all of the debts, liabilities and obligations of the Predecessor Company.

2. Each of the undersigned has read the terms and provisions (including, without limitation, Articles Thirteen and Fourteen) of the Indenture dated as of December 15, 1981 (the "Indenture"), by and between the Predecessor Company and Bankers Trust Company, a New York state banking corporation, as Trustee (the "Trustee"), relating to the Predecessor Company's 12-5/8% Subordinated Debentures due December 15, 2001 (the "Debentures").

3. Each of the undersigned has read the terms and provisions of the First Supplemental Indenture dated as of May 4, 1984 among the Company and the Trustee (the "First Supplemental Indenture"), pursuant to which the Company will assume all of the obligations of the Predecessor Company under the Indenture to make payments of principal of (and premium, if any) and interest on the Debentures pursuant to the terms of the Indenture.

4. Each of the undersigned has participated in and is familiar with the proceedings taken by the Predecessor Company in connection with the Merger and has, to the extent deemed by him necessary for this Certificate, reviewed the records of the Predecessor Company as to its compliance with the covenants and conditions contained in the Indenture and his statements or opinions contained in this Certificate are based upon that review and upon general information which he has gained as an officer of the Predecessor Company.

5. Each of the undersigned has made such examination or investigation as in each of their opinions is necessary to enable him to express an informed opinion as to whether or not such covenants and conditions and the provisions of Article Thirteen and Article Fourteen of the Indenture have been complied with.

6. In the opinion of each of the undersigned, all such covenants and conditions and all conditions precedent set forth in the Indenture with respect to the Merger and the execution of the First Supplemental Indenture have been complied with, the execution of the First Supplemental Indenture is authorized by the Indenture and the Merger and First Supplemental Indenture are in compliance with Article Thirteen and Article Fourteen of the Indenture.

7. After the Effective Time of the Merger no default in the performance of any covenant or condition contained in the Indenture, and no event which, after notice or the lapse of time, or both, would become a default shall have happened and be continuing.

IN WITNESS WHEREOF, the undersigned have set their hands and affixed the corporate seal of Crystal Oil Company as of this 4th day of May, 1984.

CRYSTAL OIL COMPANY

[SEAL]

By _____
Robert F. Roberts, Chairman of the Board, President and Chief Executive Officer

By _____
L. G. Caskey, Secretary



RAM01250

OFFICERS' CERTIFICATE

The undersigned, Robert F. Roberts and L. G. Caskey, do hereby certify that they are the duly elected, qualified and acting Chairman of the Board, President and Chief Executive Officer, and Secretary, respectively, of Crystal Oil Company, a Maryland corporation (the "Predecessor Company"), and that:

1. Pursuant to the merger of the Predecessor Company into Crystal Oil Louisiana, Inc., a Louisiana corporation (the "Company"), a wholly owned subsidiary of the Predecessor Company (hereinafter called the "Merger"), and upon the filing of the Plan of Reorganization and Agreement of Merger dated as of May 2, 1984, by and among the Company and the Predecessor Company with the Secretary of State of the State of Louisiana (the "Effective Time of the Merger"), the Company will succeed to and become subject to and responsible for all of the debts, liabilities and obligations of the Predecessor Company.

2. Each of the undersigned has read the terms and provisions (including, without limitation, Articles Thirteen and Fourteen) of the Indenture dated as of July 15, 1980 (the "Indenture"), by and between the Predecessor Company and Bankers Trust Company, a New York state banking corporation, as Trustee (the "Trustee"), relating to the Predecessor Company's 13-3/4% Subordinated Debentures due July 15, 2000 (the "Debentures").

3. Each of the undersigned has read the terms and provisions of the First Supplemental Indenture dated as of May 4, 1984 among the Company and the Trustee (the "First Supplemental Indenture"), pursuant to which the Company will assume all of the obligations of the Predecessor Company under the Indenture to make payments of principal of (and premium, if any) and interest on the Debentures pursuant to the terms of the Indenture.

4. Each of the undersigned has participated in and is familiar with the proceedings taken by the Predecessor Company in connection with the Merger and has, to the extent deemed by him necessary for this Certificate, reviewed the records of the Predecessor Company as to its compliance with the covenants and conditions contained in the Indenture and his statements or opinions contained in this Certificate are based upon that review and upon general information which he has gained as an officer of the Predecessor Company.

5. Each of the undersigned has made such examination or investigation as in each of their opinions is necessary to enable him to express an informed opinion as to whether or not such covenants and conditions and the provisions of Article Thirteen, Article Fourteen and Article Fifteen of the Indenture have been complied with.

6. In the opinion of each of the undersigned, all such covenants and conditions and all conditions precedent set forth in the Indenture with respect to the Merger and the execution of the First Supplemental Indenture have been complied with, the execution of the First Supplemental Indenture is authorized by the Indenture and the Merger and First Supplemental Indenture are in compliance with Article Thirteen, Article Fourteen and Article Fifteen of the Indenture.

7. After the Effective Time of the Merger no default in the performance of any covenant or condition contained in the Indenture, and no event which, after notice or the lapse of time, or both, would become a default shall have happened and be continuing.

IN WITNESS WHEREOF, the undersigned have set their hands and affixed the corporate seal of Crystal Oil Company as of this 4th day of May, 1984.

CRYSTAL OIL COMPANY

[SEAL]

By _____
Robert F. Roberts, Chairman of the Board, President and Chief Executive Officer

By _____
L. G. Caskey, Secretary

OFFICERS' CERTIFICATE

The undersigned, Robert F. Roberts and L. G. Caskey, do hereby certify that they are the duly elected, qualified and acting Chairman of the Board, President and Chief Executive Officer, and Secretary, respectively, of Crystal Oil Company, a Maryland corporation (the "Predecessor Company"), and that:

1. Pursuant to the merger of the Predecessor Company into Crystal Oil Louisiana, Inc., a Louisiana corporation (the "Company"), a wholly owned subsidiary of the Predecessor Company (hereinafter called the "Merger"), and upon the filing of the Plan of Reorganization and Agreement of Merger dated as of May 2, 1984, by and among the Company and the Predecessor Company with the Secretary of State of the State of Louisiana (the "Effective Time of the Merger"), the Company will succeed to and become subject to and responsible for all of the debts, liabilities and obligations of the Predecessor Company.

2. Each of the undersigned has read the terms and provisions (including, without limitation, Articles Thirteen and Fourteen) of the Indenture dated as of June 15, 1978 (the "Indenture"), by and between the Predecessor Company and Bankers Trust Company, a New York state banking corporation, as Trustee (the "Trustee"), relating to the Predecessor Company's 12-5/8% Subordinated Debentures due June 15, 1990 (the "Debentures").

3. Each of the undersigned has read the terms and provisions of the First Supplemental Indenture dated as of May 4, 1984 among the Company and the Trustee (the "First Supplemental Indenture"), pursuant to which the Company will assume all of the obligations of the Predecessor Company under the Indenture to make payments of principal of (and premium, if any) and interest on the Debentures pursuant to the terms of the Indenture.

4. Each of the undersigned has participated in and is familiar with the proceedings taken by the Predecessor Company in connection with the Merger and has, to the extent deemed by him necessary for this Certificate, reviewed the records of the Predecessor Company as to its compliance with the covenants and conditions contained in the Indenture and his statements or opinions contained in this Certificate are based upon that review and upon general information which he has gained as an officer of the Predecessor Company.

5. Each of the undersigned has made such examination or investigation as in each of their opinions is necessary to enable him to express an informed opinion as to whether or not such covenants and conditions and the provisions of Article Thirteen and Article Fourteen of the Indenture have been complied with.

6. In the opinion of each of the undersigned, all such covenants and conditions and all conditions precedent set forth in the Indenture with respect to the Merger and the execution of the First Supplemental Indenture have been complied with, the execution of the First Supplemental Indenture is authorized by the Indenture and the Merger and First Supplemental Indenture are in compliance with Article Thirteen and Article Fourteen of the Indenture.

7. After the Effective Time of the Merger no default in the performance of any covenant or condition contained in the Indenture, and no event which, after notice or the lapse of time, or both, would become a default shall have happened and be continuing.

IN WITNESS WHEREOF, the undersigned have set their hands and affixed the corporate seal of Crystal Oil Company as of this 4th day of May, 1984.

CRYSTAL OIL COMPANY

[SEAL]

By _____
Robert F. Roberts, Chairman of the Board, President and Chief Executive Officer

By _____
L. G. Caskey, Secretary



RAM01254

OFFICERS' CERTIFICATE

The undersigned, Robert F. Roberts and L. G. Caskey, do hereby certify that they are the duly elected, qualified and acting Chairman of the Board, President and Chief Executive Officer, and Secretary, respectively, of Crystal Oil Louisiana, Inc., a Louisiana corporation (the "Successor Company"), and that:

1. Pursuant to the merger of Crystal Oil Company, a Maryland corporation ("Crystal") into the Successor Company (hereinafter called the "Merger"), and upon the filing of the Plan of Reorganization and Agreement of Merger dated as of May 2, 1984, by and among the Successor Company and Crystal with the Secretary of State of the State of Louisiana (the "Effective Time of the Merger"), the Successor Company will succeed to and become subject to and responsible for all of the debts, liabilities and obligations of Crystal.

2. After the Effective Time of the Merger, no default in the performance of any covenant or condition contained in the Indenture dated as of December 15, 1981 (the "Indenture"), by and between Crystal and Bankers Trust Company, a New York state banking corporation, as Trustee, relating to Crystal's 12-5/8% Subordinated Debentures due December 15, 2001, and no event which, after notice or the lapse of time, or both, would become a default shall have happened and be continuing.

IN WITNESS WHEREOF, the undersigned have set their hands and affixed the corporate seal of Crystal Oil Louisiana, Inc. as of this 4th day of May, 1984.

CRYSTAL OIL LOUISIANA, INC.

[SEAL]

By /s/ Robert F. Roberts
Robert F. Roberts, Chairman of the Board, President and Chief Executive Officer

By /s/ L. G. Caskey
L. G. Caskey, Secretary

OFFICERS' CERTIFICATE

The undersigned, Robert F. Roberts and L. G. Caskey, do hereby certify that they are the duly elected, qualified and acting Chairman of the Board, President and Chief Executive Officer, and Secretary, respectively, of Crystal Oil Louisiana, Inc., a Louisiana corporation (the "Successor Company"), and that:

1. Pursuant to the merger of Crystal Oil Company, a Maryland corporation ("Crystal") into the Successor Company (hereinafter called the "Merger"), and upon the filing of the Plan of Reorganization and Agreement of Merger dated as of May 2, 1984, by and among the Successor Company and Crystal with the Secretary of State of the State of Louisiana (the "Effective Time of the Merger"), the Successor Company will succeed to and become subject to and responsible for all of the debts, liabilities and obligations of Crystal.

2. After the Effective Time of the Merger, no default in the performance of any covenant or condition contained in the Indenture dated as of June 15, 1978 (the "Indenture"), by and between Crystal and Bankers Trust Company, a New York state banking corporation, as Trustee, relating to Crystal's 12-5/8% Subordinated Debentures due June 15, 1990, and no event which, after notice or the lapse of time, or both, would become a default shall have happened and be continuing.

IN WITNESS WHEREOF, the undersigned have set their hands and affixed the corporate seal of Crystal Oil Louisiana, Inc. as of this 4th day of May, 1984.

CRYSTAL OIL LOUISIANA, INC.

[SEAL]

By
Robert F. Roberts, Chairman of the Board, President and Chief Executive Officer

By
L. G. Caskey, Secretary

OFFICERS' CERTIFICATE

The undersigned, Robert F. Roberts and L. G. Caskey, do hereby certify that they are the duly elected, qualified and acting Chairman of the Board, President and Chief Executive Officer, and Secretary, respectively, of Crystal Oil Louisiana, Inc., a Louisiana corporation (the "Successor Company"), and that:

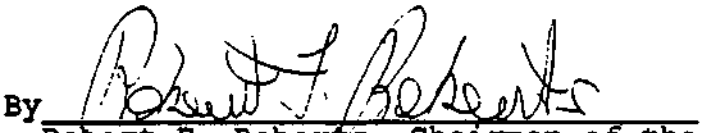
1. Pursuant to the merger of Crystal Oil Company, a Maryland corporation ("Crystal") into the Successor Company (hereinafter called the "Merger"), and upon the filing of the Plan of Reorganization and Agreement of Merger dated as of May 2, 1984, by and among the Successor Company and Crystal with the Secretary of State of the State of Louisiana (the "Effective Time of the Merger"), the Successor Company will succeed to and become subject to and responsible for all of the debts, liabilities and obligations of Crystal.

2. After the Effective Time of the Merger, no default in the performance of any covenant or condition contained in the Indenture dated as of July 15, 1980 (the "Indenture"), by and between Crystal and Bankers Trust Company, a New York state banking corporation, as Trustee, relating to Crystal's 13-3/4% Subordinated Debentures due July 15, 2000, and no event which, after notice or the lapse of time, or both, would become a default shall have happened and be continuing.

IN WITNESS WHEREOF, the undersigned have set their hands and affixed the corporate seal of Crystal Oil Louisiana, Inc. as of this 4th day of May, 1984.

CRYSTAL OIL LOUISIANA, INC.

[SEAL]

By 
Robert F. Roberts, Chairman of the Board, President and Chief Executive Officer

By
L. G. Caskey, Secretary

OFFICERS' CERTIFICATE

The undersigned, Robert F. Roberts and L. G. Caskey, do hereby certify that they are the duly elected, qualified and acting Chairman of the Board, President and Chief Executive Officer, and Secretary, respectively, of Crystal Oil Louisiana, Inc., a Louisiana corporation (the "Successor Company"), and that:

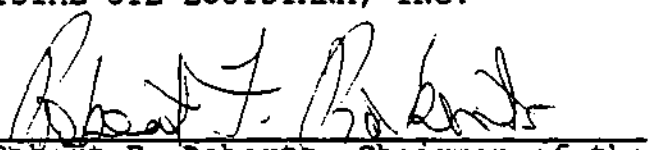
1. Pursuant to the merger of Crystal Oil Company, a Maryland corporation ("Crystal") into the Successor Company (hereinafter called the "Merger"), and upon the filing of the Plan of Reorganization and Agreement of Merger dated as of May 2, 1984, by and among the Successor Company and Crystal with the Secretary of State of the State of Louisiana (the "Effective Time of the Merger"), the Successor Company will succeed to and become subject to and responsible for all of the debts, liabilities and obligations of Crystal.

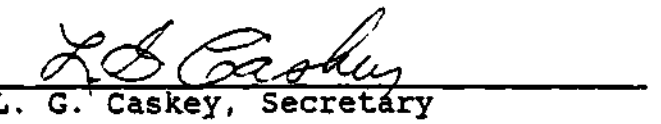
2. After the Effective Time of the Merger, no default in the performance of any covenant or condition contained in the Indenture dated as of June 15, 1978 (the "Indenture"), by and between Crystal and Bankers Trust Company, a New York state banking corporation, as Trustee, relating to Crystal's 11-3/8% Convertible Subordinated Debentures due 2000, and no event which, after notice or the lapse of time, or both, would become a default shall have happened and be continuing.

IN WITNESS WHEREOF, the undersigned have set their hands and affixed the corporate seal of Crystal Oil Louisiana, Inc. as of this 4th day of May, 1984.

CRYSTAL OIL LOUISIANA, INC.

[SEAL]

By 
Robert F. Roberts, Chairman of the Board, President and Chief Executive Officer

By 
L. G. Caskey, Secretary

CRYSTAL OIL COMPANY
1984 ANNUAL MEETING OF SHAREHOLDERS
CERTIFICATE OF INSPECTOR

The undersigned Inspector, appointed to act at the 1984 Annual Meeting of Stockholders of Crystal Oil Company, held this day at the Regency Motor Hotel, 102 Lake Street, Shreveport, Louisiana, does hereby report and certify that, having taken an oath faithfully to execute the duties of inspector of said meeting, did conduct the vote of stockholders of said Company and did receive the vote of stockholders by ballot in person or by proxy for the (1) approval and adoption of the Plan of Reorganization and Agreement of Merger; (2) election of Directors and (3) appointment of independent auditors for the year 1984.

I report and certify that according to the certified list of Stockholders presented to the Meeting, there were, issued and outstanding on March 14, 1984, the date for the determination of stockholders entitled to vote at such meeting, 20,937,454 shares of common stock, par value of $1.00 per share. There were present at the Meeting in person and by proxy the holders of record of 19,331,911 shares of such common stock of the Company having voting power issued and outstanding, constituting a quorum.

I certify that with respect to the approval and adoption of the Plan of Reorganization and Agreement of Merger, a total of 15,035,630 shares were voted in favor of the proposition and a total of 285,596 shares were voted against the proposition and 193,272 shares abstained.

I, therefore, certify and declare that the Plan of Reorganization and Agreement of Merger has been adopted by more than two-thirds of the outstanding shares of common stock pursuant to the Maryland General Corporation Law.

I further certify that the vote for each Director was as follows:

| DIRECTOR | VOTES FOR | % | VOTES WITHHELD | % |
|---|---|---|---|---|
| Robert F. Roberts | 19,112,003 | 91.3 | 219,908 | 1.1 |
| R. Gordon Bader | 19,106,843 | 91.2 | 225,068 | 1.1 |
| L. G. Caskey | 19,112,853 | 91.3 | 219,058 | 1.0 |
| James E. Hogle, Jr. | 19,112,753 | 91.3 | 219,158 | 1.0 |
| Mark Allen Roberts | 19,089,913 | 91.2 | 241,998 | 1.2 |
| Richard H. Sucher | 19,112,353 | 91.3 | 219,558 | 1.0 |

I, therefore, certify and declare that the nominees for the office of Director have been elected by the Stockholders.

With respect to the proposal to ratify the appointment of Touche Ross & Co. as auditors, a total of 19,272,869 shares were voted in favor of the proposition and a total of 24,784 shares were voted against the proposition, and 34,258 refrained.

I therefore certify and declare that the proposition to appoint Touche Ross & Co. as auditors for 1984 has been adopted by the stockholders.

Respectfully submitted,

W E Warnock

DATE: May 4, 1984

CRYSTAL OIL COMPANY

SECRETARY'S CERTIFICATE

The undersigned, L. G. Caskey, Secretary of Crystal Oil Company, a Louisiana corporation (the "Company") does hereby certify that attached hereto as Exhibit A is a true and correct copy of the resolutions of the stockholders of the Company duly adopted at the annual meeting of stockholders held on May 4, 1984, and that these resolutions remain in full force and effect as of the date hereof and have not been amended, repealed, modified or rescinded in any manner whatsoever.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the 4th day of May, 1984.

CRYSTAL OIL COMPANY

By L. G. Caskey
L. G. Caskey, Secretary

EXHIBIT A

RESOLVED, that the form, terms and provisions of the Plan of Reorganization and Agreement of Merger attached hereto as Exhibit A providing for the merger of Crystal Oil Company, a Maryland corporation ("Crystal") into the Company, a Louisiana corporation and wholly owned subsidiary of Crystal, and the conversion of each share of Crystal Common Stock, $1.00 par value, into one share of the Company's Common Stock, $1.00 par value, are hereby approved and adopted; and

RESOLVED, that the proper officers of the Company be, and they hereby are, authorized to take any and all actions and to execute, acknowledge and deliver any and all instruments and documents, under the corporate seal of the Company or otherwise, as they may, in their sole discretion, deem necessary or desirable in order to give effect to the purpose and intent of the foregoing resolution.

CRYSTAL OIL COMPANY

SECRETARY'S CERTIFICATE

The undersigned, L. G. Caskey, Corporate Secretary of CRYSTAL OIL COMPANY (the "Company"), a Maryland corporation, does hereby certify that the following is a true and correct copy of a resolution of the 1984 Annual Meeting of Stockholders of the Company as the same appears in the Minute Book of the Company, duly adopted by more than two-thirds vote of the shareholders, dated May 4, 1984, and this resolution remains in full force and effect as of the date hereof and has not been amended, repealed, modified, or rescinded in any manner whatsoever:

> RESOLVED, that the form, terms and provisions of the Plan of Reorganization and Agreement of Merger attached hereto as Exhibit A providing for the merger of Crystal Oil Company, a Maryland corporation ("Crystal") into the Company, a Louisiana corporation and wholly owned subsidiary of Crystal, and the conversion of each share of Crystal Common Stock, $1.00 par value, into one share of the Company's Common Stock, $1.00 par value, are hereby approved and adopted; and
>
> RESOLVED, that the proper officers of the Company be, and they hereby are, authorized to take any and all actions and to execute, acknowledge and deliver any and all instruments and documents, under the corporate seal of the Company or otherwise, as they may, in their sole discretion, deem necessary or desirable in order to give effect to the purpose and intent of the foregoing resolution.

IN WITNESS WHEREOF, the undersigned has executed this Certificate this 4th day of May, 1984.

L. G. Caskey
Corporate Secretary
CRYSTAL OIL COMPANY

FULBRIGHT & JAWORSKI
BANK OF THE SOUTHWEST BUILDING
HOUSTON, TEXAS 77002
TELEPHONE (713) 651-5151
TELEX 76-2829

1150 CONNECTICUT AVE., N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 452-6800
TELEX 89-2602

AMERICAN BANK TOWER, SUITE 1740
221 WEST SIXTH STREET
AUSTIN, TEXAS 78701
TELEPHONE (512) 474-5201

IN DALLAS
DUMAS, HUGUENIN, BOOTHMAN & MORROW
AND
FULBRIGHT & JAWORSKI
2001 BRYAN TOWER, SUITE 1400
DALLAS, TEXAS 75201
TELEPHONE (214) 969-0969 (DH&M)
TELEPHONE (214) 969-1968 (F&J)

2200 INTERFIRST PLAZA
300 CONVENT STREET
SAN ANTONIO, TEXAS 78205
TELEPHONE (512) 224-5575

2 ST JAMES'S PLACE
LONDON, SW1A 1NP
TELEPHONE (01) 629-1207
TELEX 28310

May 4, 1984

Re: First Supplemental Indentures
Relating to the 14 7/8% Senior
Subordinated Debentures of
Crystal Oil Company

Bank of the Southwest National
Association, Houston
910 Travis
Houston, Texas 77002

Gentlemen:

We have acted as counsel for Crystal Oil Company, a Maryland corporation ("Crystal"), and its wholly owned subsidiary, Crystal Oil Louisiana, Inc., a Louisiana corporation ("Crystal Louisiana"), in connection with the transactions contemplated with the merger of Crystal with and into Crystal Louisiana (the "Merger"). The Merger is being consummated pursuant to a Plan of Reorganization and Agreement of Merger dated May 2, 1984 (the "Agreement").

In connection with the Merger, Crystal filed with the Securities and Exchange Commission its proxy statement dated March 26, 1984 (the "Proxy Statement"). On the date hereof, the Merger will become effective upon the filing of the Agreement with the Secretary of State of Louisiana (the "Effective Time"). The Agreement provides that at the Effective Time, each share of outstanding Crystal Common Stock, par value $1.00 per share, will be converted into one share of Crystal Louisiana Common Stock, par value $1.00 per share (the "Crystal Louisiana Shares").

In connection with the Merger, Crystal Louisiana and Bank of the Southwest National Association, Houston (the

"Trustee") are entering into a First Supplemental Indenture dated as of the date hereof (the "Supplement") with respect to the Indenture dated as of December 15, 1983, between Crystal and the Trustee with respect to 14 7/8% Senior Subordinated Debentures due December 15, 1998 (the "Indenture").

Pursuant to the Supplement, Crystal Louisiana will assume all obligations of Crystal under the Indenture.

In connection with the opinions hereinafter expressed, we have reviewed the relevant corporate proceedings of Crystal and Crystal Louisiana and have examined originals, or photostatic or certified copies, of all such agreements, communications and other instruments, certificates of public officials, certificates of corporate officers, and such other documents as we have deemed relevant and necessary as a basis for the opinions hereinafter expressed. In such examination, we have assumed the genuineness of all signatures and the authenticity of all documents submitted to us as originals and the conformity to original documents of all documents submitted to us as certified or photostatic copies. With respect to certain factual matters, we have relied, to the extent we have deemed appropriate, upon certificates of officers and representatives of Crystal and Crystal Louisiana.

Based upon the foregoing, and having regard for such legal considerations as we have deemed relevant, we are of the opinion that:

1. The execution and delivery of the Supplement have been duly authorized by all necessary corporate action on the part of Crystal Louisiana and do not result in the breach of any provisions on the part of Crystal Louisiana's Articles of Incorporation or Bylaws, and the Supplement has been duly executed and delivered by Crystal Louisiana.

2. All conditions precedent to the execution of the Supplement comply with Section 1401 of the Indenture. The execution of the Supplement is authorized and permitted under the Indenture.

3. We have made such examination or investigation as is necessary to enable us to express

an informed opinion as to whether or not Crystal Louisiana has complied with the conditions in Section 1401 of the Indenture. Crystal Louisiana has complied with such conditions in Section 1401 of the Indenture.

In connection with the foregoing opinion, we wish to advise you that we are relying in part upon the representations of Crystal set forth in a certificate delivered to us on the date hereof.

This opinion is furnished by us as counsel for Crystal Louisiana and is solely for your benefit; it may not be relied on by, nor may copies be delivered to, any other person without our prior written consent. Our opinions herein are limited to the laws of the State of Texas and of the United States of America, to the extent they are applicable, and we express no opinion as to the applicability of the laws of any other jurisdiction except as expressly stated herein.

Very truly yours,

Fulbright & Jaworski

FULBRIGHT & JAWORSKI
BANK OF THE SOUTHWEST BUILDING
HOUSTON, TEXAS 77002
TELEPHONE (713) 651-5151
TELEX 76-2829

1150 CONNECTICUT AVE., N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 452-6800
TELEX 89-2602

AMERICAN BANK TOWER, SUITE 1740
221 WEST SIXTH STREET
AUSTIN, TEXAS 78701
TELEPHONE (512) 474-5201

IN DALLAS
DUMAS, HUGUENIN, BOOTHMAN & MORROW
AND
FULBRIGHT & JAWORSKI
2001 BRYAN TOWER, SUITE 1400
DALLAS, TEXAS 75201
TELEPHONE (214) 969-0969 (DH&M)
TELEPHONE (214) 969-1969 (F&J)

2200 INTERFIRST PLAZA
300 CONVENT STREET
SAN ANTONIO, TEXAS 78205
TELEPHONE (512) 224-5575

2 ST JAMES'S PLACE
LONDON, SW1A 1NP
TELEPHONE (01) 629-1207
TELEX 28310

May 4, 1984

Re: First Supplemental Indenture
Relating to 9% Convertible
Subordinated Debentures due
1991 of Crystal Oil Company

First City National Bank of Houston
1001 Main
Houston, Texas 77002

Gentlemen:

We have acted as counsel for Crystal Oil Company, a Maryland corporation ("Crystal"), and its wholly owned subsidiary, Crystal Oil Louisiana, Inc., a Louisiana corporation ("Crystal Louisiana"), in connection with the transactions contemplated with the merger of Crystal with and into Crystal Louisiana (the "Merger"). The Merger is being consummated pursuant to a Plan of Reorganization and Agreement of Merger dated May 2, 1984 (the "Agreement").

In connection with the Merger, Crystal filed with the Securities and Exchange Commission its proxy statement dated March 26, 1984 (the "Proxy Statement"). On the date hereof, the Merger will become effective upon the filing of the Agreement with the Secretary of State of Louisiana (the "Effective Time"). The Agreement provides that at the Effective Time, each share of outstanding Crystal Common Stock, par value $1.00 per share, will be converted into one share of Crystal Louisiana Common Stock, par value $1.00 per share (the "Crystal Louisiana Shares").

In connection with the Merger, Crystal Louisiana and First City National Bank of Houston (the "Trustee") are

entering into a First Supplemental Indenture dated as of the date hereof (the "Supplement") with respect to Indenture dated as of May 1, 1981, between Crystal and the Trustee with respect to 9% Subordinated Debentures due 1991 (the "Indenture");

Pursuant to the Supplement, Crystal Louisiana will assume all obligations of Crystal under the Indenture and will also assume, where applicable, obligations to deliver Crystal Lousiana Shares upon exercise of conversion rights.

In connection with the opinions hereinafter expressed, we have reviewed the relevant corporate proceedings of Crystal and Crystal Louisiana and have examined originals, or photostatic or certified copies, of all such agreements, communications and other instruments, certificates of public officials, certificates of corporate officers, and such other documents as we have deemed relevant and necessary as a basis for the opinions hereinafter expressed. In such examination, we have assumed the genuineness of all signatures and the authenticity of all documents submitted to us as originals and the conformity to original documents of all documents submitted to us as certified or photostatic copies. With respect to certain factual matters, we have relied, to the extent we have deemed appropriate, upon certificates of officers and representatives of Crystal and Crystal Louisiana.

Based upon the foregoing, and having regard for such legal considerations as we have deemed relevant, we are of the opinion that:

1. The execution and delivery of the Supplement have been duly authorized by all necessary corporate action on the part of Crystal Louisiana and do not result in the breach of any provisions on the part of Crystal Louisiana's Articles of Incorporation or Bylaws, and the Supplement has been duly executed and delivered by Crystal Louisiana.

2. All conditions precedent to the execution of the Supplement comply with Section 1001 of the Indenture. The execution of the Supplement is authorized and permitted under the Indenture.

3. We have made such examination or investigation as is necessary to enable us to express

an informed opinion as to whether or not Crystal Louisiana has complied with the conditions in Section 1001 of the Indenture. Crystal Louisiana has complied with such conditions in Section 1001 of the Indenture.

In connection with the foregoing opinion, we wish to advise you that we are relying in part upon the representations of Crystal set forth in a certificate delivered to us on the date hereof.

This opinion is furnished by us as counsel for Crystal Louisiana and is solely for your benefit; it may not be relied on by, nor may copies be delivered to, any other person without our prior written consent. Our opinions herein are limited to the laws of the State of Texas and of the United States of America, to the extent they are applicable, and we express no opinion as to the applicability of the laws of any other jurisdiction except as expressly stated herein.

Very truly yours,

Fulbright & Jaworski

Fulbright & Jaworski

FULBRIGHT & JAWORSKI
BANK OF THE SOUTHWEST BUILDING
HOUSTON, TEXAS 77002
TELEPHONE (713) 651-5151
TELEX 76-2629

1150 CONNECTICUT AVE., N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 452-6800
TELEX 89-2602

AMERICAN BANK TOWER, SUITE 1740
221 WEST SIXTH STREET
AUSTIN, TEXAS 78701
TELEPHONE (512) 474-5201

IN DALLAS
DUMAS, HUGUENIN BOOTHMAN & MORROW
AND
FULBRIGHT & JAWORSKI
2001 BRYAN TOWER, SUITE 1400
DALLAS, TEXAS 75201
TELEPHONE (214) 969-0969 (DH&M)
TELEPHONE (214) 969-1969 (F&J)

2200 INTERFIRST PLAZA
300 CONVENT STREET
SAN ANTONIO, TEXAS 78205
TELEPHONE (512) 224-5575

2 ST JAMES'S PLACE
LONDON, SW1A 1NP
TELEPHONE (01) 629-1207
TELEX 28310

May 4, 1984

Re: First Supplemental Indentures
Relating to Subordinated
Debentures of Crystal Oil
Company

Bankers Trust Company
280 Park Avenue
New York, New York 10017

Gentlemen:

We have acted as counsel for Crystal Oil Company, a Maryland corporation ("Crystal"), and its wholly owned subsidiary, Crystal Oil Louisiana, Inc., a Louisiana corporation ("Crystal Louisiana"), in connection with proposed merger of Crystal with and into Crystal Louisiana (the "Merger"). The Merger is being consummated pursuant to a Plan of Reorganization and Agreement of Merger dated May 2, 1984 (the "Agreement").

In connection with the Merger, Crystal Louisiana and Bankers Trust Company (the "Trustee") are entering into First Supplemental Indentures dated as of the date hereof (collectively, the "Supplements") with respect to the following indentures (collectively, the "Indentures"):

(i) Indenture dated as of June 15, 1978, between Crystal and the Trustee with respect to 12-5/8% Subordinated Debentures due June 15, 1990;

(ii) Indenture dated as of April 15, 1980, between Crystal and the Trustee with respect to 11-3/8% Convertible Subordinated Debentures due 2000 (the "11-3/8% Convertible Debentures");

(iii) Indenture dated as of July 15, 1980, between Crystal and the Trustee with respect to 13-3/4% Subordinated Debentures due July 15, 2000; and

(iv) Indenture dated as of December 15, 1981, between Crystal and the Trustee with respect to 12-5/8% Subordinated Debentures due December 15, 2001.

Pursuant to the Supplements, Crystal Louisiana will assume all obligations of Crystal under the Indentures and will also assume, where applicable, obligations to deliver Crystal Lousiana Shares upon exercise of conversion rights. On the date hereof, the Merger will become effective upon the filing of the Agreement with the Secretary of State of the State of Louisiana (the "Effective Time"). The Agreement provides that at the Effective Time, each share of outstanding Crystal Common Stock, par value $1.00 per share, will be converted into one share of Crystal Louisiana Common Stock, par value $1.00 per share (the "Crystal Louisiana Shares").

In connection with the opinions hereinafter expressed, we have reviewed the relevant corporate proceedings of Crystal and Crystal Louisiana and have examined originals, or photostatic or certified copies, of all such agreements, communications and other instruments, certificates of public officials, certificates of corporate officers, and such other documents as we have deemed relevant and necessary as a basis for the opinions hereinafter expressed. In such examination, we have assumed the genuineness of all signatures and the authenticity of all documents submitted to us as originals and the conformity to original documents of all documents submitted to us as certified or photostatic copies. With respect to certain factual matters, we have relied, to the extent we have deemed appropriate, upon certificates of officers and representatives of Crystal and Crystal Louisiana.

Based upon the foregoing, and having regard for such legal considerations as we deem relevant, we are of the opinion that:

(i) Crystal Louisiana is duly organized and is validly existing as a corporation under the laws of the state of Louisiana.

(ii) The execution and delivery of the Supplements have been duly authorized by all necessary corporate action on the part of Crystal Louisiana and Crystal and do not result in the breach of any provisions on the part of Crystal Louisiana's Articles of Incorporation or Bylaws, and the Supplements have been duly executed and delivered by Crystal Louisiana and Crystal. The Supplements are the valid and subsisting agreement of Crystal Louisiana enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization or other laws relating to or affecting creditors' rights generally and by general equitable principles.

(iii) All conditions precedent to the execution of the Supplements comply with Section 14.01 of the Indentures. The execution of the Supplements is authorized and permitted under the Indentures.

(iv) We have made such examination or investigation as is necessary to enable us to express an informed opinion as to whether or not Crystal Louisiana has complied with the conditions in Section 14.01 of the Indentures. Crystal Louisiana has complied with the conditions in Section 14.01 of the Indentures.

(v) No approval of any public commission or other tribunal is required for the consummation of the Merger, except such as may be required under state securities or Blue Sky laws.

In rendering the opinion expressed in paragraph (i) above, we have relied on the opinion of Cook, Yancey, King & Galloway, Louisiana counsel to Crystal, a copy of which is attached hereto.

This opinion is furnished by us as counsel for Crystal and Crystal Louisiana and is solely for your benefit; it may not be relied on by, nor may copies be delivered to, any other person without our prior written consent. Our opinions herein are limited to the laws of the State of Texas and of the United States of America, to the extent they are applicable, and we express no opinion as to the applicability

of the laws of any other jurisdiction except as expressly stated herein.

Very truly yours,

Fulbright & Jaworski

Fulbright & Jaworski

LAW OFFICES OF

COOK, YANCEY, KING & GALLOWAY

600 COMMERCIAL NATIONAL BANK BUILDING

SHREVEPORT, LOUISIANA 71101

TELEPHONE (318) 221-6277

SIDNEY M. COOK (1962)
CHARLES D. EGAN (1969)
CLARE C. CLARK (1976)
CLARENCE L. YANCEY (1982)

BENJAMIN C. KING
SIDNEY E. COOK*
SIDNEY B. GALLOWAY*
EDWIN L. BLEWER, JR.
JAMES ROBERT JETER
STEVEN H. BEADLES
HERSCHEL E. RICHARD, JR.*
STEPHEN R. YANCEY
SAMUEL W. CAVERLEE
J. WILLIAM FLEMING
F. DRAKE LEE, JR.*
CHARLES G. TUTT
JOHN F. CASSIBRY
JOHN D. COLLINSWORTH
FRANK M. DODSON
ALBERT M. HAND, JR.
JERALD R. HARPER
CYNTHIA C. ANDERSON
BRIAN A. HOMZA
BERNARD S. JOHNSON*
ALLEN P. JONES
SIDNEY E. COOK, JR.
BENJAMIN C. KING, JR.

WILLIAM L. MURDOCK
OF COUNSEL

*A PROFESSIONAL LAW CORPORATION

May 4, 1984

Crystal Oil Company
229 Milam
Shreveport, Louisiana 71101

Gentlemen:

We have acted as Louisiana counsel for Crystal Oil Company, a Maryland corporation ("Crystal"), and its wholly owned subsidiary, Crystal Oil Louisiana, Inc., a Louisiana corporation ("Crystal Louisiana"), in connection with the transactions contemplated with the merger of Crystal with and into Crystal Louisiana (the "Merger").

In connection with the opinion hereinafter expressed, we have reviewed the relevant corporate proceedings of Crystal Louisiana and have examined originals, or photostatic or certified copies, of all such agreements, communications and other instruments, certificates of public officials, certificates of corporate officers, and such other documents as we have deemed relevant and necessary as a basis for the opinion hereinafter expressed. In such examination, we have assumed the genuineness of all signatures and the authenticity of all documents submitted to us as originals and the conformity to original documents of all documents submitted to us as certified or photostatic copies. With respect to certain factual matters, we have relied, to the extent we have deemed appropriate, upon certificates of officers and representatives of Crystal Louisiana.

Based upon the foregoing, and having regard for such legal considerations as we deem relevant, we are of the opinion that Crystal Louisiana is duly organized and is validly existing as a corporation under the laws of the State of Louisiana.

This opinion is furnished by us as counsel for Crystal Louisiana and is solely for your benefit; it may not be relied on by, nor may copies be delivered to, any other person without our prior written consent, except that Fulbright & Jaworski may rely on it to the same extent as you. Our opinions herein are limited to the laws of the State of Louisiana.

Yours very truly,

COOK, YANCEY, KING & GALLOWAY

By: Sidney E. Cook
Sidney E. Cook

SEC/ab

*CONFIDENTIAL*

CRYSTAL OIL COMPANY

QUESTIONNAIRE

Information Furnished by

_____
(Name)

For Inclusion in the Proxy Statement
To be Used in Connection with the
Annual Meeting of Stockholders
_____, 1984

This Questionnaire is being sent to executive officers*, directors, 5% stockholders and certain employees of Crystal Oil Company (the "Company") in order to obtain information required by the Securities and Exchange Commission (the "SEC") for inclusion in the proxy statement to be used in connection with the annual meeting of stockholders of the Company to be held on _____, 1984. *These questions relate to information not in the records of the Company.* The first set of questions relates to your security holdings in the Company and its subsidiaries*, and to your knowledge of any change, or potential change, in control* of the Company. The second set of questions relates to biographical information and to certain of your relationships and transactions with the Company and third parties. The third set of questions relates to your compensation by the Company, including personal benefits you have received from the Company or third parties, if any; your personal interest in legal proceedings which involve or will involve the Company, if any; and your knowledge of certain payments, if any. The fourth set of questions are questions the SEC requires directors, nominees for director and executive officers* to answer.

PLEASE ANSWER ALL QUESTIONS, USING THE ENTRY "NONE" OR "NOT APPLICABLE" WHERE APPROPRIATE, AND RETURN THIS QUESTIONNAIRE NOT LATER THAN FEBRUARY __, 1984, TO THE PERSONS LISTED ON PAGE 20 HEREOF.

If, in completing this Questionnaire, you are in doubt as to the meaning or implication of any terminology used herein or as to the significance of any particular fact situation, please communicate with L. G. Caskey at the Company's Corporate Headquarters or Karen M. Nakfoor of Fulbright & Jaworski, Bank of the Southwest Building, Houston, Texas 77002 (telephone: (713) 651-5151).

Reference is made to the Appendix to this Questionnaire for definitions of certain terms used in the regulations of the SEC and in this Questionnaire. All terms used in this Questionnaire that are defined in the Appendix are identified by an asterisk (*).

I. Security Holdings and Changes in Control.*

Please answer Questions I(a) - I(c) as of January 31, 1984.

(a) How many shares of the Company's Common Stock, $1.00 par value ("Common Stock"), do you beneficially* own? What is the nature of your beneficial ownership* with respect to each group of shares included in the total (for example, do you own such shares directly, as executor of an estate or trustee of a trust, or through a corporation, partnership, relative or other medium)? In describing the nature of your beneficial ownership*, please state whether you have sole voting power, shared voting power, sole investment power or shared investment power with respect to each group of shares indicated. ATTACH A COPY OF THE LATEST FORM 3 OR FORM 4 filed by you with the SEC and explain any discrepancies between the information set forth therein and your responses to this Question I(a).

Answer:

Total Number of Shares: _____

| Number of Shares in Group | Nature of Beneficial Ownership* |
|---|---|



RAM01277

(b) Of the total number of shares of Common Stock which you beneficially own*, how many shares are you deemed to have owned because you have the right to acquire beneficial ownership* of such shares on or before March 30, 1984, through the exercise of options or other rights? Please indicate the nature of your right to acquire those shares.

Answer:

| Number of Shares | Nature of Right to Acquire |
|---|---|

(c) If one or more of your associates* beneficially owns* shares of Common Stock not included in your response to paragraph (a) of this Question I, what is the name of, and your relationship to, each of those associates* and the number of shares owned by such associate* as of that date? Please explain why you do not consider those shares to be beneficially owned* by you.

Answer:

| Name of Associate* | Relationship to You | Number of Shares |
|---|---|---|

(d) To your knowledge, has there been, or do you foresee that there may be, any acquisition or disposition of Common Stock by you or your associates* between January 31, 1984, and _____, 1984.

Answer:

Yes _____ No _____

If your answer is "Yes", give particulars.

Explanation:



RAM01278

(g) To your knowledge, has a change in control* of the Company occurred since December 31, 1982?

Answer:

Yes _____ No _____

If your answer is "Yes", please state (i) the name of the person(s)* who acquired such control* and the amount and source(s) of the consideration used by such person(s)*; (ii) the basis of the control*, the date and a description of the transaction(s) which resulted in the change of control* and the percentage of outstanding Common Stock now beneficially owned* directly or indirectly by the person(s)* who acquired control*; (iii) the identity of the person(s)* from whom control* was assumed; (iv) the terms of any loans or pledges obtained by the new control group for the purpose of acquiring control* and the names of the lenders or pledgees; and (v) any arrangements or understandings among members of both the former and new control groups and their associates* with respect to election of directors or other matters.

Explanation:

(h) Are you aware of any arrangements, including any pledge of Common Stock by you or any other person*, the operation of which may at a subsequent date result in a change of control* of the Company?

Answer:

Yes _____ No _____

If your answer is "Yes", please describe such arrangements.

Explanation:

(e) If, to your knowledge, any person* (including yourself but excluding other persons* on the attached distribution list) owned beneficially* more than 5% of the outstanding Common Stock of the Company at January 31, 1984, please state the name and address of such person* and the information with respect to such person* requested below. On January 31, 1984, the number of shares constituting 5% of the outstanding Common Stock was _____.

In describing the nature of the beneficial ownership* involved, state whether you have or such person* has sole voting power, shared voting power, sole investment power or shared investment power with respect to each group of shares indicated.

| Name[s] and Address[es] | Number of Shares Beneficially Owned* | Nature of Beneficial Ownership* |
|---|---|---|

(f) Do you hold more than 5% of the outstanding Common Stock of the Company pursuant to any voting trust or similar agreement?

Answer:

Yes _____ No _____

If your answer is "Yes", state the amount held or to be held pursuant to such trust or agreement and the duration of such trust or agreement. Give the names and addresses of the voting trustees and attach a copy of such voting trust or other agreement.



RAM01279

II. Certain Relationships and Related Transactions.

(a) Please state your name as you wish it to appear in the above-referenced proxy statement, your date of birth, each position and office which you currently hold with the Company or any subsidiary*, and the date you assumed such position or office.

Name:

Date of Birth:

Postitions and Offices and
Dates of Assumption:

(b) Was there any arrangement or understanding between you and any other person(s)* pursuant to which you were or are to be selected as a director or nominee or were selected as an officer of the Company?

Answer:

Yes _____ No _____

If your answer is "Yes", please describe briefly, naming such person(s).

Explanation:

(c) Is there any family relationship* between you and any director or executive officer* or person nominated for director or chosen to be an executive officer* of the Company or any parent*, subsidiary* or other affiliate* of the Company?

Answer:

Yes _____ No _____



RAM01281

If your answer is "Yes", please state the nature of the relationship and name the director or executive officer*.

Explanation:

(d) Please state your principal occupations and employment since December 31, 1978, including the year of commencement and the year of termination of each position, and the name and principal business of any corporation or other organization in which such occupations and employment were carried on. Please indicate whether such corporation or organization is a parent*, subsidiary* or other affiliate* of the Company. If you have been employed by the Company or a subsidiary* for less than five years, explain the nature of the responsibilities undertaken by you in prior positions.

Answer:

(e) If you are a director of any corporation, other than the Company, which is required to file reports with the Securities and Exchange Commission under the Securities Exchange Act of 1934, or of any investment company registered under the Investment Company Act of 1940, please name such corporation or corporations.

Answer:

(f) Please state whether any of the activities enumerated below has occurred since December 31, 1978.

(1) A petition under the federal bankruptcy laws or any state insolvency law was filed by or against, or a receiver, fiscal agent or similar officer was appointed by a court for you, your business, your property, any partnership in which you were a general partner at or within two years

prior to such filing, or any corporation or other business association of which you were an executive officer* at or within two years prior to such filing.

Answer:

Yes _____ No _____

(2) You were convicted in a criminal proceeding or are a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses).

Answer:

Yes _____ No _____

(3) You were the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction permanently or temporarily enjoining, barring or suspending you from engaging in, or from associating with persons* who are engaged in, or otherwise limiting you with respect to, any of the following activities:

(i) acting as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity;

(ii) engaging in any type of business practice; or

(iii) engaging in any activity in connection with the purchase or sale of any security or in connection with any violation of federal or state securities laws.

Answer:

Yes _____ No _____

(4) You were the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any federal or state authority barring, suspending or otherwise limiting for more than 60 days your right to engage in

any activity described in (3)(i) above or to be associated with persons engaged in such activity.

Answer:

Yes _____ No _____

(5) You have been found by a court of competent jurisdiction in a civil action or by the SEC to have violated any federal or state securities law and the judgment in such civil action or finding by the SEC has not been subsequently reversed, suspended or vacated.

Answer:

Yes _____ No _____

If the answer to any portion of this inquiry is "Yes", please identify the portion(s) and furnish complete information with respect thereto. You may include any mitigating circumstances associated with events reported pursuant to this paragraph.

Explanation:

(g) Have you or any member of your immediate family* had, or will you or any member of your immediate family* have, any direct or indirect interest* in any transaction or series of transactions exceeding $60,000 which have occurred since December 31, 1982, or which are currently proposed, to which the Company or any subsidiary* was or is to be a party?

Answer:

Yes _____ No _____

If your answer is "Yes", please describe the transaction, stating the nature of your interest and, where practicable, the amount of such interest.

Explanation:

(h) Please indicate whether you are now, or at any time since December 31, 1982, have been, an executive officer* of, or the record or beneficial* owner, directly or indirectly, of, more than 10% of the equity interest in, any firm, corporation or other business or professional entity:

(i) which has made payments to the Company or any subsidiary* for property or services during the fiscal year ended December 31, 1983, in excess of 5% of either the Company's consolidated gross revenues for the fiscal year ended December 31, 1983, or the consolidated gross revenues of the entity making such payments for its last full fiscal year;

(ii) which proposes to make payments to the Company or any subsidiary* for property or services during the fiscal year ending December 31, 1984, in excess of 5% of either the Company's consolidated gross revenues for the fiscal year ended December 31, 1983, or the consolidated gross revenues of the entity making such payments for its last full fiscal year;

(iii) to which the Company or any subsidiary* has made payments for property or services during the fiscal year ended December 31, 1983, in excess of 5% of either the Company's consolidated gross revenues for the fiscal year ended December 31, 1983, or the consolidated gross revenues of the entity receiving such payments for its last full fiscal year;

(iv) to which the Company or any subsidiary* proposes to make payments for property or services during the fiscal year ending December 31, 1984, in excess of 5% of either the Company's consolidated gross revenues for the fiscal year ended December 31, 1983, or the consolidated gross revenues of the entity receiving such payments for its last full fiscal year; and

(v) to which the Company or any subsidiary* was indebted at any time during the fiscal year ended December 31, 1983, in an aggregate amount in excess of 5% of the Company's total consolidated assets at December 31, 1983.

For your information, the Company's consolidated gross revenues for the fiscal year ended December 31, 1983, were $_____ and the Company's total consolidated assets at December 31, 1983, amounted to $_____.

Answer:

Yes _____ No _____

If your answer is "Yes", please provide full details of the transaction or proposed transaction, including (1) the name of the firm, corporation or other business or professional entity, (2) the relationship between the entity and Company, (3) the relationship between you and the entity, and (4) the amount of business transacted between the Company and the entity during the fiscal year ending December 31, 1983 or proposed to be done for the fiscal year ending December 31, 1984.

Explanation:

(i) Are you a member of, or counsel to, a law firm that the Company or any subsidiary* has retained at any time since December 31, 1982, or proposes to retain during the fiscal year ending December 31, 1984?

Answer:

Yes _____ No _____

If your answer is "Yes", please provide details. If the dollar amount of fees charged to the Company exceeded 5% of the firm's gross revenues for the firm's last full fiscal year, please state the amount of such fees.

Explanation:

(j) Are you a partner or executive officer* of any investment banking firm that has performed services for the Company or any subsidiary*, other than as a participating underwriter in a syndicate, at any time since December 31, 1982, or proposes to perform services during the fiscal year ending December 31, 1984?

Answer:

Yes_____ No_____

If your answer is "Yes", please provide details. If the dollar amount of fees charged to the company exceeded 5% of the firm's gross revenues for the firm's last full fiscal year, please state the amount of such fees.

Explanation:

(k) Do you have any relationship with the Company or its management which is substantially similar in nature and scope to those relationships listed in subsections (h), (i) or (j) above?

Answer:

Yes _____ No _____

If your answer is "Yes", please describe such relationship.

Explanation:

(l) Have (i) you, (ii) any member of your immediate family*, (iii) any corporation or organization of which you are an executive officer* or partner or of which you are, directly or indirectly, the beneficial owner* of 10% or more of any class of equity securities, or (iv) any trust or other estate in which you have a substantial beneficial interest* or as to which you serve as a trustee or in a similar capacity,

been indebted to the Company or any subsidiary* at any time since December 31, 1982, in an amount in excess of $60,000?

Answer:

Yes _____ No _____

If your answer is "Yes", please describe in full the transaction or transactions giving rise to such indebtedness, including (i) the largest aggregate amount of indebtedness outstanding at any time during such period, (ii) the nature of the indebtedness and of the transaction in which it was incurred, (iii) the amount thereof outstanding on January 31, 1984, and (iv) the rate of interest paid or charged thereon. If such indebtedness was incurred by an associate*, please state the name of, and indicate your relationship to, such associate*. Exclude from the determination of the amount of indebtedness all amounts due for purchases subject to usual trade terms, for ordinary travel and expense payments and other transactions in the ordinary course of business.

Explanation:

III. Compensation and Legal Matters.

A. Compensation.

As used in this Question III, the term "plan" includes all plans, contracts, authorizations or arrangements, whether or not set forth in any formal document, pursuant to which the following may be received: cash, stock, restricted stock, phantom stock, stock options, stock appreciation rights, stock options in tandem with stock appreciation rights, warrants, convertible securities, performance units and performance shares.

(a) Is the amount of compensation you and your associates* received from the Company or any subsidiary* in the form of salaries, fees, director's fees, commissions, bonuses, securities, insurance, profit-sharing plans, retirement plans, stock options, stock appreciation rights and

thrift and similar plans for services rendered in all capacities during the fiscal year which ended December 31, 1983, correctly described on the accompanying schedule?

Answer:

Yes _____ No _____

If your answer is "No", please state the correct amount of such compensation and the basis for your calculation of such amount.

Explanation:

(b) Were you or any associate* paid or provided by the Company or any subsidiary* any compensation or personal benefits other than salaries, fees, director's fees, commissions, bonuses, securities, insurance, profit-sharing plans, retirement plans, stock options, stock appreciation rights and thrift and similar plans?

Answer:

Yes _____ No _____

If your answer is "Yes", please describe such compensation or benefits, their value, if any, and the basis for your valuation.

Explanation:

(c) Were you or any associate* paid or provided any compensation or other personal benefits, or was any such compensation or personal benefits proposed to be paid or provided, by third parties (including but not limited to



RAM01289

banks, customers and professionals) having business dealings with the Company or any subsidiary*, where such compensation or benefits were other than would have been received in arm's length transactions?

Answer:

Yes _____ No _____

If your answer is "Yes", please describe briefly.

Explanation:

(d) Were you or any associate* paid any compensation or other benefits by a third party under any plan or arrangement between such third party and the Company or any subsidiary*, other than as described under (b) above?

Answer:

Yes _____ No _____

If your answer is "Yes", please describe.

Explanation:

(e) Is there any compensatory plan or arrangement with the Company or any third party which resulted or will result from your retirement or resignation, or any other termination of your employment with, or from a change in control of, the Company, in which the amount involved exceeds $60,000?

Answer:

Yes _____ No. _____

If your answer is "Yes", please describe such plan or arrangement.

Explanation:

(f) Did you receive any compensation for services as a director of the Company during the fiscal year ended December 31, 1983, that was in addition to, or in lieu of, the amounts paid as standard compensation to directors of the Company?

Answer:

Yes _____ No _____

If your answer is "Yes", please state the amount.

Explanation:

B. Legal Proceedings.

Are there any pending legal proceedings to which you or any of your associates* are a party adverse to the Company or any subsidiary* or in which you or any of your associates* have an interest adverse to the Company or any subsidiary*?

Answer:

Yes _____ No _____

If your answer is "Yes", please describe such proceedings, name any such associate* and indicate his or its relationship to you.

Explanation:

C. Certain Payments.

Do you have knowledge or reason to believe that any of the activities or types of conduct enumerated below have been or may have been engaged in, directly or indirectly, at any time since December 31, 1982, by the Company or any subsidiary* or by any director, officer or employee of the Company or any subsidiary*:

(i) Any bribes, kickbacks or gifts to government officials or their relatives, domestic or foreign, or any other payments to such persons, whether or not legal, to obtain or retain business or to receive favorable treatment with regard to business?

Answer:

Yes_____ No_____

(ii) Any bribes, kickbacks or gifts to persons other than governmental officials, or to relatives of such persons, or any other payments to such persons or their relatives, whether or not legal, to obtain or retain business or to receive favorable treatment with regard to business?

Answer:

Yes_____ No_____

(iii) Any contributions for the benefit or at the request of the Company or any subsidiary*, whether or not legal, to any domestic or foreign political party, political candidate or holder of governmental office?

Answer:

Yes_____ No_____

(iv) The establishment or maintenance of any secret or unrecorded fund of monies or other assets of the Company or any subsidiary*.

Answer:

Yes_____ No_____

(v) Any false or fictitious entries which have been made in the books of account or other records of the Company or any subsidiary*.

Answer:

Yes_____ No_____

If your answer to any of the foregoing is "Yes", you will be contacted for further information.

IV. Certain Matters Concerning Directors and Executive Officers.

(a) The following questions must be answered by all proposed nominees for director.

(i) Do you consent to being named in the proxy statement as a proposed nominee for director?

Answer:

Yes_____ No_____

(ii) If you are elected as a director, will you serve as a director of the Company until the succeeding annual meeting of stockholders?

Answer:

Yes_____ No_____

(b) The following question must be answered by all executive officers*.

(i) Do you consent to being named in the proxy statement as a person chosen to be an executive officer* of the Company?

Answer:

Yes_____ No_____

The above information is supplied by the undersigned at the request of management of the Company for use in the preparation of the proxy statement to be distributed in connection with the annual meeting of stockholders of the Company to be held on _____, 1984. Such information is

correctly and completely stated to the best of the undersigned's knowledge, information and belief. The undersigned will promptly notify L. G. Caskey, or Karen M. Nakfoor in the event any change occurs prior to _____, 1984, which renders inaccurate or incomplete as of such date any of the information given herein.

DATED: February __, 1984.

_____
Signature

ONE COMPLETED SIGNED QUESTIONNAIRE SHOULD BE SENT PROMPTLY TO EACH OF:

L. G. Caskey
Crystal Oil Company
306 Milam
P. O. Box 21101
Shreveport, Louisiana 71120

Karen M. Nakfoor, Esq.
Fulbright & Jaworski
Bank of the Southwest Building
Houston, Texas 77002

The third copy is for your records.



RAM01294

APPENDIX

Certain Terms Used in Questionnaire

Affiliate

An "affiliate" of, or a person* "affiliated" with, a specified person* is a person* that directly, or indirectly through one or more intermediaries, controls*, or is controlled* by, or is under common control* with, the person* specified.

Associate

The term "associate", as defined in Rule 14a-1 promulgated under the Securities Exchange Act of 1934, includes:

(1) any corporation or organization (other than the Company or any subsidiary*) of which you are an officer or partner;

(2) any corporation or organization (other than the Company or any subsidiary*) of which you are, directly or indirectly, the beneficial owner* of 10% or more of any class of equity securities;

(3) any trust or other estate in which you have a substantial beneficial interest or as to which you serve as trustee or in a similar capacity; and

(4) your spouse or any relative of yours, or any relative of your spouse, who has the same home as you or who is a director or officer of the Company or any parent* or subsidiary*.

Beneficial Ownership

The criteria for determining the beneficial ownership of securities are set forth in Rule 13d-3 promulgated under the Securities Exchange Act of 1934:

Rule 13d-3. (a) For the purposes of Sections 13(d) and 13(g) of the Act a beneficial owner of a security includes any person* who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares:



RAM01295

(1) Voting power which includes the power to vote, or to direct the voting of, such security; or

(2) Investment power which includes the power to dispose, or to direct the disposition, of such security.

(b) Any person* who, directly or indirectly, creates or uses a trust, proxy, power of attorney, pooling arrangement or any other contract, arrangement, or device with the purpose or effect of divesting such person* of beneficial ownership of a security or preventing the vesting of such beneficial ownership as part of a plan or scheme to evade the reporting requirements of Section 13(d) or 13(g) of the Act shall be deemed for purposes of such sections to be the beneficial owner of such security.

(c) All securities of the same class beneficially owned by a person*, regardless of the form which such beneficial ownership takes, shall be aggregated in calculating the number of shares beneficially owned by such person*.

(d) Notwithstanding the provisions of paragraphs (a) and (c) of this rule:

(1)(i) A person* shall be deemed to be the beneficial owner of a security, subject to the provisions of paragraph (b) of this rule, if that person* has the right to acquire beneficial ownership of such security, as defined in Rule 13d-3(a), within sixty days, including but not limited to any right to acquire: (A) through the exercise of any option, warrant or right; (B) through the conversion of a security; (C) pursuant to the power to revoke a trust, discretionary account, or similar arrangement; or (D) pursuant to the automatic termination of a trust, discretionary account or similar arrangement; provided, however, any person* who acquires a security or power specified in paragraphs (A), (B) or (C), above, with the purpose or effect of changing or influencing the control* of the Company, or in connection with or as a participant in any transaction having such purpose or effect, immediately upon such acquisition shall be deemed to be the beneficial owner of the securities which may be acquired through the exercise or conversion of such security or power. Any securities not outstanding which are subject to such options, warrants, rights or conversion privileges shall be deemed to be outstanding for the purpose of computing the percentage of outstanding securities of the class owned by such person* but shall not be deemed to be outstanding for the purpose of computing the percentage of the class by any other person*.

. . . .



RAM01296

In addition, the following excerpt from Release No. 34-7793 of the SEC may be applicable in determining beneficial ownership of securities:

> "Generally a person* is regarded as the beneficial owner of securities held in the name of his or her spouse and their minor children. Absent special circumstances such relationship ordinarily results in such person* obtaining benefits substantially equivalent to ownership, e.g., application of the income derived from such securities to maintain a common home, to meet expenses which such person* otherwise would meet from other sources, or the ability to exercise a controlling* influence over the purchase, sale, or voting of such securities. Accordingly, a person* ordinarily should include in his reports filed pursuant to Section 16(a) (of the Securities Exchange Act of 1934) securities held in the name of a spouse or minor children as being beneficially owned by him.
>
> "A person* also may be regarded as the beneficial owner of securities held in the name of another person*, if by reason of any contract, understanding, relationship, agreement, or other arrangement, he obtains therefrom benefits substantially equivalent to those of ownership. Accordingly, where such benefits are present, such securities should be reported as being beneficially owned by the reporting person*. Moreover, the fact that the person* is a relative or relative of a spouse and sharing the same home as the reporting person may in itself indicate that the reporting person would obtain benefits substantially equivalent to those of ownership from securities held in the name of such relative. Thus, absent countervailing facts, it is expected that securities held by relatives who share the same home as the reporting person will be reported as being beneficially owned by such person*.
>
> "A person* also is regarded as the beneficial owner of securities held in the name of a spouse, minor children or other person*, even though he does not obtain therefrom the aforementioned benefits of ownership, if he can vest or revest title in himself at once, or at some future time."

Cash Compensation

The term "cash compensation" includes (i) all compensation received in the form of cash for services rendered all capacities to the Company or any subsidiary* during the last fiscal year; (ii) all cash bonuses to be paid for services rendered during the last fiscal year; and (iii) all compensation that would have been paid in cash but for the fact the payment of such compensation was deferred.

Control

Rule 12b-2 promulgated under the Securities Exchange Act of 1934 defines "control" as follows:

> "The term 'control' (including the terms 'controlling', 'controlled by' and 'under common control with') means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person*, whether through the ownership of voting securities, by contract, or otherwise."

Executive Officer

The term "executive officer" means the Company's president, secretary, treasurer, any vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions for the Company. An executive officer of a subsidiary* may be deemed an executive officer of its parent if the officer performs such policy making functions for the Company.

Family Relationship

The instruction to Item 401(d) of Regulation S-K defines a family relationship as "any relationship by blood, marriage, or adoption, not more remote than first cousin".

Immediate Family

Instruction (2) to Item 404(a) of Regulation S-K states that "a person's* immediate family shall include such person's* spouse; parents; children; siblings; mothers and fathers-in-law; sons and daughters-in-law; and brothers and sisters-in-law."



RAM01298

Indirect Interest in a Transaction

An "indirect interest in a transaction" may result from a person's* position with or interest in a firm, corporation or other entity which engages in such transaction, except where such indirect interest arises solely from (i) such person's* position as a director of a corporation or organization which is a party to such transaction, (ii) the direct or indirect beneficial ownership* on the part of such person*, all directors and officers of the Company, all nominees for election as a director of the Company, all holders of record or beneficially* of more than 5% of the outstanding shares of Common Stock of the Company and all associates* of such persons*, in the aggregate, of less than a 10% equity interest in such firm, corporation or other entity (other than a partnership) or (iii) both such position and ownership.

Parent

A "parent" is a person* which controls* the Company or any subsidiary* directly, or indirectly through one or more intermediaries.

Person

The term "person" is defined in Section 3 of the Securities Exchange Act of 1934 to include both natural persons and companies. Section 13(d)(3) of that Act provides that in connection with any determination of beneficial ownership of equity securities, the term "person" also includes two or more persons acting as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of such securities.

Subsidiary

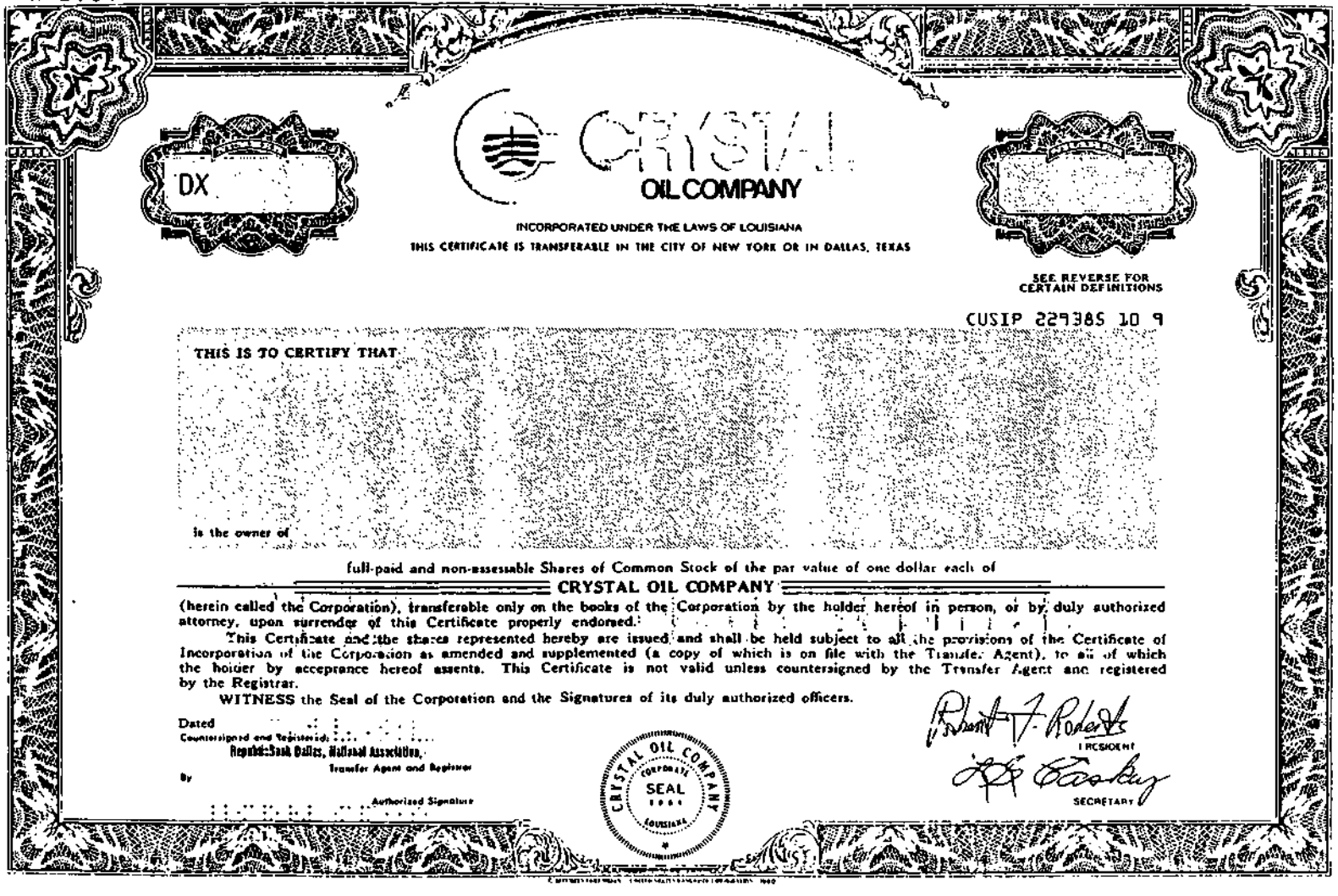
The subsidiaries of Crystal Oil Company are as follows:



RAM01300

DISTRIBUTION LIST

X 2788



DX

# CRYSTAL
## OIL COMPANY

INCORPORATED UNDER THE LAWS OF LOUISIANA

THIS CERTIFICATE IS TRANSFERABLE IN THE CITY OF NEW YORK OR IN DALLAS, TEXAS

SEE REVERSE FOR CERTAIN DEFINITIONS

CUSIP 229385 10 9

THIS IS TO CERTIFY THAT

is the owner of

full-paid and non-assessable Shares of Common Stock of the par value of one dollar each of

**CRYSTAL OIL COMPANY**

(herein called the Corporation), transferable only on the books of the Corporation by the holder hereof in person, or by duly authorized attorney, upon surrender of this Certificate properly endorsed.

This Certificate and the shares represented hereby are issued and shall be held subject to all the provisions of the Certificate of Incorporation of the Corporation as amended and supplemented (a copy of which is on file with the Transfer Agent), to all of which the holder by acceptance hereof assents. This Certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar.

WITNESS the Seal of the Corporation and the Signatures of its duly authorized officers.

Dated

Countersigned and Registered:
Republic Bank Dallas, National Association,
Transfer Agent and Registrar

By
Authorized Signature

CRYSTAL OIL COMPANY CORPORATE SEAL 1964 LOUISIANA

PRESIDENT

SECRETARY

RAM01302

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM—as tenants in common
TEN ENT—as tenants by the entireties
JT TEN —as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT—..... Custodian .....
(Cust) (Minor)
under Uniform Gifts to Minors Act.....
(State)

Additional abbreviations may also be used though not in the above list.

*FOR VALUE RECEIVED* .... ..... *hereby sell, assign and transfer unto*

Please Insert Social Security or Other Identifying Number of Assignee

.....

.....
(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF ASSIGNEE)

.....

.....

.....*Shares*
*of the capital stock represented by the within Certificate and do hereby irrevocably constitute and appoint*

.....*Attorney*
*to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.*

*Dated* .. .....

.....
NOTICE: The Signature to this assignment must correspond with the name as written upon the face of the Certificate in every particular, without alteration or enlargement, or any change whatever.

April __, 1984

Re: Notice of Merger of Crystal Oil Company into Crystal Oil Louisiana, Inc., a wholly owned subsidiary of Crystal Oil Company and Notice of Effect of Merger on Conversion Privilege and Conversion Price of 11-3/8% Convertible Subordinated Debentures due 2000

---

Dear Debentureholder:

Pursuant to a Plan of Reorganization and Agreement of Merger dated April __, 1984 (the "Agreement"), among Crystal Oil Company, a Maryland corporation ("Crystal") and Crystal Oil Louisiana, Inc., a Louisiana corporation ("Crystal Louisiana"), a wholly owned subsidiary of Crystal, to be filed with the Secretary of State of the State of Louisiana, Crystal will be merged into Crystal Louisiana (the "Merger") and Crystal Louisiana will be the sole survivor of the Merger. The Merger changes the state of incorporation of Crystal from Maryland to Louisiana.

The Merger will become effective upon the filing of the Agreement with the Secretary of State of the State of Louisiana (the "Effective Time of the Merger"). It is currently expected that the Agreement will be filed May 4, 1984, or as soon thereafter as all necessary conditions to the Merger have been satisfied or waived, provided that the stockholders of Crystal have approved the Merger. Upon consummation of the Merger, each outstanding share of common stock of Crystal, $1.00 par value per share ("Crystal Common Stock"), will be converted into one share of common stock of Crystal Louisiana, $1.00 par value per share ("Crystal Louisiana Common Stock"). Subsequent to the consummation of the Merger, Crystal stockholders of record will be entitled to exchange their shares of Crystal Common Stock for the applicable number of Crystal Louisiana Common Stock.

As the survivor of the Merger, Crystal Louisiana will assume all of the debts, liabilities and obligations of Crystal, including those obligations under the Indenture dated as of April 15, 1980 (hereinafter called the "Indenture"), by and between Crystal and Bankers Trust Company, as Trustee (the "Trustee") relating to Crystal's 11-3/8% Convertible Subordinated Debentures due 2000 (hereinafter called the "Debentures").

To evidence Crystal Louisiana's assumption of Crystal's obligations under the Indenture and Crystal Louisiana's assumption of the obligations to make payments of principal of (and premium, if any) and interest on the Debentures, and Crystal Louisiana's assumption of the obligations relating to the conversion rights of the holders of the Debentures, Crystal Louisiana and the Trustee will execute a First Supplemental Indenture to the Indenture (the "First Supplemental Indenture"). The First Supplemental Indenture will become effective at the Effective Time of the Merger. A copy of the First Supplemental Indenture may be inspected after the Merger at the principal corporate trust office of the Trustee at 280 Park Avenue, New York, New York 10017.

Section 15.06 of the Indenture provides that, upon the effectiveness of the Merger, a holder of a Debenture will thereafter have the right to convert the Debenture into the kind and amount of shares of stock and other securities and property that would have been payable upon the Merger with respect to the number of shares of Crystal Common Stock into which the Debentures could have been converted immediately prior to the Merger, subject to the adjustments set forth in Article Fifteen of the Indenture (as amended by the First Supplemental Indenture) which, for events subsequent to the effective date of the First Supplemental Indenture are as nearly equivalent as may be practicable to the adjustments provided for in Article Fifteen of the Indenture.

Each $1,000 Debenture will be convertible immediately prior to the Merger into 49 shares of Crystal Common Stock. Pursuant to the Merger, each share of Crystal Common Stock outstanding immediately prior to the Merger will be converted into one share of Crystal Louisiana Common Stock. Based on the rate of exchange for purposes of the Merger, immediately following the Merger, a $1,000 Debenture will be

convertible into 49 shares of Crystal Louisiana Common Stock. Immediately following the Effective Time of the Merger, the adjusted conversion prior will be $20.20 per share of Crystal Louisiana Common Stock.

An Officers' Certificate setting forth the facts requiring the adjustment in the conversion price, the computation thereof, and the conversion price after the adjustment may be inspected following the Merger at the principal corporate trust office of the Trustee, as set forth above.

Neither the Merger nor the First Supplemental Indenture requires action by the holders of the Debentures. As of the Effective Time of the Merger, the Debentures will represent indebtedness of Crystal Louisiana. You will not need to surrender or exchange your Debentures for new Debentures.

Very truly yours,

CRYSTAL OIL COMPANY

By_____
Robert F. Roberts, Chairman
of the Board, President and
Chief Executive Officer

CRYSTAL OIL COMPANY

SCHEDULE OF ADJUSTED CONVERSION
PRICE OF DEBENTURES RESULTING FROM THE
MERGER OF CYRSTAL OIL COMPANY INTO
CRYSTAL OIL LOUISIANA, INC.
A WHOLLY OWNED SUBSIDIARY OF CRYSTAL OIL COMPANY
(THE "MERGER")

| | | | |
|---|---|---|---|
| Step I | Calculation of the number of shares of Crystal Oil Company's common stock, $1.00 par value ("Crystal Common"), issuable upon assumed conversion of a debenture immediately prior to the Merger: | | |
| | A. | Denomination of each debenture | $1,000.00 |
| | B. | Divided by stated conversion price, as adjusted, immediately prior to the Merger | $ 20.20 |
| | C. | Number of shares of Crystal Common issuable upon conversion of a debenture immediately prior to the Merger | 49 |
| Step II | Calculation of the number of shares of Crystal Oil Louisiana, Inc.'s common stock, $1 par value, ("Crystal Lousiana Common") issuable upon conversion of a debenture in the principal amount of $1,000 immediately after the Merger: | | |
| | A. | Number of shares of Crystal Common issuable upon assumed conversion of a debenture (Step I above) | 49 |
| | B. | Multiplied by 1 | 49 |
| | C. | Number of shares of Crystal Louisiana Common issuable, upon conversion of a debenture immediately after the Merger | 49 |

UNITED STATES OF AMERICA

# State of Louisiana

DUPLICATE

## Fox McKeithen

SECRETARY OF STATE

*As Secretary of State, of the State of Louisiana, I do hereby Certify that*

a copy of a Merger document whereby CRYSTAL SUBSIDIARY, INC., organized under the laws of LOUISIANA, is merged into

CRYSTAL OIL COMPANY

Organized under the laws of LOUISIANA,

Was filed and recorded in this Office on June 14, 1999, with an effective date of June 14, 1999.

I further certify that by virtue of the merger document, the name of the survivor is changed to

CRYSTAL GAS STORAGE, INC.

*In testimony whereof, I have hereunto set my hand and caused the Seal of my Office to be affixed at the City of Baton Rouge on,*

June 14, 1999

Fox McKeithen

RAS 34136780D 34802883

*Secretary of State*

STATE OF LOUISIANA UNION JUSTICE CONFIDENCE SECRETARY OF STATE

RAM01308

UNITED STATES OF AMERICA

# State of Louisiana

## Fox McKeithen

SECRETARY OF STATE

*As Secretary of State, of the State of Louisiana, I do hereby Certify that the annexed transcript was prepared by and in this office from the record on file, of which purports to be a copy, and that it is full, true and correct.*

*In testimony whereof, I have hereunto set my hand and caused the Seal of my Office to be affixed at the City of Baton Rouge on.*

JUN 14 1999

Fox McKeithen

*Secretary of State*

STATE OF LOUISIANA
UNION JUSTICE CONFIDENCE
SECRETARY OF STATE

RAM01309

# CERTIFICATE OF OWNERSHIP AND MERGER

**Merging**

**CRYSTAL SUBSIDIARY, INC.,**
**a Louisiana corporation**

**Into**

**CRYSTAL OIL COMPANY,**
**a Louisiana corporation**

STATE OF LOUISIANA
PARISH OF CADDO

Pursuant to the provisions of Section 12:112G of the Business Corporation Law of the State of Louisiana (the "LBCL"), the undersigned, being the President and Assistant Secretary of Crystal Oil Company, submit the following Certificate of Ownership and Merger for the purpose of effecting a merger under the LBCL and do hereby certify as follows:

1. The name and state of incorporation of each of the constituent corporations are as follows:

| Name of Corporation | State of Incorporation |
|---|---|
| Crystal Subsidiary, Inc. | Louisiana |
| Crystal Oil Company | Louisiana |

2. Crystal Oil Company, the surviving corporation, owns all of the issued and outstanding shares of capital stock of Crystal Subsidiary, Inc.

3. Crystal Oil Company hereby certifies that its Board of Directors, at a regular meeting of the Board of Directors held on May 20, 1999, adopted the following resolutions approving and authorizing the merger of Crystal Subsidiary, Inc. with and into Crystal Oil Company and the change of the name of the surviving corporation to "Crystal Gas Storage, Inc.":

> RESOLVED, that Crystal Oil Company is hereby authorized to merge its wholly owned subsidiary, Crystal Subsidiary, Inc., into itself under the name Crystal Gas Storage, Inc. and assume all of Crystal Subsidiary, Inc.'s obligations;
>
> RESOLVED, that such merger shall be effective upon the date of filing of the Certificate of Ownership and Merger with the Louisiana Secretary of State;

RESOLVED, that, upon the effectiveness of the merger, the name of the Company shall be changed to Crystal Gas Storage, Inc.; and

RESOLVED, that such merger is deemed advisable and that the proper officers of the Company are authorized and directed to file or cause to be filed a Certificate of Ownership and Merger with Secretary of State of Louisiana.

IN WITNESS WHEREOF, Crystal Oil Company has caused this Certificate to be signed by J. N. Averett, Jr., its President, and Paul E. Holmes, its Assistant Secretary, this 11th day of June, 1999 in the presence of the undersigned witnesses, as indicated below, at Shreveport, Louisiana.

**CRYSTAL OIL COMPANY**

WITNESSES:

Dennis Williams

Patricia Holland

J. N. Averett, Jr.
President

WITNESSES:

Dennis Williams

Patricia Holland

Paul E. Holmes
Assistant Secretary

STATE OF LOUISIANA
PARISH OF CADDO

On the 11th day of June, 1999, before me, the undersigned notary, duly commissioned and qualified within and for the State and Parish aforesaid, personally came and appeared J. N. Averett, Jr., appearing in his capacity as the President of Crystal Oil Company to me known to be the person whose name is subscribed to the foregoing Certificate of Ownership and Merger as the said officer of the said corporation, and declared and acknowledged to me, notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of the said corporation within the full authority of its Board of Directors, and that the said instrument is the free act and deed of said corporation, and was executed for the uses, purposes, and benefits therein expressed.

Thus done, read and signed in my office, in the State and Parish aforesaid, in the presence of the undersigned competent witnesses, on the day of June 11, 1999.

WITNESSES:

Denise Williamson

J. N. Averett, Jr.

Patricia Holland

Julia P. Smith
Notary Public

JULIA P. SMITH, Notary Public
Caddo Parish, Louisiana
My Commission is for Life

STATE OF LOUISIANA
PARISH OF CADDO

On the 11th day of June, 1999, before me, the undersigned notary, duly commissioned and qualified within and for the State and Parish aforesaid, personally came and appeared Paul E. Holmes, appearing in his capacity as the Assistant Secretary of Crystal Oil Company to me known to be the person whose name is subscribed to the foregoing Certificate of Ownership and Merger as the said officer of the said corporation, and declared and acknowledged to me, notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of the said corporation within the full authority of its Board of Directors, and that the said instrument is the free act and deed of said corporation, and was executed for the uses, purposes, and benefits therein expressed.

Thus done, read and signed in my office, in the State and Parish aforesaid, in the presence of the undersigned competent witnesses, on the day of June 11, 1999.

WITNESSES:

Paul E. Holmes

Notary Public

JULIA P. SMITH, Notary Public
Caddo Parish, Louisiana
My Commission is for Life

# AGREEMENT AND PLAN OF MERGER

By and Among

**EL PASO ENERGY CORPORATION,**

**EL PASO ENERGY ACQUISITION CO.**

and

**CRYSTAL GAS STORAGE, INC.**

**October 15, 1999**

## TABLE OF CONTENTS


Page

ARTICLE I

THE MERGER ..... 1
SECTION 1.1. The Merger. ..... 1
SECTION 1.2. Effective Time. ..... 2
SECTION 1.3. Effects of the Merger. ..... 2
SECTION 1.4. Certificate of Incorporation and By-laws. ..... 2
SECTION 1.5. Directors. ..... 2
SECTION 1.6. Officers. ..... 2
SECTION 1.7. Effect on Capital Stock. ..... 2
(a) Capital Stock of Sub. ..... 2
(b) Cancellation of Treasury Stock and Parent Owned Stock. ..... 2
(c) Conversion of Shares. ..... 3
(d) Conversion of Senior Preferred Stock. ..... 3
(e) Shares of Dissenting Stockholders. ..... 3

ARTICLE II

EXCHANGE PROCEDURE ..... 3
SECTION 2.1. Exchange of Certificates. ..... 3
(a) Paying Agent. ..... 3
(b) Parent to Provide Funds. ..... 4
(c) Exchange Procedure. ..... 4
(d) No Further Ownership Rights in Shares. ..... 4

ARTICLE III

REPRESENTATIONS AND WARRANTIES ..... 5
SECTION 3.1. Representations and Warranties of the Company. ..... 5
(a) Organization, Standing and Power. ..... 5
(b) Subsidiaries. ..... 5
(c) Capital Structure. ..... 6
(d) Authority; Non-contravention. ..... 6
(e) SEC Documents. ..... 7
(f) Information Supplied. ..... 8
(g) Absence of Certain Changes or Events. ..... 8
(h) State Takeover Statutes; Absence of Supermajority Provision. ..... 8
(i) Brokers. ..... 9
(j) Litigation. ..... 9
(k) Employee Benefit Matters. ..... 9
(l) Taxes. ..... 11

(m) No Excess Parachute Payments. 13
(n) Environmental Matters. 13
(o) Compliance with Laws. 13
(p) Material Contracts and Agreements. 13
(q) Title to Properties. 14
(r) Intellectual Property. 14
(s) Labor Matters. 15
(t) Undisclosed Liabilities. 15
(u) Pipeline Imbalances. 15
(v) Year 2000. 15
(w) Opinion of Financial Advisor. 15
(x) Board Recommendation. 15
SECTION 3.2. Representations and Warranties of Parent and Sub. 16
(a) Organization; Standing and Power. 16
(b) Authority; Non-contravention. 16
(c) Information Supplied. 17
(d) Brokers. 17
(e) Litigation. 17

ARTICLE IV

COVENANTS RELATING TO CONDUCT OF BUSINESS 17
SECTION 4.1. Conduct of Business of the Company. 17
(a) Ordinary Course. 17
(b) Changes in Employment Arrangements. 19
(c) Severance. 20
(d) Other Actions. 20
(e) Internal Restructuring and Hattiesburg Owner Trust Matters. 20
(f) Base Gas. 20

ARTICLE V

ADDITIONAL AGREEMENTS 21
SECTION 5.1. Stockholder Approval; Preparation of Proxy Statement. 21
SECTION 5.2. Access to Information. 21
SECTION 5.3. Reasonable Efforts; Notification. 23
SECTION 5.4. Employee Benefit Matters. 25
SECTION 5.5. Indemnification. 25
SECTION 5.6. Fees and Expenses. 27
SECTION 5.7. Public Announcements. 27
SECTION 5.8. Internal Restructuring. 27
SECTION 5.9. Redemption of Senior Preferred Stock. 27

ARTICLE VI

CONDITIONS PRECEDENT ..... 28
SECTION 6.1. Conditions to Each Party's Obligation to Effect the Merger. ..... 28
(a) Stockholder Approval. ..... 28
(b) Other Approvals. ..... 28
(c) No Injunctions or Restraints. ..... 28
SECTION 6.2. Conditions to Obligations of Parent and Sub. ..... 28
SECTION 6.3. Condition to Obligations of the Company. ..... 29

ARTICLE VII

TERMINATION, AMENDMENT AND WAIVER ..... 29
SECTION 7.1. Termination. ..... 29
SECTION 7.2. Procedure for Termination, Amendment, Extension or Waiver. ..... 30
SECTION 7.3. Effect of Termination. ..... 30
SECTION 7.4. Amendment. ..... 30
SECTION 7.5. Extension; Waiver. ..... 30

ARTICLE VIII

SPECIAL PROVISIONS AS TO CERTAIN MATTERS ..... 31
SECTION 8.1. Takeover Defenses of the Company and Standstill Agreements. ..... 31
SECTION 8.2. No Solicitation. ..... 31
SECTION 8.3. Fee and Expense Reimbursements. ..... 34

ARTICLE IX

GENERAL PROVISIONS ..... 34
SECTION 9.1. Nonsurvival of Representations and Warranties. ..... 34
SECTION 9.2. Notices. ..... 34
SECTION 9.3. Definitions. ..... 36
SECTION 9.4. Interpretation. ..... 37
SECTION 9.5. Counterparts. ..... 37
SECTION 9.6. Entire Agreement; No Third-Party Beneficiaries. ..... 37
SECTION 9.7. Governing Law. ..... 37
SECTION 9.8. Assignment. ..... 37
SECTION 9.9. Enforcement of the Agreement. ..... 37
SECTION 9.10. Performance by Sub. ..... 38
SECTION 9.11. Severability. ..... 38

Schedule I — Company Disclosure Document ..... S-1
Exhibit A — Internal Restructuring Description ..... A-1

## LIST OF DEFINED TERMS


| | Page |
|---|---|
| Acquisition Agreement | 33 |
| Acquisition Transaction | 32 |
| affiliate | 36 |
| Agreement | 1 |
| Applicable Period | 31 |
| CERCLA | 36 |
| Certificates | 4 |
| Certificates of Merger | 2 |
| Code | 9 |
| Company | 1 |
| Company Benefit Plan | 10 |
| Company Charter | 7 |
| Company Financial Advisor | 15 |
| Company HSR Documents | 24 |
| Company NOLs | 12 |
| Company Permits | 13 |
| Company Stockholder Approval | 9 |
| Confidentiality and Standstill Agreements | 31 |
| conversion | 20 |
| DGCL | 1 |
| Dissenting Stockholders | 1 |
| Effective Time of the Merger | 2 |
| environmental laws | 36 |
| ERISA | 9 |
| Exchange Act | 7 |
| Fairness Opinion | 15 |
| Gas Storage Expansion Project | 17 |
| Governmental Entity | 7 |
| HSR Act | 7 |
| include, includes or including | 37 |
| Indemnified Parties | 26 |
| Internal Restructuring | 20 |
| IRS | 11 |
| knowledge | 36 |
| LBCL | 1 |
| Liens | 5 |
| material adverse change or material adverse effect | 36 |
| Merger | 1 |
| Merger Consideration | 3 |
| Notice of Superior Proposal | 32 |
| Parent | 1 |
| Parent Benefit Plan | 25 |

| | Page |
|---|---|
| Parent HSR Documents | 24 |
| Paying Agent | 3 |
| person | 36 |
| Proxy Statement | 7 |
| Replacement Plan | 25 |
| SEC | 7 |
| SEC Documents | 7 |
| Securities Act | 7 |
| Senior Preferred Stock | 6 |
| Severance Agreements | 10 |
| Share or Shares | 1 |
| Shareholders Agreement | 1 |
| Sub | 1 |
| subsidiary | 37 |
| superior proposal | 33 |
| Surviving Corporation | 1 |
| takeover proposal | 31 |
| Tax or Taxes | 12 |
| Tax Return | 13 |

**AGREEMENT AND PLAN OF MERGER** dated as of October 15, 1999, among **EL PASO ENERGY CORPORATION**, a Delaware corporation ("Parent"), **EL PASO ENERGY ACQUISITION CO.**, a Delaware corporation ("Sub") and a wholly owned subsidiary of Parent, and **CRYSTAL GAS STORAGE, INC.**, a Louisiana corporation (the "Company").

WHEREAS, the respective Boards of Directors of Parent, Sub and the Company have approved the acquisition of the Company by Parent on the terms and subject to the conditions of this Agreement and Plan of Merger (this "Agreement");

WHEREAS, in order to effectuate such acquisition of the Company, the respective Boards of Directors of Parent, Sub and the Company have approved the merger of the Company with and into Sub (the "Merger"), upon the terms and subject to the conditions of this Agreement, whereby each issued and outstanding share of common stock, $.01 par value, of the Company (singularly "Share" and plurally "Shares") not owned directly or indirectly by Parent or the Company, except (unless the Merger is approved by eighty percent or more of the Company's total voting power, in which event there will be no dissenters rights) Shares held by persons who object to the Merger and comply with all the provisions of Louisiana law concerning the right of holders of Shares to dissent from the Merger and require appraisal of their Shares ("Dissenting Stockholders"), will be converted into the right to receive $57 per Share;

WHEREAS, contemporaneously with the execution and delivery of this Agreement certain stockholders of the Company have executed and delivered a Shareholders Agreement pursuant to which they have entered into certain agreements with Parent and Sub regarding the Shares beneficially owned by them (the "Shareholders Agreement"); and

WHEREAS, Parent, Sub and the Company desire to make certain representations, warranties and agreements in connection with the Merger and also to prescribe various conditions to the Merger;

NOW, THEREFORE, in consideration of the premises and the representations, warranties and agreements herein contained, the parties agree as follows:

## ARTICLE I

## THE MERGER

SECTION 1.1. The Merger. Upon the terms and subject to the conditions hereof and in accordance with the Delaware General Corporation Law (the "DGCL") and the Louisiana Business Corporation Law (the "LBCL"), the Company shall be merged with and into Sub at the Effective Time of the Merger. Following the Merger, the separate corporate existence of the Company shall cease and Sub shall continue as the surviving corporation (the "Surviving Corporation") and shall succeed to and assume all the rights and obligations of the Company in accordance with the DGCL and the LBCL.

SECTION 1.2. Effective Time. As soon as practicable following the satisfaction or waiver of the conditions set forth in Article VI, the parties shall file certificates of merger or other appropriate documents (in any such case, the "Certificates of Merger") executed in accordance with the relevant provisions of the DGCL and the LBCL. The Merger shall become effective at such time as the Certificates of Merger are duly filed with the Delaware and Louisiana Secretaries of State, which the parties agree will be done simultaneously, or simultaneously at such other time as Sub and the Company shall agree should be specified in the Certificates of Merger (the time the Merger becomes effective being the "Effective Time of the Merger").

SECTION 1.3. Effects of the Merger. The Merger shall have the effects set forth in Section 259 of the DGCL and in Louisiana Revised Statute 12:115, which constitutes a provision of the LBCL.

SECTION 1.4. Certificate of Incorporation and By-laws.

(a) The Certificate of Incorporation of Sub, as in effect at the Effective Time of the Merger, shall be the Certificate of Incorporation of the Surviving Corporation until thereafter changed or amended as provided therein or by applicable law; provided that such Certificate of Incorporation shall be amended hereby as of the Effective Time of the Merger to change the name of Sub to Crystal Gas Storage, Inc.

(b) The By-laws of Sub as in effect at the Effective Time of the Merger shall be the By-laws of the Surviving Corporation until thereafter changed or amended as provided therein or by applicable law.

SECTION 1.5. Directors. The directors of Sub at the Effective Time of the Merger shall be the directors of the Surviving Corporation and shall hold office until the earlier of their resignation or removal or until their respective successors are duly elected and qualified, as the case may be.

SECTION 1.6. Officers. The officers of Sub at the Effective Time of the Merger shall be the officers of the Surviving Corporation and shall hold office until the earlier of their resignation or removal or until their respective successors are duly elected and qualified, as the case may be.

SECTION 1.7. Effect on Capital Stock. As of the Effective Time of the Merger, by virtue of the Merger and without any action on the part of the holder of any Shares:

(a) Capital Stock of Sub. Each issued and outstanding share of the capital stock of Sub shall be converted into and become one fully paid and nonassessable share of common stock, par value $1.00 per share, of the Surviving Corporation.

(b) Cancellation of Treasury Stock and Parent Owned Stock. All Shares that are owned directly or indirectly by the Company as treasury stock or by any wholly owned subsidiary of the Company and any Shares owned by Parent, Sub or any other wholly owned

subsidiary of Parent shall be canceled, and no consideration shall be delivered in exchange therefor.

(c) Conversion of Shares. Subject to Section 1.7(d), each issued and outstanding Share (other than Shares to be canceled in accordance with Section 1.7(b)) shall be converted into the right to receive from the Surviving Corporation in cash, without interest, $57 per Share (the "Merger Consideration").

(d) Conversion of Senior Preferred Stock. To the extent that any shares of Senior Preferred Stock are issued and outstanding at the Effective Time of the Merger, each such share shall be converted into one share of senior preferred stock of the Surviving Corporation having terms identical to the terms of the Senior Preferred Stock and having no alteration or change in the powers, preferences or rights given to the holders of shares of such senior preferred stock of the Surviving Corporation from those of the holders of shares of Senior Preferred Stock.

(e) Shares of Dissenting Stockholders. Notwithstanding anything in this Agreement to the contrary (unless the Merger is approved by eighty percent or more of the Company's total voting power, in which event there will be no dissenters rights), any issued and outstanding Shares held by a Dissenting Stockholder shall not be converted as described in Section 1.7(c) but shall become the right to receive such consideration as may be determined to be due to such Dissenting Stockholder pursuant to the laws of the State of Louisiana; provided, however, that Shares outstanding immediately prior to the Effective Time of the Merger and held by a Dissenting Stockholder who shall, after the Effective Time of the Merger, withdraw his demand for appraisal or lose his right of appraisal, in either case pursuant to the LBCL, shall be deemed to be converted, as of the Effective Time of the Merger, into the right to receive the Merger Consideration. The Company shall give Parent (i) prompt notice of any written demands for appraisal of Shares received by the Company and (ii) the opportunity to direct all negotiations and proceedings with respect to any such demands. The Company shall not, without the prior written consent of Parent, voluntarily make any payment with respect to, or settle, offer to settle or otherwise negotiate, any such demands.

## ARTICLE II

## EXCHANGE PROCEDURE

SECTION 2.1. Exchange of Certificates.

(a) Paying Agent. Prior to the Effective Time of the Merger, Parent shall select a bank or trust company to act as paying agent (the "Paying Agent") for the payment of the Merger Consideration upon surrender of certificates representing Shares.

(b) Parent to Provide Funds. Parent shall take all steps necessary to enable and cause the Surviving Corporation to provide the Paying Agent on a timely basis funds necessary to pay for the Shares pursuant to Section 1.7.

(c) Exchange Procedure. Promptly after the Effective Time of the Merger, the Paying Agent shall mail to each holder of record of a certificate or certificates that immediately prior to the Effective Time of the Merger represented outstanding Shares (the "Certificates"), other than the Company, Parent and any subsidiary of the Company or Parent, (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates to the Paying Agent and which shall be in a form and have such other provisions as Parent may reasonably specify) and (ii) instructions for use in effecting the surrender of the Certificates in exchange for the Merger Consideration. Upon surrender of a Certificate for cancellation to the Paying Agent or to such other agent or agents as may be appointed by the Surviving Corporation, together with such letter of transmittal, duly executed, and such other documents as may reasonably be required by the Paying Agent, the holder of such Certificate shall be entitled to receive in exchange therefor the amount of cash into which the Shares theretofore represented by such Certificate shall have been converted pursuant to Section 1.7(c), and the Certificate so surrendered shall forthwith be canceled. No interest will be paid or will accrue on the cash payable upon the surrender of any Certificate. If payment is to be made to a person other than the person in whose name the Certificate so surrendered is registered, it shall be a condition of payment that such Certificate shall be properly endorsed or otherwise in proper form for transfer and that the person requesting such payment shall pay any transfer or other taxes required by reason of the payment to a person other than the registered holder of such Certificate or establish to the satisfaction of the Surviving Corporation that such tax has been paid or is not applicable. Until surrendered as contemplated by this Section 2.1, each Certificate shall be deemed at any time after the Effective Time of the Merger to represent only the right to receive upon such surrender the amount of cash, without interest, into which the Shares theretofore represented by such Certificate shall have been converted pursuant to Section 1.7(c). Notwithstanding the foregoing, neither the Paying Agent nor any party shall be liable to a former stockholder of the Company for any cash or interest delivered to a public official pursuant to applicable abandoned property, escheat or similar laws. If any Certificates shall not have been surrendered prior to seven years after the Effective Time of the Merger (or immediately prior to such earlier date on which any payment pursuant to this Section 2.1 would otherwise escheat to or become the property of any governmental body or agency) the payment in respect of such Certificate shall, to the extent permitted by applicable law, become the property of the Surviving Corporation, free and clear of all claims or interest of any person previously entitled thereto. Any funds made available to the Paying Agent that remain unclaimed by holders of Certificates for six months after the Effective Time of the Merger shall be delivered to the Surviving Corporation upon demand and any holder of Certificates who has not theretofore complied with this Section 2.1(c) shall thereafter look only to Parent for payment of their claim for Merger Consideration.

(d) No Further Ownership Rights in Shares. All cash paid upon the surrender of Certificates in accordance with the terms of this Article II shall be deemed to have been paid in full satisfaction of all rights pertaining to the Shares theretofore represented by such Certificates, and there shall be no further registration of transfers on the stock transfer books of the Surviving

Corporation of the Shares that were outstanding immediately prior to the Effective Time of the Merger. If, after the Effective Time of the Merger, Certificates are presented to the Surviving Corporation for any reason, they shall be canceled and exchanged as provided in this Article II.

## ARTICLE III

## REPRESENTATIONS AND WARRANTIES

SECTION 3.1. Representations and Warranties of the Company. The Company represents and warrants to, and agrees with, Parent and Sub as follows, subject to any exceptions specified in the Company Disclosure Document in the form attached hereto as Schedule I to the extent such exceptions reference a specific Section of this Article III:

(a) Organization, Standing and Power. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Louisiana and has the requisite corporate power and authority to carry on its business as now being conducted. The Company is duly qualified to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification necessary, other than in such jurisdictions where the failure to be so qualified to do business or in good standing (individually or in the aggregate) would not have, or be reasonably likely to have, a material adverse effect on the Company.

(b) Subsidiaries. The Company's subsidiaries are corporations, limited liability companies or general partnerships that are duly organized, validly existing and in good standing under the laws of their respective jurisdictions of organization and have the requisite corporate power and authority (or comparable power and authority in the case of limited liability companies or general partnerships) to carry on their respective businesses as they are now being conducted and to own, operate and lease the assets they now own, operate or hold under lease. The Company's subsidiaries are duly qualified to do business and are in good standing in each jurisdiction in which the nature of their respective businesses or the ownership or leasing of their respective properties makes such qualification necessary, other than in such jurisdictions where the failure to be so qualified or in good standing would not have, or be reasonably likely to have, a material adverse effect on the Company. All the outstanding shares of capital stock of the Company's subsidiaries that are corporations, and all the ownership interests of the Company in its other subsidiaries, have been duly authorized and validly issued and are, except in the case of any subsidiary that is a general partnership, fully paid and non-assessable and were not issued in violation of any preemptive rights or other preferential rights of subscription or purchase of any person. All such stock and ownership interests are owned of record and beneficially by the Company or by a wholly owned subsidiary of the Company, free and clear of all liens, pledges, security interests, charges, claims and other encumbrances of any kind or nature ("Liens"). Except for the capital stock of, or ownership interests in, its subsidiaries, the Company does not own, directly or indirectly, any capital stock, equity interest or other ownership interest in any corporation, partnership, association, joint venture, limited liability company or other entity.

(c) Capital Structure. The authorized capital stock of the Company consists of 20,000,000 shares of common stock, $.01 par value, and 51,200,773 shares of preferred stock, $.01 par value, of which 21,488,353 shares have been designated $.06 Senior Convertible Voting Preferred Stock (Non-Cumulative) and 27,717,570 of which have been designated Series A Preferred Stock. At the close of business on June 30, 1999, (i) 2,668,122 Shares were issued and outstanding, (ii) 192,875 Shares were reserved for issuance pursuant to options granted under the Company's Employee Stock Option Plan, (iii) no Shares were reserved for issuance pursuant to options not yet granted under the Company's Employee Stock Option Plan, (iv) 7,360,753 shares of $.06 Senior Convertible Voting Preferred Stock ("Senior Preferred Stock") were issued and outstanding, (v) 16,562 Shares were reserved for issuance upon conversion of such outstanding shares of Senior Preferred Stock and (vi) no shares of Series A Preferred Stock were issued or outstanding. Except as set forth above, no shares of capital stock or other equity or voting securities of the Company are reserved for issuance or outstanding. All outstanding shares of capital stock of the Company are, and all such Shares issuable upon the exercise of stock options or conversion of Senior Preferred Stock will be when issued thereunder, validly issued, fully paid and nonassessable and not subject to preemptive rights. No capital stock has been issued by the Company since June 30, 1999, other than Shares issued pursuant to options outstanding on or prior to such date in accordance with their terms at such date. Except for options described above and Senior Preferred Stock described above, there are no outstanding or authorized securities, options, warrants, calls, rights, commitments, preemptive rights, agreements, arrangements or undertakings of any kind to which the Company or any of its subsidiaries is a party, or by which any of them is bound, obligating the Company or any of its subsidiaries to issue, deliver or sell, or cause to be issued, delivered or sold, any shares of capital stock or other equity or voting securities of, or other ownership interests in, the Company or of any of its subsidiaries or obligating the Company or any of its subsidiaries to issue, grant, extend or enter into any such security, option, warrant, call, right, commitment, agreement, arrangement or undertaking.

(d) Authority; Non-contravention. The Company has the requisite corporate power and authority to enter into this Agreement and, subject to Company Stockholder Approval, to consummate the transactions contemplated hereby and to take such actions, if any, as shall have been taken with respect to the matters referred to in Section 3.1(h). The execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company, subject to Company Stockholder Approval. This Agreement has been duly and validly executed and delivered by the Company and constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except that (i) such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws or judicial decisions now or hereafter in effect relating to creditors' rights generally and (ii) the remedy of specific performance and injunctive relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought. The execution and delivery of this Agreement by the Company do not, and the consummation of the transactions contemplated hereby and compliance with the provisions hereof will not, conflict with, or result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of or "put" right with respect to any obligation or to loss of a material benefit under, or result in the creation of any lien, security interest, charge

or encumbrance upon any of the properties or assets of the Company or any of its subsidiaries under, any provision of (i) the Amended and Restated Articles of Incorporation, as amended (the "Company Charter"), or By-laws of the Company or any provision of the comparable organizational documents of its subsidiaries, (ii) any loan or credit agreement, note, bond, mortgage, indenture, lease, or other agreement, instrument, permit, concession, franchise or license applicable to the Company or any of its subsidiaries or their respective properties or assets or (iii) subject to governmental filings and other matters referred to in the following sentence, any judgment, order, decree, statute, law, ordinance, rule or regulation or arbitration award applicable to the Company or any of its subsidiaries or their respective properties or assets, other than, in the case of clause (ii), any such conflicts, violations, defaults, rights or liens, security interests, charges or encumbrances that individually or in the aggregate would not have, or be reasonably likely to have, a material adverse effect on the Company and would not, or be reasonably likely to, materially impair the ability of the Company to perform its obligations hereunder or prevent the consummation of any of the transactions contemplated hereby. No consent, approval, order or authorization of, or registration, declaration or filing with, any court, administrative agency or commission or other governmental authority or agency, domestic or foreign, including local authorities (a "Governmental Entity"), is required by or with respect to the Company or any of its subsidiaries in connection with the execution and delivery of this Agreement by the Company or the consummation by the Company of the transactions contemplated hereby, except for (i) the filing of a premerger notification and report form by the Company under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), (ii) the filing with the Securities and Exchange Commission (the "SEC") of (A) a proxy statement relating to the Company Stockholder Approval (such proxy statement as amended or supplemented from time to time, the "Proxy Statement") and (B) such reports under Section 13(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as may be filed in connection with this Agreement and the transactions contemplated hereby, and (iii) the filing of the Certificates of Merger with the Delaware and Louisiana Secretaries of State with respect to the Merger as provided in the DGCL and the LBCL and appropriate documents with the relevant authorities of other jurisdictions in which the Company is qualified to do business and such other consents, approvals, orders, authorizations, registrations, declarations and filings the failure of which to be obtained or made would not have, or be reasonably likely to have, a material adverse effect on the Company.

(e) SEC Documents. The Company has filed all required reports, schedules, forms, statements and other documents with the SEC since January 1, 1998 (such documents, together with all exhibits and schedules thereto and documents incorporated by reference therein, collectively referred to herein as the "SEC Documents"). As of their respective dates, the SEC Documents complied in all material respects with the requirements of the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such SEC Documents, and none of the SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The consolidated financial statements of the Company included in the SEC Documents comply in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with generally accepted accounting principles (except, in the case

of unaudited statements, as permitted by Form 10-Q of the SEC) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present the consolidated financial position of the Company and its consolidated subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments and other adjustments described therein).

(f) Information Supplied. None of the information supplied or to be supplied by the Company for inclusion or incorporation by reference in the Proxy Statement will, at the date the Proxy Statement is first mailed to the Company's stockholders and at the time of the Company's stockholders meeting convened for the purpose of obtaining the Company Stockholder Approval, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The Proxy Statement, as it relates to the Company Stockholders Meeting, will comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder, except that no representation or warranty is made by the Company with respect to statements made or incorporated by reference therein based on information supplied by Parent or Sub for inclusion or incorporation by reference therein.

(g) Absence of Certain Changes or Events. Except as disclosed in the SEC Documents, since December 31, 1998, the Company has conducted its business only in the ordinary course consistent with past practice, and there has not been (i) any event or circumstance that has had or been reasonably likely to have a material adverse effect with respect to the Company; (ii) any declaration, setting aside or payment of any dividend (whether in cash, stock or property) with respect to any of the Company's capital stock; (iii) (A) any granting by the Company or any of its subsidiaries to any executive officer of the Company or any of its subsidiaries of any increase in compensation, except in the ordinary course of business consistent with prior practice or as was required under employment agreements in effect as of December 31, 1998, (B) any granting by the Company or any of its subsidiaries to any such executive officer of any increase in severance or termination pay, except as was required under employment, severance or termination agreements in effect as of December 31, 1998, or (C) except in accordance with past practice as to executive officers, any entry by the Company or any of its subsidiaries into any employment, severance or termination agreement with any such executive officer; (iv) any damage, destruction or loss, whether or not covered by insurance, that has or reasonably could be expected to have a material adverse effect on the Company; (v) any change in accounting methods, principles or practices by the Company materially affecting its assets, liabilities or business, except insofar as may have been required by a change in generally accepted accounting principles; or (vi) any event which, if it had taken place following the execution of this Agreement, would not have been permitted by Section 4.1.

(h) State Takeover Statutes; Absence of Supermajority Provision. The Company has taken all action to assure that no state takeover statute or similar statute or regulation, shall apply to the Merger or, the Shareholders Agreement, or any of the other transactions contemplated hereby or by the Shareholders Agreement. Except for the approval of the Merger by the holders of two-thirds of the voting power of Shares and Senior Preferred Stock, present at the meeting of

stockholders held for such purpose, voting together as a class pursuant to which each Share is entitled to one vote and each share of Senior Preferred Stock is entitled to .001 votes per share (unless the shares of Senior Preferred Stock have been called for redemption prior to such meeting and the provisions of Louisiana Revised Statute 12:75 shall have been satisfied so that such shares shall not be entitled to vote at such meeting) ("Company Stockholder Approval"), no other stockholder action on the part of the Company is required for approval of the Merger and the transactions contemplated hereby.

(i) Brokers. Except for Goldman, Sachs & Co., which has rendered the Fairness Opinion referred to in Section 3.1(u) and whose fees are to be paid by the Company, no broker, investment banker or other person is entitled to receive from the Company or any of its subsidiaries any investment banking, brokerage or finder's fees in connection with this Agreement or the transactions contemplated hereby, including any fee for any opinion rendered by any investment banker. The engagement letter between the Company and Goldman, Sachs & Co. provided to Parent on or prior to the date of this Agreement constitutes the entire understanding of the Company and Goldman, Sachs & Co. with respect to the matters referred to therein, and has not been amended or modified, nor will it be amended or modified prior to the Effective Time of the Merger.

(j) Litigation. Except as disclosed in the SEC Documents, there is no suit, action, proceeding or investigation pending or, to the best of the Company's knowledge, threatened against or affecting the Company or any of its subsidiaries that has had or could reasonably be expected to have a material adverse effect on the Company or prevent, hinder or materially delay the ability of the Company to consummate the transactions contemplated by this Agreement, nor is there any judgment, decree, injunction, rule or order of any Governmental Entity or arbitrator outstanding against the Company or any of its subsidiaries which has had, or which, insofar as reasonably can be foreseen, in the future could have, any such effect.

(k) Employee Benefit Matters. As used in this Section 3.1(k), the term "Employer" shall mean the Company as defined in the preamble of this Agreement and any member of a controlled group or affiliated service group, as defined in sections 414(b), (c), (m) and (o) of the Internal Revenue Code of 1986, as amended ("Code"), of which the Company is a member.

(i) With respect to each employee welfare benefit plan, employee pension benefit plan and employee benefit plan as defined in sections 3(1), 3(2), and 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), which have been or are sponsored by, participated in, or contributed to by the Employer at any time during the three-year period ending on the date of this Agreement, or with respect to which the Employer may have any liability, and except for any matter that would not individually or in the aggregate have, or be reasonably likely to have, a material adverse effect on the Company, to the extent applicable: (A) the plan is in substantial compliance with the Code and ERISA, including all reporting and disclosure requirements of Part 1 of Subtitle B of Title I of ERISA; (B) the appropriate Form 5500 has been timely filed for each year of its existence; (C) there has been no transaction described in section 406 or section 407 of ERISA or section 4975 of the Code unless exempt under section 408 of ERISA or section 4975 of the Code, as applicable; (D) the bonding requirements of section 412 of ERISA have been

satisfied; (E) there is no issue pending nor any issue resolved adversely to the Employer which may subject the Company to the payment of a penalty, interest, tax or other amount, (F) the plan can be unilaterally terminated or amended on no more than 90 days notice; (G) all contributions or other amounts payable by the Employer as of the Effective Time of the Merger with respect to the plan have either been paid or accrued in the Employer's most recent financial statements included in the SEC Documents and (H) no notice has been received or given by the Employer of an increase or proposed increase in the cost of any such plan or any other employee benefit agreement or arrangement, including deferred compensation plans, incentive plans, bonus plans or arrangements, stock option plans, stock purchase plans, golden parachute agreements, severance pay plans or agreements, dependent care plans, cafeteria plans, employee assistance programs, scholarship programs, employment contracts and other similar plans, agreements and arrangements that are currently in effect or were maintained within three years of the date hereof, or have been approved before this date but are not yet effective, for the benefit of directors, officers or employees, or former directors, officers or employees (or their beneficiaries) of the Employer (each, a "Company Benefit Plan"). There are no pending or, to the Company's knowledge, threatened or anticipated claims (other than routine claims for benefits), actions, arbitrations, investigations or suits by, on behalf of or against any Company Benefit Plan or their related trusts. The Company has made available to Parent true and correct copies of all of the Company Benefit Plans.

(ii) Neither the Company nor any entity (whether or not incorporated) that was at any time during the six years before the date of this Agreement treated as a single employer together with the Company under section 414 of the Code has ever maintained, had any obligation to contribute to or incurred any liability with respect to a pension plan that is or was subject to the provisions of Title IV of ERISA or section 412 of the Code. Neither the Company nor any entity (whether or not incorporated) that was at any time during the six years before the date of this Agreement treated as a single employer together with the Company under section 414 of the Code has ever maintained, had an obligation to contribute to, or incurred any liability with respect to a multiemployer pension plan as defined in section 3(37) of ERISA. During the last six years, the Company has not maintained, had an obligation to contribute to or incurred any liability with respect to a voluntary employees beneficiary association that is or was intended to satisfy the requirements of section 501(c)(9) of the Code. No plan, arrangement or agreement will cause the Employer to have liability for severance pay as a result of the Merger, except as otherwise set forth in the Amended and Restated Executive Compensation and Severance Agreements between the Company and each of the persons named in the Company Disclosure Document and the Severance Plan described therein, covering employees who are not parties to Amended and Restated Executive Compensation and Severance Agreements (collectively the "Severance Agreements"). The Employer does not provide employee benefits, including without limitation, death, post-retirement medical or health coverage (whether or not insured) or contribute to or maintain any employee benefit plan which provides for benefit coverage following termination of employment except (A) as is required by section 4980B(f) of the Code or other applicable statute, (B) death benefits or retirement benefits under any employee pension benefit plan as defined in section 3(2) of ERISA, (C) benefits the full cost

of which is borne by the current or former employee (or his beneficiary), nor has it made any representations, agreements, covenants or commitments to provide that coverage, or (D) deferred compensation benefits which have been accrued as liabilities on the books of the Employer and disclosed on its financial statements included in the SEC Documents. All group health plans maintained by the Employer have been operated in material compliance with section 4980B(f) of the Code.

(iii) All Company Benefit Plans that are intended to qualify under section 401(a) of the Code have been submitted to and approved as qualifying under section 401(a) of the Code by the Internal Revenue Service ("IRS") or the applicable remedial amendment period will not have ended prior to the Effective Time of the Merger.

(iv) Except as expressly provided in this Agreement or the Severance Agreements and except pursuant to certain options under the Company's Employee Stock Option Plan as described in section 3.1(c), the transactions contemplated by this Agreement will not accelerate the time of payment or vesting, or increase the amount, of compensation or benefits due any director, officer or employee or former director, officer or employee (including any beneficiary) of the Employer.

(v) With respect to any entity (whether or not incorporated) that is both treated as a single employer together with the Company under section 414 of the Code and located outside of the United States, any benefit plans maintained by it for the benefit of its directors, officers, employees or former employees (or any of their beneficiaries) are in compliance with applicable laws pertaining to such plans in the jurisdiction of such entity, except where such failure to be in compliance would not, either individually or in the aggregate, have, or be reasonably likely to have, a material adverse effect on the Company.

(l) Taxes. (i) Each of the Company and each of its subsidiaries, and any consolidated, combined, unitary or aggregate group for Tax purposes of which the Company or any of its subsidiaries is or has been a member, has timely filed (taking into account any extensions) all Tax Returns required to be filed by it on or before the Effective Time of the Merger and has timely paid or deposited (or the Company has paid or deposited on its behalf) all Taxes and estimated Taxes which are required to be paid or deposited before the Effective Time of the Merger. Each of the Tax Returns filed by the Company or any of its subsidiaries is accurate and complete in all material respects. The Company has delivered or made available to Parent accurate and complete copies of all Tax Returns of the Company and its subsidiaries that have been requested by Parent. The Company shall give Parent an opportunity to review and comment upon any Tax Returns of the Company and its subsidiaries to be filed after the date of this Agreement. No extension or waiver of the limitation period applicable to any of the Tax Returns of the Company or its subsidiaries has been granted, and no such extension or waiver has been requested from any of the Company or its subsidiaries. The most recent consolidated financial statements of the Company contained in the filed SEC Documents reflect an adequate reserve for all Taxes payable by the Company and its subsidiaries for all taxable periods and portions thereof through the date of such financial statements;

(ii) No material deficiencies for any Taxes have been proposed, asserted or assessed against the Company or any of its subsidiaries, no requests for waivers of the time to assess any such Taxes have been granted or are pending, and there are no tax liens upon any assets of the Company or any of its subsidiaries (except for liens for ad valorem Taxes not yet delinquent and other Taxes not yet due and payable) and no claim has been made by any authority in a jurisdiction where any of the Company and its subsidiaries does not file Tax Returns that it is or may be subject to taxation in that jurisdiction. There are no current examinations of any Tax Return of the Company or any of its subsidiaries being conducted and there are no settlements of any prior examinations which could reasonably be expected to materially adversely affect any taxable period for which the statute of limitations has not run.

(iii) None of the Company or its subsidiaries is, or has been, a party to or bound by any tax indemnity agreement, tax sharing agreement, tax allocation agreement or similar contract.

(iv) For federal income Tax purposes, the net operating losses of the Company and its subsidiaries as reflected on the federal income Tax Returns of the Company and its subsidiaries (the "Company NOLs") exceed the gain the Company and the subsidiaries will recognize as a result of the Internal Restructuring, the Merger, and any other transactions contemplated by this Agreement. The Company NOLs are not subject to any limitations (e.g., under Section 382 of the Code, Section 384 of the Code, or the consolidated return regulations).

(v) The limited liability company subsidiaries of the Company resulting from the Internal Restructuring are, or will be at the Effective Time of the Merger, treated as disregarded entities for federal income Tax purposes and the assets of such subsidiaries are, or will be at the Effective Time of the Merger, treated as owned directly by the Company for federal income Tax purposes.

(vi) At the Effective Time of the Merger, no subsidiary of the Company will be treated as a partnership for federal income Tax purposes.

(vii) No person is required to withhold any amounts pursuant to Section 1445 of the Code from any payments of Merger Consideration made to holders of Shares pursuant to the Merger. The Company has delivered or made available to Parent accurate and complete copies of all audit reports and similar documents relating to Tax Returns of the Company and its subsidiaries;

(viii) As used herein, "Tax" or "Taxes" shall mean all taxes of any kind, including, without limitation, those on or measured by or referred to as income, gross receipts, sales, use, ad valorem, franchise, profits, license, withholding, payroll, employment, estimated, excise, severance, stamp, occupation, premium, value added, property or windfall profits taxes, customs, duties or similar fees, assessments or charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts imposed

by any Governmental Entity, domestic or foreign. As used herein, "Tax Return" shall mean any return, report, statement or information required to be filed with any Governmental Entity with respect to Taxes.

(m) No Excess Parachute Payments. Any amount that could be received (whether in cash or property or the vesting of property) as a result of any of the transactions contemplated by this Agreement by any employee, officer or director of the Company or any of its affiliates who is a "disqualified individual" (as such term is defined by the IRS in proposed Treasury Regulation section 1.280G-1) under any employment, severance or termination agreement, other compensation arrangement or Company Benefit Plan currently in effect would not be characterized as an "excess parachute payment" (as such term is defined in section 280G(b)(1) of the Code).

(n) Environmental Matters. Except as would not have, or be reasonably likely to have, a material adverse effect on the Company, (i) the business operations of the Company and its subsidiaries are being conducted, and to the Company's knowledge have at all times been conducted, in compliance with all limitations, restrictions, standards and requirements established under environmental laws, (ii) no facts or circumstances exist that impose on the Company or any of its subsidiaries an obligation under environmental laws to conduct any removal, remediation, or similar response action, or that would form the basis of any claim, action, lawsuit, proceeding or investigation against, or any liability of, the Company or any of its subsidiaries under any environmental law, (iii) there is no obligation, undertaking or liability arising out of or relating to environmental laws that the Company or any of its subsidiaries has agreed to, assumed or retained, by contract or otherwise, or that has been imposed on the Company or any of its subsidiaries by any writ, injunction, decree, order or judgment, (iv) neither the Company nor any of its subsidiaries has received any written request for information, or been notified that it is a potentially responsible party, under CERCLA or any similar state law, and (v) there are no lawsuits, claims, actions, investigations or proceedings pending or, to the knowledge of the Company, threatened against the Company or any of its subsidiaries that arise out of or relate to environmental laws.

(o) Compliance with Laws. The Company and its subsidiaries hold all required, necessary or applicable permits, licenses, variances, exemptions, orders, franchises and approvals of all Governmental Entities, except where the failure to so hold would not have, or be reasonably likely to have, a material adverse effect on the Company (the "Company Permits"). The Company and its subsidiaries are in compliance with the terms of the Company Permits except where the failure to so comply would not have, or be reasonably likely to have, a material adverse effect on the Company. Neither the Company nor any of its subsidiaries has violated or failed to comply with any statute, law, ordinance, regulation, rule, permit or order of any Federal, state or local government, domestic or foreign, or any Governmental Entity, any arbitration award or any judgment, decree or order of any court or other Governmental Entity, applicable to the Company or any of its subsidiaries or their respective business, assets or operations, except for violations and failures to comply that have not had, individually or in the aggregate, or could not individually or in the aggregate, reasonably be expected to have a material adverse effect on the Company.

(p) Material Contracts and Agreements. All material contracts of the Company or its subsidiaries have been included in the SEC Documents, except for those contracts not required

to be filed pursuant to the rules and regulations of the SEC. Set forth on Section 3.1(p) of the Company Disclosure Document is a complete and accurate listing of all hedging and forward sale arrangements (i) to which the Company or any of its subsidiaries is party or (ii) by which any of the Company's or any of its subsidiaries' assets are bound.

(q) Title to Properties.

(i) Each of the Company and each of its subsidiaries has good and defensible title to, or valid leasehold interests in, all its material assets and properties purported to be owned by it in the SEC Documents, except for such assets and properties as are no longer used or useful in the conduct of its businesses or as have been disposed of in the ordinary course of business and except for defects in title, easements, restrictive covenants and similar encumbrances or impediments that, in the aggregate, do not and will not materially interfere with its ability to conduct its business as currently conducted or as reasonably expected to be conducted. All such assets and properties, other than assets and properties in which the Company or any of the subsidiaries has leasehold interests, are free and clear of all Liens, other than those set forth in the SEC Documents and except for Liens, that, in the aggregate, do not and will not materially interfere with the ability of the Company or any of its subsidiaries to conduct business as currently conducted or as reasonably expected to be conducted.

(ii) Except as would not have, or be reasonably likely to have, a material adverse effect on the Company, each of the Company and each of its subsidiaries has complied in all material respects with the terms of all leases to which it is a party and under which it is in occupancy, and all such leases are in full force and effect. Each of the Company and each of its subsidiaries enjoys peaceful and undisturbed possession under all such leases.

(r) Intellectual Property. The Company and its subsidiaries own, or are licensed or otherwise have the right to use, all patents, patent rights, trademarks, trademark rights, trade names, trade name rights, service marks, service mark rights, copyrights, technology, know-how, processes and other proprietary intellectual property rights and computer programs which are material to the condition (financial or otherwise) or conduct of the business and operations of the Company and its subsidiaries taken as a whole. To the Company's knowledge, (i) the use of such patents, patent rights, trademarks, trademark rights, service marks, service mark rights, trade names, copyrights, technology, know-how, processes and other proprietary intellectual property rights and computer programs by the Company and its subsidiaries does not infringe on the rights of any person, subject to such claims and infringements as do not, in the aggregate, give rise to any liability on the part of the Company and its subsidiaries which has had or could have a material adverse effect on the Company, and (ii) no person is, in any manner that has had or could have a material adverse effect on the Company, infringing on any right of the Company or any of its subsidiaries with respect to any such patents, patent rights, trademarks, trademark rights, service marks, service mark rights, trade names, copyrights, technology, know-how, processes and other proprietary intellectual property rights and computer programs. No claims are pending or, to the Company's knowledge, threatened that the Company or any of its subsidiaries is infringing or otherwise adversely affecting

the rights of any person with regard to any patent, license, trademark, trade name, service mark, copyright or other intellectual property right.

(s) Labor Matters. There are no collective bargaining agreements or other labor union agreements or understandings to which the Company or any of its U.S. subsidiaries is a party or by which any of them is bound, nor is it or any of its subsidiaries the subject of any proceeding asserting that it or any subsidiary has committed an unfair labor practice or seeking to compel it to bargain with any labor organization as to wages or conditions. To the Company's knowledge, during the five-year period ending on the date of this Agreement, neither the Company nor any of its subsidiaries has encountered any labor union organizing activity, or had any actual or threatened employee strikes, work stoppages, slowdowns or lockouts.

(t) Undisclosed Liabilities. Except as set forth in the SEC Documents, at the date of the most recent audited financial statements of the Company included in the SEC Documents, neither the Company nor any of its subsidiaries had, and since such date neither the Company nor any of such subsidiaries has incurred (except in the ordinary course of business), any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise), which, individually or in the aggregate, have had or could reasonably be expected to have a material adverse effect on the Company.

(u) Pipeline Imbalances. There are no physical natural gas cumulative imbalances with respect to the Company's or any of its subsidiaries' properties.

(v) Year 2000. The systems operated or used by the Company or any of its Subsidiaries are capable of providing uninterrupted millennium functionality on or after January 1, 2000 to share, record, process and present data in substantially the same manner and with the same functionality as such systems share, record, process and present such data on or before December 31, 1999, except, in the aggregate, as would not have, or be reasonably likely to have, a material adverse effect on the Company.

(w) Opinion of Financial Advisor. The Company's financial advisor, Goldman, Sachs & Co. (the "Company Financial Advisor"), has delivered to the Board of Directors of the Company an oral opinion, to be confirmed in writing (the "Fairness Opinion") to the effect that, as of the date of this Agreement, the consideration to be received by the holders of Shares in the Merger is fair to such holders from a financial point of view. Subject to the prior review by the Company Financial Advisor, the Fairness Opinion shall be included in the Proxy Statement.

(x) Board Recommendation. The Board of Directors of the Company, at a meeting duly called and held, has by unanimous vote (i) determined that this Agreement and the transactions contemplated hereby, including the Merger and the transactions contemplated thereby, are fair to and in the best interests of the stockholders of the Company, and (ii) resolved to recommend to the holders of the Shares that they approve the Merger and the transactions contemplated thereby.

SECTION 3.2. Representations and Warranties of Parent and Sub. Parent and Sub represent and warrant to, and agree with, the Company as follows:

(a) Organization; Standing and Power. Parent and Sub are corporations duly organized, validly existing and in good standing under laws of their states of incorporation and have the requisite corporate power and authority to carry on their business as now being conducted. Parent and Sub are duly qualified to do business and in good standing in each jurisdiction in which the nature of their business or the ownership or leasing of their properties makes such qualification necessary, other than in such jurisdictions where the failure to be so qualified to do business (individually or in the aggregate) would not have, or be reasonably likely to have, a material adverse effect on Parent.

(b) Authority; Non-contravention. Parent and Sub have the requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Parent and Sub and the consummation by Parent and Sub of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Parent and Sub. This Agreement has been duly executed and delivered by Parent and Sub and constitutes a valid and binding obligation of Parent and Sub, enforceable against Parent and Sub in accordance with its terms, except that (i) such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws or judicial decisions now or hereafter in effect relating to creditors' rights generally and (ii) the remedy of specific performance and injunctive relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought. The execution and delivery of this Agreement by Parent and Sub do not, and the consummation of the transactions contemplated hereby and compliance with the provisions hereof will not, conflict with, or result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of or "put" right with respect to any obligation or to loss of a material benefit under, or result in the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Parent or Sub or any of their subsidiaries under, any provision of (i) the Certificate of Incorporation or By-laws of Sub or of Parent or any comparable organizational documents of their subsidiaries, (ii) any loan or credit agreement, note, bond, mortgage, indenture, lease or other agreement, instrument, permit, concession, franchise or license applicable to Parent or Sub or any of their subsidiaries or their respective properties or assets or (iii) subject to the governmental filings and other matters referred to in the following sentence, any judgment, order, decree, statute, law, ordinance, rule or regulation or arbitration award applicable to Parent or Sub or any of their subsidiaries or their respective properties or assets, other than, in the case of clause (ii), any such conflicts, violations or defaults that individually or in the aggregate would not materially impair the ability of Parent and Sub to perform their respective obligations hereunder or prevent the consummation of any of the transactions contemplated hereby. No consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required by or with respect to Parent or Sub or any of their subsidiaries in connection with the execution and delivery of this Agreement by Parent and Sub or the consummation by Parent and Sub of the transactions contemplated hereby, except for (i) the filing by Parent of a premerger notification and report form under the HSR Act, (ii) the filing with the SEC of such reports under Sections 13 of the Exchange Act as may be required in connection with this

Agreement and the transactions contemplated hereby and (iii) filings in Delaware by Sub in connection with the Merger.

(c) Information Supplied. None of the information supplied or to be supplied by Parent for inclusion or incorporation by reference in the Proxy Statement will at the date the Proxy Statement is first mailed to the Company's stockholders and at the time of the Company's stockholder meeting at which Company Stockholder Approval is sought, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

(d) Brokers. Except for Donaldson, Lufkin & Jenrette Securities Corporation, whose fees are to be paid by Parent, no broker, investment banker or other person, is entitled to any broker's, finder's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Parent or Sub, including any fee for any opinion rendered by any investment banker.

(e) Litigation. There is no suit, action, proceeding or investigation pending or, to the knowledge of Parent, threatened against or affecting Parent or any of its subsidiaries that could reasonably be expected to prevent, hinder or materially delay the ability of Parent to consummate the transactions contemplated by this Agreement, nor is there any judgment, decree, injunction, rule or order of any Governmental Entity or arbitrator outstanding against Parent or any of its subsidiaries having, or which, insofar as reasonably can be foreseen, in the future could have, any such effect.

## ARTICLE IV

## COVENANTS RELATING TO CONDUCT OF BUSINESS

SECTION 4.1. Conduct of Business of the Company.

(a) Ordinary Course. During the period from the date of this Agreement to the Effective Time of the Merger (except as otherwise specifically contemplated by the terms of this Agreement), the Company shall and shall cause its subsidiaries to carry on their respective businesses in the usual, regular and ordinary course in substantially the same manner as conducted at the date hereof (including the on-going expansion project at the Company's Mississippi gas storage operations (the "Gas Storage Expansion Project"), which is being undertaken in the ordinary course of business) and, to the extent consistent therewith, use all reasonable efforts to preserve intact their current business organizations, keep available the services of their current officers and employees and preserve their relationships with customers, suppliers, licensors, licensees, distributors and others having business dealings with them, in each case consistent with past practice, to the end that their goodwill and ongoing businesses shall be unimpaired to the fullest extent possible at the Effective Time of the Merger. Without limiting the generality of the foregoing, and except as otherwise expressly contemplated by this Agreement, the Company shall not, and shall not permit any of its subsidiaries to:

(i) (A) declare, set aside or pay any dividends on, or make any other distributions in respect of, any of its capital stock, other than dividends and distributions by any direct or indirect wholly-owned subsidiary of the Company to the Company or a wholly-owned subsidiary of the Company, (B) split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock or (C) other than in connection with the Senior Preferred Stock Redemption, purchase, redeem or otherwise acquire any shares of capital stock of the Company or any of its subsidiaries or any other securities thereof or any rights, warrants or options to acquire any such shares or other securities;

(ii) issue, deliver, sell, pledge or otherwise encumber any shares of its capital stock, any other voting securities or any securities convertible into, or any rights, warrants or options to acquire, any such shares, voting securities or convertible securities (other than, in the case of the Company, the issuance of Shares upon the exercise of options or conversion of Senior Preferred Stock outstanding on the date of this Agreement (as identified and described in Section 3.1(c)) in accordance with their current terms);

(iii) amend the Company Charter, By-laws or other comparable charter or organizational document;

(iv) acquire or agree to acquire (A) by merging or consolidating with, or by purchasing a substantial portion of the stock or assets of, or by any other manner, any business or any corporation, partnership, association, joint venture, limited liability company or other entity or division thereof or (B) any assets that would be material, individually or in the aggregate, to the Company and its subsidiaries taken as a whole, except purchases of supplies and inventory in the ordinary course of business consistent with past practice;

(v) sell, lease, mortgage, pledge, grant a Lien on or otherwise encumber or dispose of any of its properties or assets, except (A) sales of inventory in the ordinary course of business consistent with past practice, (B) other transactions involving not in excess of $500,000 in the aggregate and (C) the creation of Liens in connection with working capital borrowings under revolving credit facilities incurred in accordance with Section 4.1(a)(vi);

(vi) (A) incur any indebtedness for borrowed money or guarantee any such indebtedness of another person, issue or sell any debt securities or warrants or other rights to acquire any debt securities of the Company or any of its subsidiaries, guarantee any debt securities of another person, enter into any "keep well" or other agreement to maintain any financial statement condition of another person or enter into any arrangement with respect to any of the foregoing, except for working capital borrowings under revolving credit facilities that are (1) incurred in the ordinary course of business, (2) on terms customary for facilities of this type and (3) prepayable without premium or penalty; provided the Company notifies Parent of the entering into of any such facilities and of any drawdowns made thereunder; or (B) make any loans, advances or capital contributions to, or investments in, any other person, other than to the Company or any direct or indirect wholly owned subsidiary of the Company;

(vii) make or incur any new capital expenditure not included in the Company's approved capital expenditure budget for 1999 set forth as on Section 4.1(a)(vii) of the Company Disclosure Document or not in conjunction with the Gas Storage Expansion Project as contemplated by Section 4.1(a)(vii) of the Company Disclosure Document with respect to 1999, which, singly or in the aggregate with all other expenditures, would exceed $500,000 or enter into any material agreements or commitments with respect to capital expenditures without the prior written consent of Parent (which consent shall not be unreasonably withheld);

(viii) make any material election relating to Taxes or settle or compromise any material Tax liability;

(ix) pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction, in the ordinary course of business consistent with past practice or in accordance with their terms, of liabilities reflected or reserved against in, or contemplated by, the most recent consolidated financial statements (or the notes thereto) of the Company included in the SEC Documents or incurred in the ordinary course of business consistent with past practice;

(x) release any party from or waive the benefits of, or agree to modify in any manner, any confidentiality, standstill or similar agreement to which the Company or any of its subsidiaries is a party;

(xi) adopt a plan of complete or partial liquidation or resolutions providing for or authorizing such a liquidation or a dissolution, merger, consolidation, restructuring, recapitalization or reorganization;

(xii) enter into any new collective bargaining agreement;

(xiii) change any material accounting principle used by it, except as required by regulations promulgated by the SEC or the Financial Accounting Standards Board;

(xiv) settle or compromise any litigation (whether or not commenced prior to the date of this Agreement) other than settlements or compromises in consultation and cooperation with Parent, and, with respect to any such settlement, with the prior written consent of Parent, such consent not to be unreasonably withheld;

(xv) enter into any forward sale or hedging arrangements with respect to natural gas transportation or storage or any other products; or

(xvi) authorize any of, or commit or agree to take any of, the foregoing actions.

(b) Changes in Employment Arrangements. Neither the Company nor any of its subsidiaries shall adopt or amend (except as may be required by law) any bonus, profit sharing,

compensation, stock option, pension, retirement, deferred compensation, employment or other employee benefit plan, agreement, trust, fund or other arrangement (including any Company Benefit Plan) for the benefit of any employee, director or former director or employee, increase the compensation or benefits of any officer of the Company or any of its subsidiaries, or, except as provided in an existing Company Benefit Plan or in the ordinary course of business consistent with past practice, increase the compensation or benefits of any employee or former employee or pay any benefit not required by any existing plan, arrangement or agreement.

(c) Severance. Neither the Company nor any of its subsidiaries shall grant any new or modified severance or termination arrangement or increase or, except as required under the existing terms of a Company Benefit Plan, accelerate any benefits payable under its severance or termination pay policies in effect on the date hereof.

(d) Other Actions. The Company shall not, and shall not permit any of its subsidiaries to, take any action that would, or that could reasonably be expected to, result in any of the representations and warranties of the Company set forth in this Agreement becoming untrue.

(e) Internal Restructuring and Hattiesburg Owner Trust Matters. Notwithstanding any provision of this Section 4.1 to the contrary, the Company shall be permitted to take the actions necessary to achieve the internal restructuring of its subsidiaries, to the extent described in Exhibit A hereto (the "Internal Restructuring"), so that immediately prior to the Effective Time of the Merger each and every subsidiary of the Company, other than any subsidiary which is at present a general partnership or limited liability company, shall have been converted into, or otherwise become by merger or otherwise (collectively "conversion"), a new single member limited liability company organized under the Delaware Limited Liability Company Act. Further, if requested by Parent, the Company shall use its reasonable efforts to own or acquire ownership of, or cause a subsidiary to own or acquire ownership of, all Investor Certificates issued under the Hattiesburg Owner Trust Agreement. If Parent makes such request, Sub shall timely advance to the Company any funds necessary to effectuate the acquisition of all Investor Certificates issued under the Hattiesburg Owner Trust not owned by the Company or any subsidiary as of the date hereof, which advance shall be evidenced by an unsecured promissory note of the Company, in a form reasonably acceptable to the Company and Sub, which shall be payable by the Company to Sub on the date six months from the date of such advance and which shall bear simple interest at 8½% per annum, payable in arrears. The Company shall, upon the occasion of it and its subsidiaries owning all such Investor Certificates, take all reasonable efforts to terminate the trust created by the Hattiesburg Owner Trust Agreement and the other agreements benefitting such trust, including that certain Collateral Sharing and Security Agreement dated November 21, 1995, that certain Guarantee dated November 21, 1995 and that certain Sales and Servicing Agreement dated November 21, 1995, as amended by the First Amendment thereto dated January 31, 1996.

(f) Base Gas. Subject to changes in fuel gas and gas used to settle operational balancing accounts, the Company will maintain its current base gas levels at its gas storage facilities, which levels the Company believes are adequate to meet current contractual needs and to avoid damage to the storage facilities.

## ARTICLE V

## ADDITIONAL AGREEMENTS

SECTION 5.1. Stockholder Approval; Preparation of Proxy Statement.

(a) The Company will, as soon as practicable following the execution of this Agreement, duly call, give notice of, convene and hold a meeting of its stockholders for the purpose of approving and adopting this Agreement and approving related matters. The Company will, through its Board of Directors, recommend to its stockholders approval and adoption of this Agreement, except to the extent that the Board of Directors of the Company shall have withdrawn its approval or recommendation of this Agreement or the Merger solely to the extent permitted by Section 8.2(b).

(b) The Company will, as soon as practicable following the execution of this Agreement, prepare and file a preliminary Proxy Statement with the SEC and will use its best efforts to respond to any comments of the SEC or its staff and to cause the Proxy Statement to be mailed to the Company's stockholders. The Company will notify Parent promptly of the receipt of any comments from the SEC or its staff and of any request by the SEC or its staff for amendments or supplements to the Proxy Statement or for additional information and will supply Parent with copies of all correspondence between the Company or any of its representatives, on the one hand, and the SEC or its staff, on the other hand, with respect to the Proxy Statement or the Merger. If at any time prior to the approval of this Agreement by the Company's stockholders there shall occur any event that should be set forth in an amendment or supplement to the Proxy Statement, the Company will promptly prepare and mail to its stockholders such an amendment or supplement. The Company will not mail any Proxy Statement, or any amendment or supplement thereto, to which Parent reasonably and timely objects.

(c) The Company shall cooperate with Parent with respect to setting a record date for any necessary vote of stockholders regarding the Merger and will set such date as and when requested by Parent.

SECTION 5.2. Access to Information.

(a) During the period from the date hereof to the Effective Time of the Merger, except to the extent otherwise required by United States regulatory considerations:

(i) The Company shall, and shall cause each of its subsidiaries, officers, employees, counsel, financial advisors and other representatives to, afford to Parent, and to Parent's accountants, counsel, financial advisors and other representatives, reasonable access to the Company's and its subsidiaries' respective properties, books, contracts, commitments and records and, during such period, the Company shall, and shall cause each of its subsidiaries, officers, employees, counsel, financial advisors and other representatives to, furnish promptly to Parent,

(A) a copy of each report, schedule, registration statement and other document filed by the Company during such period pursuant to the requirements of Federal or state securities laws and

(B) all other information concerning its business, properties, financial condition, operations and personnel as Parent may from time to time reasonably request so as to afford Parent a reasonable opportunity to make at its sole cost and expense such review, examination and investigation of the Company and its subsidiaries as Parent may reasonably desire to make. The Company agrees to advise Parent of all material developments with respect to the Company, its subsidiaries and their respective assets and liabilities.

(ii) The Company agrees to request KPMG LLP to permit PricewaterhouseCoopers LLP to review and examine the work papers of KPMG LLP with respect to the Company and its subsidiaries, and the officers of the Company will furnish to Parent such financial and operating data and other information with respect to the business and properties of the Company and its subsidiaries as Parent shall from time to time reasonably request.

(iii) The Company shall promptly notify Parent of any notices from or investigations by Governmental Entities that could materially affect the Company's business or assets or the consummation of the Merger. Parent will promptly notify the Company of any notices from or investigations by Governmental Entities that could materially affect Parent's consummation of the Merger.

(b) Except as required by law and without limiting in any way the continued efficacy of the Confidentiality and Standstill Agreement referred to in Section 8.1, each of the Company and Parent shall, and shall cause its respective directors, officers, employees, accountants, counsel, financial advisors and representatives and affiliates to, (i) hold in confidence, unless compelled to disclose by judicial or administrative process, or, in the opinion of its counsel, by other requirements of law, all nonpublic information concerning the other party furnished in connection with the transactions contemplated by this Agreement until such time as such information becomes publicly available (otherwise than through the wrongful act of such person), (ii) not release or disclose such information to any other person, except in connection with this Agreement to its auditors, attorneys, financial advisors, other consultants and advisors, and (iii) not use such information for any competitive or other purpose other than with respect to its consideration and evaluation of the transactions contemplated by this Agreement. Any investigation by any party of the assets and business of the other party and its subsidiaries shall not affect any representations and warranties hereunder or either party's right to terminate this Agreement as provided in Article VII.

(c) In the event of the termination of this Agreement, each party promptly will deliver to the other party (and destroy all electronic data reflecting the same) all documents, work papers and other material (and any reproductions or extracts thereof and any notes or summaries thereto) obtained by such party or on its behalf from such other party or its subsidiaries as a result of this Agreement or in connection therewith so obtained before or after the execution hereof.

SECTION 5.3. Reasonable Efforts; Notification.

(a) Upon the terms and subject to the conditions set forth in this Agreement, except to the extent otherwise required by United States regulatory considerations and otherwise provided in this Section 5.3, each of the parties agrees to use reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the Merger, and the other transactions contemplated by this Agreement, including (i) the obtaining of all necessary actions or nonactions, waivers, consents and approvals from Governmental Entities and the making of all necessary registrations and filings (including filings with Governmental Entities, if any) and the taking of all reasonable steps as may be necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, any Governmental Entity, (ii) the obtaining of all necessary consents, approvals or waivers from third parties, (iii) the defending of any lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the transactions contemplated hereby, including seeking to have any stay or temporary restraining order entered by any court or other Governmental Entity vacated or reversed and (iv) the execution and delivery of any additional instruments necessary to consummate the transactions contemplated by this Agreement. In connection with and without limiting the foregoing, each of the Company and Parent and its respective Board of Directors shall (i) take all action necessary to ensure that no state takeover statute or similar statute or regulation is or becomes applicable to the Merger, (ii) if any state takeover statute or similar statute or regulation becomes applicable to the Merger, take all action necessary to ensure that the Merger may be consummated as promptly as practicable on the terms contemplated by this Agreement and otherwise to minimize the effect of such statute or regulation on the Merger and (iii) cooperate with each other in the arrangements for refinancing any indebtedness of, or obtaining any necessary new financing for, the Company and the Surviving Corporation.

(b) The Company shall give prompt notice to Parent, and Parent or Sub shall give prompt notice to the Company, of (i) any representation or warranty made by it contained in this Agreement becoming untrue or inaccurate in any respect or (ii) the failure by it to comply with or satisfy in any material respect any covenant, condition or agreement to be complied with or satisfied by it under this Agreement; provided, however, that no such notification shall affect the representations or warranties or covenants or agreements of the parties or the conditions to the obligations of the parties hereunder.

(c) (i) Each of the parties hereto (and, in the case of the Company, its ultimate controlling person, as necessary) shall file a premerger notification and report form under the HSR Act with respect to the Merger as promptly as reasonably possible following execution and delivery of this Agreement. Each of the parties (and, in the case of the Company, its ultimate controlling person, as necessary) agrees to use reasonable efforts to promptly respond to any request for additional information pursuant to Section (e)(1) of the HSR Act.

(ii) Except as otherwise required by United States regulatory considerations, the Company will furnish to Fried, Frank, Harris, Shriver & Jacobson, counsel to Parent and Sub,

copies of all correspondence, filings or communications (or memoranda setting forth the substance thereof (collectively, "Company HSR Documents")) between the Company, or any of its respective representatives, on the one hand, and any Governmental Entity, or members of the staff of such agency or authority, on the other hand, with respect to this Agreement or the Merger; provided, however, that (x) with respect to documents and other materials filed by or on behalf of the Company with the Antitrust Division of the Department of Justice, the Federal Trade Commission, or any state attorneys general that are available for review by Parent and Sub, copies will not be required to be provided to Fried, Frank, Harris, Shriver & Jacobson and (y) with respect to any Company HSR Documents (1) that contain any information which, in the reasonable judgment of Fulbright & Jaworski L.L.P., should not be furnished to Parent or Sub because of antitrust considerations or (2) relating to a request for additional information pursuant to Section (e)(1) of the HSR Act, the obligation of the Company to furnish any such Company HSR Documents to Fried, Frank, Harris, Shriver & Jacobson shall be satisfied by the delivery of such Company HSR Documents on a confidential basis to Fried, Frank, Harris, Shriver & Jacobson pursuant to a confidentiality agreement in form and substance reasonably satisfactory to Parent. Except as otherwise required by United States regulatory considerations, Parent and Sub will furnish to Fulbright & Jaworski L.L.P., counsel to the Company, copies of all correspondence, filings or communications (or memoranda setting forth the substance thereof (collectively, "Parent HSR Documents")) between Parent, Sub or any of their respective representatives, on the one hand, and any Governmental Entity, or member of the staff of such agency or authority, on the other hand, with respect to this Agreement or the Merger; provided, however, that (x) with respect to documents and other materials filed by or on behalf of Parent or Sub with the Antitrust Division of the Department of Justice, the Federal Trade Commission, or any state attorneys general that are available for review by the Company, copies will not be required to be provided to Fulbright & Jaworski L.L.P. and (y) with respect to any Parent HSR Documents (1) that contain information which, in the reasonable judgment of Fried, Frank, Harris, Shriver & Jacobson, should not be furnished to the Company because of antitrust considerations or (2) relating to a request for additional information pursuant to Section (e)(1) of the HSR Act, the obligation of Parent and Sub to furnish any such Parent HSR Documents to Fulbright & Jaworski L.L.P. shall be satisfied by the delivery of such Parent HSR Documents on a confidential basis to Fulbright & Jaworski L.L.P. pursuant to a confidentiality agreement in form and substance reasonably satisfactory to the Company.

(iii) At the election of Parent, the Company and Parent shall use reasonable efforts to defend all litigation under the Federal or state antitrust laws of the United States which if adversely determined would, in the reasonable opinion of Parent (based on the advice of outside counsel), be likely to result in the failure of the condition set forth in Section 6.1(c) not being satisfied, and to appeal any order, judgment or decree, which if not reversed, would result in the failure of such condition. Notwithstanding the foregoing, nothing contained in this Agreement shall be construed so as to require Parent, Sub or the Company, or any of their respective subsidiaries or affiliates, to sell, license, dispose of, or hold separate, or to operate in any specified manner, any assets or businesses of Parent, Sub, the Company or the Surviving Corporation (or to require Parent, Sub, the Company or any of their respective subsidiaries or affiliates to agree to any of the foregoing). The obligations of each party

under Section 5.3(a) to use reasonable efforts with respect to antitrust matters shall be limited to compliance with the reporting provisions of the HSR Act and with its obligations under this Section 5.3(c).

SECTION 5.4. Employee Benefit Matters.

(a) Parent may cause any Company Benefit Plan, other than the Severance Agreements, to be terminated or discontinued at or after the Effective Time of the Merger, provided that, to the extent Parent or its affiliates maintain a benefit plan of the same type for employees of Parent or any of its affiliates ("Parent Benefit Plan"), Parent shall take all actions necessary or appropriate to permit the Company employees participating in such Company Benefit Plan to immediately thereafter participate in such Parent Benefit Plan of the same type maintained by Parent or any of its affiliates for their employees generally (a "Replacement Plan"); provided, however, that if the Company Benefit Plan that is so terminated or discontinued is a group health plan, then Parent shall permit each Company employee participating in such group health plan and his or her eligible dependents to be covered under a Replacement Plan under the terms and conditions of the Replacement Plan as modified to the extent necessary to (i) provide medical and dental benefits to each such Company employee and such eligible dependents effective immediately upon the cessation of coverage of such individuals under such group health plan, (ii) credit to such Company employee, for the year during which such coverage under such Replacement Plan begins, with any deductibles and copayments already incurred during such year under such group health plan, and (iii) waive any preexisting condition restrictions to the extent that the preexisting condition restrictions were satisfied under such group health plan. Parent, the Surviving Corporation, their affiliates, and the Parent Benefit Plans (including, without limitation, the Replacement Plans) shall recognize each Company employee's years of service and level of seniority with the Company and its subsidiaries for purposes of terms of employment and eligibility, vesting and benefit determination under the Parent Benefit Plans (other than benefit accruals under any defined benefit pension plan). Nothing in this Agreement shall be construed to require Parent to provide any particular type or amount of benefits for any person under any Parent Benefit Plan.

(b) At the Effective Time of the Merger, each outstanding option to purchase Shares shall be canceled and the holder thereof shall be entitled to receive at the Effective Time of the Merger from the Company in consideration for such cancellation a cash payment of an amount equal to (i) the excess, if any, of (A) the Merger Consideration over (B) the exercise price per Share subject to such option, multiplied by (ii) the number of Shares subject to such option. All amounts payable pursuant to this Section 5.4(b) shall be subject to any required withholding of taxes. Prior to the Effective Time of the Merger, the Board of Directors of the Company will take any corporate action necessary with respect to outstanding options to effectuate the provisions of this Section 5.4(b).

SECTION 5.5. Indemnification.

(a) The Company shall, and from and after the Effective Time of the Merger, Parent and the Surviving Corporation shall, indemnify, defend and hold harmless each person who is now, or has been at any time prior to the date hereof or who becomes prior to the Effective Time

of the Merger, an officer or director of the Company or any of its Subsidiaries or an employee of the Company or any of its Subsidiaries who acts as a fiduciary under any Company Benefit Plans (but, with respect to such employees, only to the extent (if any) indemnified by the Company as of the date hereof) (the "Indemnified Parties") against all losses, claims, damages, costs, expenses (including attorneys' fees), liabilities or judgments or amounts that are paid in settlement with the approval of the indemnifying party (which approval shall not be unreasonably withheld) of or in connection with any threatened or actual claim, action, suit, proceeding or investigation based in whole or in part on or arising in whole or in part out of the fact that such person is or was a director, officer or such employee of the Company or any subsidiary whether pertaining to any matter existing or occurring at or prior to the Effective Time of the Merger and whether asserted or claimed prior to, or at or after, the Effective Time of the Merger (including arising out of or relating to the Merger, the consummation of the transactions contemplated herein, and any action taken in connection therewith). Any Indemnified Party wishing to claim indemnification under this Section 5.5, upon learning of any such claim, action, suit, proceeding or investigation, shall promptly notify the Company (or after the Effective Time of the Merger, Parent and the Surviving Corporation), but the failure so to notify shall not relieve a party from any liability that it may have under this Section 5.5, except to the extent such failure materially prejudices such party. Parent or the Surviving Corporation shall have the right to assume the defense thereof. If Parent of the Surviving Corporation does not assume the defense, the Indemnified Parties as a group may retain only one law firm to represent them with respect to each such matter unless there is, under applicable standards of professional conduct, a conflict between the positions of any two or more Indemnified Parties. The Indemnified Party will cooperate in the defense of any such matter. Parent shall not be liable for any settlement effected without its prior written consent.

(b) Parent shall purchase and maintain in effect for the benefit of the Indemnified Parties for a period of six years after the Effective Time of the Merger, directors' and officers' liability insurance of at least the same coverage and amounts containing terms and conditions that are no less advantageous in any material respect to the Indemnified Parties than that maintained by the Company and its Subsidiaries as of the date of this Merger Agreement with respect to matters arising before the Effective Time of the Merger, provided that Parent shall not be required to pay an annual premium of such insurance in excess of three times the last annual premium paid by the Company prior to the date hereof, but in such case shall purchase as much coverage as possible for such amount.

(c) All rights to indemnification for acts or omissions occurring prior to the Effective Time of the Merger now existing in favor of the Indemnified Parties as provided in the charter documents or by-laws of the Company or its subsidiaries and in any indemnification agreements to which they are parties shall survive the Merger, and the Surviving Corporation shall continue such indemnification rights for acts or omissions prior to the Effective Time of the Merger in full force and effect in accordance with their terms and Parent shall be financially responsible therefor.

(d) If the Surviving Corporation or any of its successors or assigns (i) consolidates with or merges into any other person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers all or substantially all of its properties and

assets to any person, then and in each such case, proper provisions shall be made, and Parent shall cause them to be so made, so that the successors and assigns of the Surviving Corporation, which, in the reasonable good faith opinion of the Surviving Corporation, shall be financially responsible persons or entities, assume the obligations set forth in this Section 5.5.

(e) The provisions of this Section 5.5 are intended to be for the benefit of, and shall be enforceable by, the parties hereto and each Indemnified Party, his heirs and representatives.

SECTION 5.6. Fees and Expenses. Except as provided in Article VIII, all fees and expenses incurred in connection with the Merger, this Agreement and the transactions contemplated hereby shall be paid by the party incurring such fees or expenses, whether or not the Merger is consummated.

SECTION 5.7. Public Announcements. Parent and Sub, on the one hand, and the Company, on the other hand, will consult with each other before issuing any press release or otherwise making any public statements with respect to the transactions contemplated by this Agreement and shall not issue any such press release or make any such public statement prior to such consultation, except that each party may respond to questions from stockholders and Parent may respond to inquiries from financial analysts and media representatives in a manner consistent with its past practice and each party may make such disclosure as may be required by applicable law or by obligations pursuant to any listing agreement with any national securities exchange without prior consultation to the extent such consultation is not reasonably practicable. The parties agree that the initial press release or releases to be issued in connection with the execution of this Agreement shall be mutually agreed upon prior to the issuance thereof.

SECTION 5.8. Internal Restructuring. Parent, Sub and the Company will each use their reasonable efforts to aid and permit the Company to achieve the Internal Restructuring, and in such regards Parent and Sub specifically agree that no representation, warranty, covenant or other agreement herein contained shall be breached to the extent the Internal Restructuring results in the acceleration of the payment of any indebtedness of the Company or any subsidiary thereof listed on Section 5.8 of the Company Disclosure Document (whether on account of the Internal Restructuring causing a default under any agreement or instrument relating to such indebtedness or otherwise) and that Sub shall, as the Surviving Corporation, be responsible for any such accelerated payment, including any penalty, premium or "make-whole" payment associated therewith listed on Section 5.8 of the Company Disclosure Document.

SECTION 5.9. Redemption of Senior Preferred Stock. Parent shall no later than three business days prior to the date scheduled for the meeting to be held in respect of the Company Stockholder Approval instruct the Company to take all steps necessary to mail a notice of redemption of the Senior Preferred Stock at such time as specified by Parent (including at any time not later than the date one business day before the date scheduled for such meeting). When so instructed by Parent, the Company shall take all steps necessary to mail such notice of redemption in accordance with the Company Charter and to satisfy the provisions of Louisiana Revised Statute 12:75 regarding the deposit of funds necessary so that the Senior Preferred Stock shall no longer have any voting rights and shall no longer be outstanding. When Parent so instructs, Sub shall

timely advance to the Company any funds necessary to effectuate such deposit, which advance shall be evidenced by an unsecured promissory note of the Company, in a form reasonably acceptable to the Company and Sub, which shall be payable by the Company to Sub on the date six months from the date of such advance and which shall bear simple interest at 8½% per annum, payable quarterly in arrears.

## ARTICLE VI

## CONDITIONS PRECEDENT

SECTION 6.1. Conditions to Each Party's Obligation to Effect the Merger. The respective obligation of each party to effect the Merger is subject to the satisfaction prior to the Effective Time of the Merger of the following conditions:

(a) Stockholder Approval. Company Stockholder Approval shall have been obtained upon a vote at a duly held meeting of stockholders of the Company or at any adjournment thereof.

(b) Other Approvals. All authorizations, consents, orders or approvals of, or declarations or filings with, or terminations or expirations of waiting periods imposed by, any Governmental Entity necessary for the consummation of the transactions contemplated by this Agreement shall have been filed, shall have occurred or shall have been obtained.

(c) No Injunctions or Restraints. No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Merger shall be in effect; provided, however, that each of the parties shall have used reasonable efforts, subject to the limitations set forth in Section 5.3 hereof, to prevent the entry of any such injunction or other order and to appeal as promptly as possible any injunction or other order that may be entered.

SECTION 6.2. Conditions to Obligations of Parent and Sub. The obligations of Parent and Sub to effect the Merger are subject to the following conditions:

(a) that Company shall have performed in all material respects all obligations to be performed by it under this Agreement prior to the Effective Time of the Merger;

(b) each of the representations and warranties of the Company contained in Section 3.1 and shall be true and correct in all material respects (disregarding for these purposes any materiality qualifications contained therein) when made and as of the Effective Time of the Merger as if made on and as of such date (provided that such representations and warranties which are by their express provisions made as of a specific date need be true and correct only as of such specific date);

(c) the Company's case under Chapter 11 of the Bankruptcy Code shall have been closed under Section 350 of the Bankruptcy Code in a manner satisfactory to Parent.

(d) the Internal Restructuring shall have been completed, no later than immediately prior to the Effective Time of the Merger, in accordance with Exhibit A to the reasonable satisfaction of Parent and Sub.

SECTION 6.3. Condition to Obligations of the Company. The obligation of the Company to effect the Merger is subject to the conditions that (a) Parent and Sub shall have performed in all material respects all obligations to be performed by them under this Agreement prior to the Effective Time of the Merger, and (b) each of the representations and warranties of Parent and Sub contained in Section 3.2 shall be true and correct in all material respects (disregarding for these purposes any materiality qualifications contained therein) when made and as of the Effective Time of the Merger as if made on and as of such date (provided that such representations and warranties which are by their express provisions made as of a specific date need be true and correct only as of such specific date).

## ARTICLE VII

## TERMINATION, AMENDMENT AND WAIVER

SECTION 7.1. Termination. This Agreement may be terminated at any time prior to the Effective Time of the Merger, whether before or after approval of matters presented in connection with the Merger by the stockholders of the Company:

(a) by mutual written consent of Parent and the Company;

(b) by either Parent or the Company:

(i) if Company Stockholder Approval shall not have been obtained upon a vote at a duly held meeting of stockholders of the Company or at any adjournment thereof;

(ii) if the Merger shall not have been consummated on or before March 31, 2000, unless the failure to consummate the Merger is the result of a material breach of this Agreement by the party seeking to terminate this Agreement; provided, however, that the passage of such period shall be tolled for any part thereof during which any party shall be subject to a nonfinal order, decree or ruling or action restraining, enjoining or otherwise prohibiting the consummation of the Merger or the calling or holding of a meeting of the stockholders of the Company called to approve the Merger and the other matters contemplated hereby; or

(iii) if any court of competent jurisdiction or any governmental, administrative or regulatory authority, agency or body shall have issued an order,

decree or ruling or shall have taken any other action permanently enjoining, restraining or otherwise prohibiting the purchase of Shares pursuant to the Merger and such order, decree, ruling or other action shall have become final and nonappealable;

(c) by the Company or Parent in accordance with the provisions of Section 8.2;

(d) by Parent, if the Company breaches any of its representations or warranties herein or fails to perform in any material respect any of its covenants, agreements or obligations under this Agreement which breach or failure (x) would give rise to the failure of a condition set forth in Section 6.2(a) or 6.2(b) and (y) cannot be or has not been cured within 30 days following receipt of written notice of such breach; or

(e) by the Company, if Parent or Sub breaches any of its representations or warranties herein or fails to perform in any material respect any of its covenants, agreements or obligations under this Agreement which breach or failure (x) would give rise to the failure of a condition set forth in Section 6.3(a) or 6.3(b) and (y) cannot be or has not been cured within 30 days following receipt of written notice of such breach.

SECTION 7.2. Procedure for Termination, Amendment, Extension or Waiver. A termination of this Agreement pursuant to Section 7.1, an amendment of this Agreement pursuant to Section 7.4 or an extension or waiver pursuant to Section 7.5 shall, in order to be effective, require in the case of Parent, Sub or the Company, action by its Board of Directors or the duly authorized designee of its Board of Directors.

SECTION 7.3. Effect of Termination. In the event of termination of this Agreement by either the Company or Parent as provided in Section 7.1, this Agreement shall forthwith become void and have no effect, without any further liability or obligation on the part of Parent, Sub or the Company, or any director, officer, employee or stockholder thereof, other than the confidentiality provisions of Sections 5.2(b) and (c) and the provisions of Sections 3.1(i), 3.2(d), 5.6, 7.3, 8.2, 8.3, the proviso of the last sentence of Section 8.1 and Article IX.

SECTION 7.4. Amendment. This Agreement may be amended by the parties at any time before or after Company Stockholder Approval is obtained; provided, however, that after such Approval, there shall be made no amendment that by law requires further approval by such stockholders without the further approval of such stockholders. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties.

SECTION 7.5. Extension; Waiver. At any time prior to the Effective Time of the Merger, the parties may, to the extent legally allowed, (a) extend the time for the performance of any of the obligations or the other acts of the other parties, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto or (c) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a party to any such extension or waiver shall be valid only if set forth in an instrument

in writing signed on behalf of such party. The failure of any party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights.

## ARTICLE VIII

## SPECIAL PROVISIONS AS TO CERTAIN MATTERS

SECTION 8.1. Takeover Defenses of the Company and Standstill Agreements. The Company shall take such action with respect to any anti-takeover provisions in its charter or afforded it by statute to the extent necessary to consummate the Merger on the terms set forth in this Agreement. The Company hereby waives the provisions of the letter agreements dated July 30, 1999, and July 30, 1999, between the Company and Parent and the Company and El Paso Energy Marketing Company, respectively (such letter agreements being herein referred to collectively as the "Confidentiality and Standstill Agreements"), prohibiting the purchase of Shares or acting to influence or control the Company, solely in connection with the transactions contemplated hereby; provided, however, that upon termination of this Agreement, such waiver shall no longer be effective.

SECTION 8.2. No Solicitation.

(a) The Company shall not, nor shall it permit any of its subsidiaries to, nor shall it authorize or permit any officer, director or employee of, or any investment banker, attorney or other advisor, agent or representative of, the Company or any of its subsidiaries to, directly or indirectly, (i) solicit or initiate the submission of any takeover proposal, (ii) enter into any agreement (other than confidentiality and standstill agreements in accordance with the immediately following proviso) with respect to any takeover proposal, or (iii) participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, or take any other action to facilitate any inquiries or the making of any proposal that constitutes, or may reasonably be expected to lead to, any takeover proposal; provided, however, in the case of this clause (iii), that to the extent required by the fiduciary obligations of the Board of Directors of the Company, determined in good faith by the members thereof based on the advice of outside counsel, the Company may at any point prior to Company Stockholder Approval (the "Applicable Period"), and subject to the Company's providing written notice to Parent of its decision to take such action and compliance with Section 8.2(f), in response to an unsolicited request therefor received other than in contravention of this Section 8.2(a), furnish information to any person or "group" (within the meaning of Section 13(d)(3) of the Exchange Act) pursuant to a confidentiality agreement on substantially the same terms as provided in the Confidentiality and Standstill Agreements referred to in Section 8.1 hereof and otherwise enter into discussions and negotiations with such person or group as to any superior proposal such person or group has made. Without limiting the foregoing, it is understood that any violation of the restrictions set forth in the preceding sentence by any officer, director or employee of the Company or any of its subsidiaries or any investment banker, attorney or other advisor, agent or representative of the Company, whether or not such person is purporting to act on behalf of the Company or otherwise, shall be deemed to be a material breach of this Agreement by the Company. For purposes of this Agreement, "takeover proposal" means (i) any proposal, other than a proposal

by Parent or any of its affiliates, for a merger or other business combination involving the Company, (ii) any proposal or offer, other than a proposal or offer by Parent or any of its affiliates, to acquire from the Company or any of its affiliates in any manner, directly or indirectly, an equity interest in the Company or any subsidiary, any voting securities of the Company or any subsidiary or a material amount of the assets of the Company and its subsidiaries, taken as a whole, or (iii) any proposal or offer, other than a proposal or offer by Parent or any of its affiliates, to acquire from the stockholders of the Company by tender offer, exchange offer or otherwise more than 20% of the outstanding Shares. Each of the transactions referred to in clauses (i) - (iii) of the foregoing definition of takeover proposal, other than the transactions contemplated by this Agreement, is referred to herein as an "Acquisition Transaction".

(b) Neither the Board of Directors of the Company nor any committee thereof shall, except in connection with the termination of this Agreement pursuant to Sections 7.1 (a), (b) or (e), (i) withdraw or modify, or propose to withdraw or modify, in a manner adverse to Parent or Sub, the approval or recommendation by the Board of Directors of the Company or any such committee of this Agreement or the Merger or take any action having such effect or (ii) approve or recommend, or propose to approve or recommend, any takeover proposal. Notwithstanding the foregoing, in the event the Board of Directors of the Company receives (other than in contravention of Section 8.2(a)) a takeover proposal that, in the exercise of its fiduciary obligations (as determined in good faith by a majority of the disinterested members thereof based on the advice of outside counsel), it determines to be a superior proposal, the Board of Directors may, during the Applicable Period only, withdraw or modify its approval or recommendation of this Agreement or the Merger and may, during the Applicable Period only and subject to compliance with the provisions of this sentence terminate this Agreement, in each case at any time after midnight on the third business day following Parent's receipt of written notice (a "Notice of Superior Proposal") advising Parent that the Board of Directors has received a takeover proposal which it has determined to be a superior proposal and that the Board of Directors of the Company has resolved to accept the superior proposal (subject to such termination), specifying the material terms and conditions of such superior proposal, identifying the person or group making such superior proposal and providing Parent with a copy of all written materials submitted with respect to such superior proposal, but only if Parent does not make, within three business days of receipt of the Notice of Superior Proposal, a written offer that is at least as favorable, in the good faith reasonable judgment of a majority of the members of the Board of Directors of the Company (based on the advice of a financial advisor of nationally recognized reputation), as the superior proposal. The Company (x) will not enter into a binding agreement for a superior proposal referred to in the previous sentence until at least the first calendar day following the third business day after it has provided the written notice to Parent required thereby, (y) will notify Parent promptly if its intention to enter into a written agreement referred to in such notice shall change at any time after giving such notification and (z) will not terminate this Agreement or enter into a binding agreement for a superior proposal referred to in the previous sentence if Parent has within the period referred to in clause (x) of this sentence, made a written offer that is at least as favorable, in the good faith reasonable judgment of a majority of the members of the Board of Directors of the Company (based on the advice of a financial advisor of nationally recognized reputation), as the superior proposal. Any of the foregoing to the contrary notwithstanding, the Company may engage in discussions with any person or group that has made an unsolicited takeover proposal for the purpose of determining whether such proposal is a superior

proposal. Nothing contained herein shall prohibit the Company from taking and disclosing to its stockholders a position contemplated by Rule 14e-2(a) under the Exchange Act.

(c) In the event that the Board of Directors of the Company or any committee thereof shall (i) withdraw or modify, or propose to withdraw or modify, in a manner adverse to Parent or Sub the approval or recommendation by the Board of Directors of the Company or any such committee of this Agreement or the Merger or take any action having such effect, or (ii) approve or recommend, or propose to approve or recommend, any takeover proposal, or (iii) fail to reaffirm its approval or recommendation of this Agreement and the Merger within two days after a request by Parent, Parent may terminate this Agreement.

(d) For purposes of this Agreement, a "superior proposal" means any bona fide takeover proposal to acquire, directly or indirectly, for consideration consisting of cash, securities or a combination thereof, at least a majority of the Shares then outstanding or at least 50% of the assets of the Company and its subsidiaries taken as a whole, and (x) otherwise on terms which a majority of the members of the Board of Directors of the Company determines in its good faith reasonable judgment (based on the written advice of a financial advisor of nationally recognized reputation, a copy of which shall be provided to Parent) to be more favorable to the Company's stockholders than the Merger and that financing thereof is reasonably likely to be available, and (y) which such Board of Directors, after considering such matters as such Board of Directors deems relevant (including the written opinion of outside counsel), determines in good faith that, in the case of the Company, furnishing information to the third party, participating in discussions or negotiations with respect to the superior proposal or withdrawing or modifying its recommendation or recommending a superior proposal, as applicable, or terminating this Agreement, is required for the Board of Directors of the Company to comply with its fiduciary duties to the Company and its stockholders under applicable law.

(e) For purposes of this Agreement, "Acquisition Agreement" means any letter of intent, agreement in principle, acquisition agreement or similar agreement (other than a confidentiality agreement in connection with a superior proposal which is entered into by the Company in accordance with Section 8.2(a)).

(f) The Company promptly shall advise Parent orally and in writing of any takeover proposal or any inquiry with respect to or that could reasonably be expected to lead to any takeover proposal, the identity of the person making any such takeover proposal or inquiry and the material terms of any such takeover proposal or inquiry. The Company shall provide Parent with copies of all written materials received in connection with any such takeover proposal and shall keep Parent fully informed of the status and material terms of any such takeover proposal or inquiry.

(g) The Company shall each immediately cease and cause to be terminated all existing discussions and negotiations, if any, with any other persons conducted heretofore with respect to any takeover proposal.

SECTION 8.3. Fee and Expense Reimbursements.

(a) The Company agrees to pay Parent a fee in immediately available funds (in recognition of the fees and expenses incurred to date by Parent in connection with the matters contemplated hereby) of $7,500,000 (i) promptly upon the termination of the Agreement in the event this Agreement is terminated by Parent or the Company as permitted by Section 8.2 or (ii) if any Person shall have made a takeover proposal after the date hereof or announced its intention to make a takeover proposal and thereafter this Agreement is terminated by Parent or the Company pursuant to Section 7.1(b)(i) or 7.1(b)(ii), and within 18 months after the termination of this Agreement any Acquisition Transaction involving the Company shall have been consummated or an Acquisition Agreement with respect to an Acquisition Transaction involving the Company shall have been entered into, then such fee shall be paid upon the date the Acquisition Agreement is entered into, or if no Acquisition Agreement is entered into, then upon the date the Acquisition Transaction is consummated.

(b) In the event that (i) this Agreement is terminated by Parent or the Company pursuant to Sections 7.1(b)(i) or (d) or (ii) if Parent is entitled to a fee pursuant to Section 8.3(a), then in either case the Company shall assume and pay, or reimburse Parent for, all reasonable and documented fees and expenses incurred by Parent or Sub (including the reasonable and documented fees and expenses of its counsel, accountants and financial advisors) through the date of termination and which are specifically related to the Merger, this Agreement and the matters contemplated by this Agreement, but not to exceed $1,000,000 in the aggregate (or $500,000 in the aggregate in the event a fee is paid pursuant to Section 8.3(a)), promptly, but in no event later than five business days after submission of a request for payment of the same.

## ARTICLE IX

## GENERAL PROVISIONS

SECTION 9.1. Nonsurvival of Representations and Warranties. None of the representations, warranties, covenants or agreements in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Time of the Merger. This Section 9.1 shall not limit any covenant or agreement of the parties which by its terms contemplates performance after the Effective Time of the Merger.

SECTION 9.2. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or by facsimile or sent by overnight courier to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to Parent or Sub, to

El Paso Energy Corporation
1001 Louisiana Street
Houston, Texas 77002
Telephone: (713) 420-2131
Facsimile: (713) 420-6969
Confirm: (713) 420-2131
Attention: President

with a copy to

Fried, Frank, Harris, Shriver & Jacobson
1 New York Plaza
New York, New York 10004
Telephone: (212) 859-8000
Facsimile: (212) 859-4000
Confirm: (212) 859-8362
Attention: Gary P. Cooperstein, Esq.

(b) if to the Company, to

Crystal Gas Storage, Inc.
400 Crystal Building
229 Milam Street
Shreveport, Louisiana 71120
Telephone: (318) 222-7791
Facsimile: (318) 677-5504
Confirm: (318) 677-5500
Attention: Joe N. Averett, Jr.

with a copy to:

Fulbright & Jaworski L.L.P.
1301 McKinney, Suite 5100
Houston, Texas 77010-3095
Telephone: (713) 651-5151
Facsimile: (713) 651-5246
Confirm: (713) 651-5496
Attention: Charles H. Still, Esq.

SECTION 9.3. Definitions. For purposes of this Agreement:

(a) an "affiliate" of any person means another person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first person;

(b) "environmental laws" means, as applicable, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq. ("CERCLA"), the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq., the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq., the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. §§ 136 et seq., the Clean Air Act, 42 U.S.C. §§ 7401 et. seq., the Clean Water Act (Federal Water Pollution Control Act), 33 U.S.C. §§ 1251 et seq., the Safe Drinking Water Act, 42 U.S.C. §§ 300f et seq., the Occupational Safety and Health Act, 29 U.S.C. §§ 641 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801 et seq., and the Oil Pollution Act of 1990, 33 U.S.C. §§ 2701 et seq., all rules and regulations promulgated pursuant to any of the above statutes, and any other foreign, federal, state or local law, statute, ordinance, rule or regulation in effect as of the date of this Agreement, or any common law cause of action, contractual obligation, or judicial or administrative decision, order or decree (all as have been amended from time to time) regulating, governing or relating to pollution, contamination and/or protection of the environment or human health.

(c) "knowledge" means, with respect to any matter stated herein to be "to the Company's knowledge," or similar language, the actual knowledge of the Chairman of the Board, the Chief Executive Officer, President, Chief Financial Officer any Vice President of the Company or any person that has responsibility for managing a functional area of the Company, and with respect to any matter stated herein to be "to Parent's knowledge," or similar language, the actual knowledge of the Chairman of the Board, the Chief Executive Officer, President, any Vice President, Chief Financial Officer or General Counsel of Parent.

(d) "material adverse effect" or "material adverse change" means, when used in connection with the Company, any change or effect (or any development that, insofar as can reasonably be foreseen, is likely to result in any change or effect) that is materially adverse to the business, properties, assets, liabilities, condition (financial or otherwise), financial performance or results of operations of the Company and its subsidiaries, taken as a whole, provided, however, that no such change or effect shall be deemed to have occurred to the extent such change or effect arises from conditions generally affecting the oil and gas or electric power generation industries or from the United States or global economies. The term "material adverse effect" means, when used in respect of Parent or Sub, any material adverse effect on the ability of Parent or Sub to consummate the transactions contemplated by this Agreement.

(e) "person" means an individual, corporation, partnership, association, trust, unincorporated organization or other entity; and

(f) a "subsidiary" of any person means any corporation, partnership, association, joint venture, limited liability company or other entity in which such person owns over 50% of the stock or other equity interests, the holders of which are generally entitled to vote for the election of directors or other governing body of such other legal entity.

SECTION 9.4. Interpretation. When a reference is made in this Agreement to a Section, Exhibit or Schedule, such reference shall be to a Section of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation".

SECTION 9.5. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

SECTION 9.6. Entire Agreement; No Third-Party Beneficiaries. This Agreement (including the documents and instruments referred to herein and the schedules attached hereto) and the Confidentiality and Standstill Agreements (a) constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and (b) except for the provisions of Sections 5.4(b) and 5.5, are not intended to confer upon any person other than the parties any rights or remedies hereunder.

SECTION 9.7. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof, except that matters pertaining to the merger of the Company into Sub shall be governed by the DGCL and the LBCL to the extent of their applicability to the Merger.

SECTION 9.8. Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties without the prior written consent of the other parties, except that Parent and/or Sub may assign all or any of their respective rights and obligations hereunder to any affiliate, provided that no such assignment shall relieve the assigning party of its obligations hereunder if such assignee does not perform such obligations. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

SECTION 9.9. Enforcement of the Agreement. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any district court of the United States located in the States of Texas (Southern District only), Louisiana or Delaware or in any Delaware state court, this being in addition to any other remedy to which they are entitled at law or in equity. In addition,

each of the parties hereto (a) consents to submit itself to the personal jurisdiction of any Federal district court sitting in the Southern District of Texas or in Louisiana or any Federal or state court sitting in the State of Delaware in the event any dispute between the parties hereto arises out of this Agreement solely in connection with such a suit between the parties, (b) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and (c) agrees that it will not bring any action relating to this Agreement in any court other than such a Federal or state court.

SECTION 9.10. Performance by Sub. Parent hereby agrees to cause Sub to comply with its obligations under this Agreement.

SECTION 9.11. Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

IN WITNESS WHEREOF, Parent, Sub and the Company have caused this Agreement to be signed by their respective officers thereunto duly authorized, all as of the date first written above.

EL PASO ENERGY CORPORATION

By H. Brent Austin
Name: H. Brent Austin
Title: Executive Vice President and Chief Financial Officer

EL PASO ENERGY ACQUISITION CO.

By Ralph Eads
Name: Ralph Eads
Title: Executive Vice President

CRYSTAL GAS STORAGE, INC.

By J.N. Averett Jr.
Name: J.N. Averett, Jr.
Title: President & C.E.O.

**COMPANY DISCLOSURE DOCUMENT**

**to the**

**Agreement and Plan of Merger**
**dated October 15, 1999**

**by and among**

**El Paso Energy Corporation,**

**El Paso Energy Acquisition Co.**

**and**

**Crystal Gas Storage, Inc.**

EXPLANATORY NOTE: Each capitalized term used and not otherwise defined in this Company Disclosure Document shall have the meaning given such term in the above-referenced Agreement and Plan of Merger.

Section 3.1(b)

1. Pursuant to the Collateral Sharing and Security Agreement dated November 21, 1995 (the "Collateral Agreement"), made by First Reserve Gas Company, a Delaware corporation ("FRGC"), Hattiesburg Gas Storage Company, a Delaware general partnership ("HGSC"), and Hattiesburg Industrial Gas Sales Company, a Delaware corporation ("HIG"), in favor of FRGC Owner Trust, a Delaware business trust (the "FRGC Trust"), Chemical Bank, as Indenture Trustee (the "Indenture Trustee"), and Chemical Bank, as Collateral Trustee (the "Collateral Trustee"), the following pledges of interests in subsidiaries were made to the Collateral Trustee:

a. HIG pledged its entire 50% general partnership interest in HGSC.

b. FRGC pledged its entire 50% general partnership interest in HGSC.

c. FRGC pledged 100% of the capital stock of HIG owned by FRGC.

See Section 2 of the Collateral Agreement for a more complete description of the collateral pledged by HIG, HGSC and FRGC.

2. The Company is currently in negotiations with two financial institutions to obtain from one of them a $20,000,000 line of credit. Subject to Section 4.1(a)(vi) of the Agreement, the line of credit may be secured by a pledge of the shares of capital stock of the Company's active subsidiaries not already pledged and a pledge of the Precedent Agreement between Petal Gas Storage Company and Southern Services, Inc. and may require the Company's active subsidiaries to issue guarantees.

Section 3.1(d)

1. While there are considerations to the contrary and the issue is not free from doubt, the Internal Restructuring may constitute a technical breach of (a) Section 5.1(xii) of the Sale and Servicing Agreement dated November 21, 1995, among HGSC, HIG and the FRGC Trust, (b) Section 8.1 of the Trust Agreement dated November 21, 1995, among HGSC, HIG and Wilmington Trust Company, as Owner Trustee, and (c) Section 4.5(xii) of the Indenture dated November 21, 1995, among HGSC, HIG and the Indenture Trustee. As part of the Internal Restructuring, HGSC and HIG may be viewed as not having maintained their "corporate existence" as required by such sections when they are converted into limited liability companies.

2. The closing of the transactions contemplated by the Agreement will constitute a "Change of Control" under the Indenture, requiring HGSC to make a repurchase offer of the notes issued thereunder pursuant to Section 11.2 of the Indenture.

Section 3.1(g)

1. The Company issued the following options in March 1999 at an exercise price of $36.25 per share:

J.N. Averett, Jr.: incentive - 2,759 shares; nonqualified - 9,266 shares.
J.A. Ballew: incentive - 1,376 shares; nonqualified - 4,124 shares.
David L. Hayden: incentive - 1,566 shares; nonqualified - 2,934 shares.
Paul E. Holmes: incentive - 2,434 shares; nonqualified - 66 shares.
Dan Burgess: incentive - 1,600 shares.
Dom Lanzillotti: incentive - 750 shares.
Orlando M. Sala: incentive - 750 shares.

2. The Board of Directors of the Company approved the following regular compensation increases effective March 1, 1999 for the executive officers of the Company:

J.N. Averett, Jr.: $35,000 increase to $270,000
J.A. Ballew: $27,000 increase to $177,000
David L. Hayden: $18,000 increase to $128,000
Paul E. Holmes: $10,000 increase to $105,000

3. The Board of Directors of the Company approved the following cash bonuses in March 1999 based on 1998 performance:

J.A. Ballew: $10,000
David L. Hayden: $10,000
Paul E. Holmes: $5,000

4. The Board of Directors of the Company authorized the appropriate officers of the Company to set aside and pay general bonuses for the 1999 fiscal year in the aggregate amount of $25,000 to certain non-executive employees of the Company to be designated by the President of the Company.

5. The Board of Directors of the Company authorized a $60,000 contribution to the Company's Employee Stock Ownership Plan in respect of 1999.

6. On June 14, 1999, the Company changed its name from "Crystal Oil Company" to "Crystal Gas Storage, Inc." pursuant to a merger of a wholly-owned subsidiary of the Company into the Company, as permitted by the Louisiana Business Corporation Law.

7. During the months of April through July 1999, the Company, through its subsidiaries, moved base gas out of its Petal gas storage facility to its Hattiesburg gas storage facility, pursuant to the interruptible contract between the subsidiaries of the Company owning such facilities, in preparation for the proposed cavern expansion at Petal.

8. In July 1999, Hattiesburg Gas Storage Company, a subsidiary of the Company, loaned approximately .740 Bcf of gas to Crystal Properties and Trading Company, another subsidiary of the Company, pursuant to the interruptible contract between these two entities. Crystal Properties and Trading Company then sold such gas on the open market. Crystal Properties and Trading Company currently still owes such base gas back to the Company's Hattiesburg gas storage facility.

9. The Company has entered into Agreements dated October 4, 1999 (the "Gross-Up Agreements"), with each of J.N. Averett, Jr., J.A. Ballew, David L. Hayden and Paul E. Holmes, which provide that, to the extent any amounts or benefits paid to such executives in connection with a change in control of the Company are subject to the "golden parachute" excise tax under section 280G of the Code, those amounts and benefits are grossed up to cover the excise tax and any applicable taxes on the gross-up amount. In addition, the Company entered into a First Amendment to Amended and Restated Executive Compensation and Severance Agreement dated October 4, 1999 with each such executive to eliminate Section 6 of each such executive's Amended and Restated Executive Compensation and Severance Agreement, which would be inconsistent with the gross-up arrangements of the Gross-Up Agreements. It is reasonably anticipated that the amounts that will become due to such executives under the Gross-Up Agreements as a result of the consummation of the transactions contemplated by the Agreement will not exceed $1,500,000.

10. Before the Effective Time of the Merger, the Company and each of J.N. Averett, Jr., J.A. Ballew, David L. Hayden and Paul E. Holmes will enter into Covenant Not to Compete Agreements in the form of Exhibit C attached hereto effective at the Effective Time of the Merger, pursuant to which each such executive shall receive a cash payment from the Company in exchange for his agreement not to compete with the Company in the United States natural gas storage business for the term of employment with the Company and for one year following termination. The sole source of the funds for such cash payments shall be the Company's majority shareholder, Quantum Fund N.V., or one of its affiliates (the "Contributing Shareholder"), who at or prior to the time such Agreements are entered into, shall have made a cash capital contribution to the Company in the aggregate amount necessary to fund these obligations in full, provided that (i) the Contributing Shareholder shall not receive or be entitled to receive any shares of capital stock of the Company or other consideration on account of or in connection with any such contribution and (ii) the Contributing Shareholder shall not be entitled to repayment by the Company, Parent, Sub or any of their affiliates of the amount of any such capital contribution.

11. The Company has entered into a contract to purchase land near its Petal gas storage facility known as Petal Tract III for a purchase price of approximately $930,000, subject to adjustment. The transaction is expected to close prior to the Merger.

12. The Company is currently in negotiations with two financial institutions to obtain from one of them a $20,000,000 line of credit. Subject to Section 4.1(a)(vi) of the Agreement, the line of credit may be secured by a pledge of the shares of capital stock of the Company's active subsidiaries not already pledged and a pledge of the Precedent Agreement between Petal Gas Storage Company and Southern Services, Inc. and may require the Company's active subsidiaries to issue guarantees.

Section 3.1(j)

1. As disclosed in the SEC Documents, the Company has been named as a potentially responsible party for environmental remediation in a claim by an agency of the State of Louisiana. Under such claim, the State of Louisiana is seeking $4.5 million from all potentially responsible parties.

2. A subsidiary of the Company has been named in a suit filed in state court in Louisiana by the H.C. Drew Estate for remediation of salt water damage. Damages have not yet been claimed. The Louisiana Office of Conservation is determining the appropriate remediation to be conducted.

3. The Company is currently a party to the following lawsuits or asserted claims which, in management's opinion, will not have a significant adverse impact on the Company's financial position, results of operations or liquidity:

(a) Cities Services Consensus; John B. Greer, et al pending in state court in the State of Louisiana regarding riverbed and "freeze" statute;

(b) Claim by Blanche Foley Lease; William S. O'Donnell regarding surface damage and possible ground-water claim; and

(c) Subrogated claim by Daniel Barton for workers compensation benefits paid.

Section 3.1(k)

1. The Company has received a letter from Highland Hospital in Shreveport, Louisiana, demanding payment of an outstanding insurance claim for a deceased employee of the Company. The Company changed insurance carriers after the employee's death and does not believe that it has responsibility for such claim because of notices sent to claimants at the time of the change attempting to close out outstanding claims. The amount involved is approximately $8,600.

2. The Company has entered into First Amended and Restated Executive Compensation and Severance Agreements dated June 18, 1998, as amended by a First Amendment dated October 4, 1999, with each of J.N. Averett, Jr., J.A. Ballew, David L. Hayden and Paul E. Holmes.

3. In October 1999, the Board of Directors of the Company approved a Severance Plan for all employees not covered by Executive Compensation and Severance Agreements. Upon the closing of the transactions contemplated by the Agreement, the Severance Plan cannot be amended or terminated without the consent of the employees affected.

4. The Company is currently soliciting bids to renew its health insurance coverage on January 1, 2000. The costs of such new coverage are indeterminable at this point.

5. The Company has a deferred compensation arrangement with a former director and officer, Fred Litchman. The arrangement pays Mr. Litchman $1250 per month during his lifetime.

6. Immediately prior to the Merger, the Company plans to make a payment to each of two directors of the Company, George P. Giard, Jr. and Donald G. Housley, in the amount of $25,000 each, in recognition of their extraordinary efforts in connection with the transactions contemplated by the Agreement.

7. The consummation of the transactions contemplated by the Agreement will cause an acceleration in the vesting periods under the Company's Employee Stock Ownership Plan.

8. The Company has entered into the Gross-Up Agreements with each of J.N. Averett, Jr., J.A. Ballew, David L. Hayden and Paul E. Holmes, which provide that, to the extent any amounts or benefits paid to such executives in connection with a change in control of the Company are subject to the "golden parachute" excise tax under section 280G of the Code, those amounts and benefits are grossed up to cover the excise tax and any applicable taxes on the gross-up amount. In addition, the Company entered into a First Amendment to Amended and Restated Executive Compensation and Severance Agreement dated October 4, 1999 with each such executive to eliminate Section 6 of each such executive's Amended and Restated Executive Compensation and Severance Agreement, which would be inconsistent with the gross-up arrangements of the Gross-Up Agreements. It is reasonably anticipated that the amounts that will become due to such executives under the Gross-Up Agreements as a result of the consummation of the transactions contemplated by the Agreement will not exceed $1,500,000.

9. Before the Effective Time of the Merger, the Company and each of J.N. Averett, Jr., J.A. Ballew, David L. Hayden and Paul E. Holmes will enter into Covenant Not to Compete Agreements in the form of Exhibit C attached hereto effective at the Effective Time of the Merger, pursuant to which each such executive shall receive a cash payment from the Company in exchange for his agreement not to compete with the Company in the United States natural gas storage business for the term of employment with the Company and for one year following termination. The sole source of the funds for such cash payments shall be the Company's majority shareholder, Quantum Fund N.V., or one of its affiliates (the "Contributing Shareholder"), who at or prior to the time such Agreements are entered into, shall have made a cash capital contribution to the Company in the aggregate amount necessary to fund these obligations in full, provided that (i) the Contributing Shareholder shall not receive or be entitled to receive any shares of capital stock of the Company or other consideration on account of or in connection with any such contribution and (ii) the Contributing Shareholder shall not be entitled to repayment by the Company, Parent, Sub or any of their affiliates of the amount of any such capital contribution.

10. The Employment Agreement between the Company and J.N. Averett, Jr., contains a change in control provision that requires a change in control and a subsequent termination (or constructive termination) of such executive's employment with the Company. In the event of such a change in control and subsequent termination, the Company would be required to make a cash payment of $100,000 to such executive.

Section 3.1(l)

1. The Company has been informed of a preliminary assessment from the Comptroller of the State of Texas for outstanding franchise taxes for 1996, 1997 and 1998. The Company expects the ultimate assessment to be under $1,000.

2. The Company and its subsidiaries have agreed to tax sharing arrangements in principle, but such arrangements have not yet been reduced to writing.

3. The Company NOLs are subject to limitations under Section 384 of the Code as a result of the following:

(a) On June 19, 1995, the Company acquired all of the outstanding capital stock of First Reserve Gas Company ("First Reserve") for approximately $78,000,000 . At the time of the acquisition, First Reserve owned all of the outstanding capital stock of Hattiesburg Industrial Gas Sales Company ("HIGSC") and First Reserve and HIGSC owned all of the outstanding interests in Hattiesburg Gas Storage Company ("HGSC"). At the time of the acquisition, the aggregate adjusted basis of the assets of First Reserve, HIGSC and HGSC was approximately $23,000,000.

(b) On March 12, 1998, the Company acquired all the outstanding capital stock of Petal Gas Storage Company ("Petal") for approximately $29,000,000. At the time of the acquisition, the aggregate adjusted basis of the assets of Petal was approximately $20,000,000.

Section 3.1(m)

1. The Company has entered into the Gross-Up Agreements with each of J.N. Averett, Jr., J.A. Ballew, David L. Hayden and Paul E. Holmes, which provide that, to the extent any amounts or benefits paid to such executives in connection with a change in control of the Company are subject to the "golden parachute" excise tax under section 280G of the Code, those amounts and benefits are grossed up to cover the excise tax and any applicable taxes on the gross-up amount. In addition, the Company entered into a First Amendment to First Amended and Restated Executive Compensation and Severance Agreement dated October 4, 1999 with each such executive to eliminate Section 6 of each such executive's First Amended and Restated Executive Compensation and Severance Agreement, which would be inconsistent with the gross-up arrangements of the Gross-Up Agreements. It is reasonably anticipated that the amounts that will become due to such executives under the Gross-Up Agreements as a result of the consummation of the transactions contemplated by the Agreement will not exceed $1,500,000.

Section 3.1(n)

1. As disclosed in the SEC Documents, the Company has been named as a potentially responsible party for environmental remediation in a claim by an agency of the State of Louisiana. Under such claim, the State of Louisiana is seeking $4.5 million from all potentially responsible parties.

2. A subsidiary of the Company has been named in a suit filed in state court in Louisiana by the H.C. Drew Estate for remediation of salt water damage. Damages have not yet been claimed. The Louisiana Office of Conservation is determining the appropriate remediation to be conducted.

Section 3.1(p)

1. The Company has the following hedging and forward sale arrangements:

   a. Forward sale of natural gas by Crystal Gas L.L.C. expiring in December 2002.

   b. Securitization of receivables from gas storage contracts of Hattiesburg Gas Storage Company expiring in July 2000.

Section 3.1(q)

1. The Company has entered into a contract to purchase land near its Petal gas storage facility known as Petal Tract III for a purchase price of approximately $930,000, subject to adjustment. The transaction is expected to close prior to the Merger.

2. Pursuant to the Collateral Agreement, the following pledges of assets were made to the Collateral Trustee:

   a. HIG and HGSC pledged rights under gas storage contracts existing at that time.

   b. HGSC pledged rights under residual certificates it owns in the FRGC Trust.

   c. HIG, HGSC and FRGC pledged all books and records pertaining to all collateral pledged by them under the Collateral Agreement and all proceeds and products of the above.

See Section 2 of the Collateral Agreement for a more complete description of the collateral pledged by HIG, HGSC and FRGC.

Section 3.1(t)

1. The Company is currently in negotiations with two financial institutions to obtain from one of them a $20,000,000 line of credit. Subject to Section 4.1(a)(vi) of the Agreement, the line of credit may be secured by a pledge of the shares of capital stock of the Company's active subsidiaries not already pledged and a pledge of the Precedent Agreement between Petal Gas Storage Company and Southern Services, Inc. and may require the Company's active subsidiaries to issue guarantees.

Section 3.1(u)

1. The Company has the following physical natural gas cumulative imbalances with respect to its or its subsidiaries properties:

| | Due to the Company (Owed by the Company) (in Mcf) |
|---|---|
| Hattiesburg Gas Storage Company (a) | |
| Tennessee Gas Pipeline | 2,532 |
| Transcontinental Gas Pipeline | 44,664 |
| Koch Gateway Pipeline | 27,762 |
| Petal Gas Storage Company (a) | |
| Tennessee Gas Pipeline | 381 |
| Koch Gateway Pipeline | 36,176 |
| Crystal Gas L.L.C. (b) | |
| Duke Pipeline | ( 8,418) |
| Total Net Imbalance | 103,097 |

(a) As of September 30, 1999
(b) As of July 31, 1999

Section 4.1(a)(vii)

1. Attached hereto as Exhibit A is the Company's approved 1999 capital expenditure budget.

2. Attached hereto as Exhibit B is the budget relating to the Gas Storage Expansion Project.

Section 5.8

1. While there are considerations to the contrary and the issue is not free from doubt, the Internal Restructuring may constitute a technical breach of (a) Section 5.1(xii) of the Sale and Servicing Agreement dated November 21, 1995, among HGSC, HIG and the FRGC Trust, (b) Section 8.1 of the Trust Agreement dated November 21, 1995, among HGSC, HIG and Wilmington Trust Company, as Owner Trustee, and (c) Section 4.5(xii) of the Indenture dated November 21, 1995, among HGSC, HIG and the Indenture Trustee. As part of the Internal Restructuring, HGSC and HIG may be viewed as not having maintained their "corporate existence" as required by such sections when they are converted into limited liability companies.

2. The closing of the transactions contemplated by the Agreement will constitute a "Change of Control" under the Indenture, requiring HGSC to make a repurchase offer of the notes issued thereunder pursuant to Section 11.2 of the Indenture.

**Exhibit A**
**to Company Disclosure Document**

1999 Capital Expenditure Budget

| | |
|---|---|
| Petal Gas Storage Project expansion (1) | $ 24,000,000 |
| Hattiesburg Gas Storage Project Pipeline extension (2) | $ 1,280,000 |
| Gas Properties (Development Drilling) (3) | $ 5,800,000 |
| Acquisition of Fouke Properties (4) | $ 7,300,000 |
| Land Acquisition at Petal Dome (5) | $ 2,000,000 |
| Miscellaneous Capital Expenditures and Maintenance (6) | $ 228,000 |
| Total 1999 Capital Expenditures | $ 40,608,000 |

(1) Represents the revised budget for the initial Petal gas storage expansion project that is to be incurred in 1999. Revisions were made based upon timing of the progress in the expansion project and incurring the compression costs associated with the plant as a result of the Raytheon contract. Total estimated costs of the Petal gas storage expansion project during 1999 and 2000 remains at approximately $130 million.

(2) Represents the budget for the Wilmut Pipeline addition of approximately 5 miles of 8" line, right of ways and stations. This project is now complete.

(3) Represents the budget for the drilling and completion of additional wells in DeSoto Parish. The Company has completed one well and has in progress two additional wells. In addition, the Company has completed one salt water disposal well.

(4) Represents the budget for the acquisition of the Fouke properties in Miller County, Arkansas in June of 1999. This acquisition is complete.

(5) Represents the budget for the acquisition of approximately 120 acres of land on the Petal dome. The Company has closed two of the three tracts and anticipates closing the third tract before the end of 1999.

(6) Represents the budget for miscellaneous capital items including furniture, fixtures, computers, automotive, and maintenance.

**Exhibit B**
**to Company Disclosure Document**

Current Gas Storage Expansion Budget

| | |
|---|---|
| Petal gas storage project expansion | $ 24,000,000 |
| Land acquisition at Petal dome | $ 2,000,000 |
| Total Current Gas Storage Expansion Budget (1) | $ 26,000,000 |

(1) Represents the revised budget for the initial Petal gas storage expansion project that is to be incurred in 1999. Revisions were made based upon timing of the progress in the expansion project and incurring the compression costs associated with the plant as a result of the Raytheon contract. Total estimated costs of the Petal gas storage expansion project during 1999 and 2000 remains at approximately $130 million.

**Exhibit C**
**to Company Disclosure Document**

# COVENANT NOT TO COMPETE AGREEMENT

THIS COVENANT NOT TO COMPETE AGREEMENT (this "Agreement") is executed as of _____ __, 1999, but is to become effective immediately prior to the "Effective Time of the Merger" (as defined below), by and between _____ ("Executive") and Crystal Gas Storage, Inc., a Louisiana corporation ("Company").

## WITNESSETH:

WHEREAS, Executive is a key executive officer of Company and has obtained intimate knowledge of the trade secrets, customer lists, other confidential and proprietary information and business of Company and its subsidiaries;

WHEREAS, Company, El Paso Energy Corporation, a Delaware corporation ("El Paso"), and El Paso Energy Acquisition Co., a Delaware corporation and a wholly owned subsidiary of El Paso ("Sub"), have entered into that certain Agreement and Plan of Merger dated as of October __, 1999 (the "Merger Agreement"), pursuant to which El Paso will acquire Company as a result of the merger of Company with and into Sub (the "Merger") at the "Effective Time of the Merger" (as defined in the Merger Agreement);

WHEREAS, as an inducement to El Paso to acquire Company, and to protect the trade secrets, customer lists, and other confidential and proprietary information and business of Company and its subsidiaries, the Merger Agreement contemplates that Company will enter into, and Company desires to enter into, this Agreement with Executive; and

WHEREAS, Executive desires to enter into this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants set forth in this Agreement, the receipt and sufficiency of which are hereby acknowledged, Company and Executive hereby covenant and agree as follows:

1. **Consideration.** The parties hereto acknowledge and agree that the consideration constituting compensation to Executive for Executive's covenants set forth in Section 2 hereof shall total $_____ to be paid by Company at the Effective Time of the Merger.

2. **Non-competition.**

a. Agreement Not To Compete. Executive acknowledges that Executive has received information and gained knowledge from Company, including, but not limited to, trade secrets,

customer lists, methods, processes, techniques, plans, strategies, proposals, costs, profits, systems and other confidential or proprietary information of Company. Executive acknowledges that this information and knowledge is valuable to Company and, therefore, its protection and maintenance constitute a legitimate interest to be protected by Company by this covenant not to compete. Therefore, Executive agrees that for the period (the "Noncompetition Period") commencing on the date hereof and ending on the date one year after the termination of Executive's employment with the Company (whether by resignation, retirement, or any other termination), Executive shall not, directly or indirectly, either as an employee, employer, consultant, agent, principal, partner, Executive (other than as a shareholder of securities of a publicly held corporation of which Executive owns less than one percent (1%) of any class of outstanding securities), corporate officer, director, or in any other individual or representative capacity, engage or participate in any business that is engaged in the gas storage business ("Company's Business") within the United States of America (such entire geographic area is hereinafter referred to as the "Noncompetition Area"). Executive represents to Company that the enforcement of the restriction contained in this Section 2 would not be unduly burdensome to Executive. Executive further represents and acknowledges that Executive has willingly entered into this agreement not to compete and understands its scope and impact.

b. Injunctive Remedies. Executive agrees that a breach or violation of this covenant not to compete by Executive shall entitle Company, as a matter of right, to an injunction issued by any court of competent jurisdiction, restraining any further or continued breach or violation of this covenant. Such right to an injunction shall be cumulative and in addition to, and not in lieu of, any other remedies to which Company may show itself justly entitled. Further, Executive agrees that during any period in which Executive is in breach of this covenant not to compete, the time period of this covenant shall be extended for the amount of time that Executive is in breach hereof.

c. Confidentiality; Non-Solicitation. In addition to the restrictions set forth in paragraph (a) of this Section 2, Executive agrees that for the Noncompetition Period Executive will not, either directly or indirectly, (i) make known to any person, firm or corporation that is engaged in Company's Business the names and addresses of any of the suppliers or customers of Company, potential customers of Company upon whom Company has called upon in the last 12 months or contacts of Company or any other information pertaining to such persons, or (ii) call on, solicit, or take away, or attempt to call on, solicit or take away any of the suppliers or customers of Company, whether for Executive or for any other person, firm or corporation.

d. No Hire. Executive agrees that for the Noncompetition Period Executive will not, either directly or indirectly, (i) solicit for employment or employ, or allow any corporation or business entity controlled directly or indirectly by or affiliated with Executive to solicit for employment or employ, any person that at that time is, or at any time during the past six months immediately preceding such time was, an employee, consultant or agent of Company, or (ii) make known to any person, firm or corporation that is engaged in Company's Business, or executive recruiting or search firms that have clients engaged in Company's Business, the names of any person that at that time is, or at any time during the past six months immediately preceding such time was, an employee, consultant or agent of Company.

e. Enforceable Covenants. The representations and covenants contained in this Section 2 on the part of Executive will be construed as ancillary to and independent of any other provision of this Agreement, and the existence of any claim or cause of action of Executive against Company or any officer, director, or other Executive of Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by Company of the covenants of such Executive contained in this Section 2

f. Tolling. If Executive violates any covenant contained in this Section 2 and Company brings legal action for injunctive or other relief, Company shall not, as a result of the time involved in obtaining the relief, be deprived of the benefit of the full period of any such covenant. Accordingly, the covenants of Executive contained in this Section 2 shall be deemed to have durations as specified above, which periods shall commence upon the date of entry by a court of competent jurisdiction of a final judgment enforcing the covenants of Executive in this Section 2.

g. Mandatory Amendment. The parties to this Agreement agree that the limitations contained in this Section 2 with respect to geographic area, duration, and scope of activity are reasonable. However, if any court shall determine that the geographic area, duration, or scope of activity of any restriction contained in this Section 2 is unenforceable, it is the intention of the parties that such restrictive covenant set forth herein shall not thereby be terminated but shall be deemed amended to the extent required to render it valid and enforceable.

3. **Legal Fees and Expenses.** The parties hereto agree that in the event it becomes necessary for Company to seek remedies for the breach of this Agreement, the prevailing party in such action shall be entitled, in addition to all other remedies, to recover from the other party all costs of such judicial action, including reasonable attorney fees, paralegal fees and costs related to any appeal.

4. **Entire Agreement.** This Agreement constitutes the sole understanding of the parties with respect to the matters provided for herein and supersedes any previous agreements and understandings between the parties with respect to the subject matter hereof. No amendment, modification or alteration of the terms or provisions of this Agreement shall be binding unless the same shall be in writing and duly executed by Executive and Company.

5. **Successors and Assigns.** The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns. This Agreement may not be assigned by Executive without the prior written consent of Company. Notwithstanding the foregoing, no purported assignment of this Agreement or any of the rights or obligations hereof by Company or by Executive, as the case may be, shall relieve Company or Executive of its obligations under this Agreement and, upon any such purported assignment, the representations, warranties, covenants and agreements contained in this Agreement shall be deemed to have been made by Company's assignee or by Executives's assignee as well as by Company or by Executive, as the case may be.

6. **Invalidity.** If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this

Agreement shall nevertheless remain in full force and effect so long as the economic and legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

7. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original and all of which shall constitute the same instrument.

8. **Headings.** The headings of the Sections and paragraphs of this Agreement are included for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

9. **Construction and References.** Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require. Unless otherwise specified, all references in this Agreement.

10. **Modification and Waiver.** Any of the terms or conditions of this Agreement may be waived in writing at any time by the party which is entitled to the benefits thereof. No waiver of any of the provisions of this Agreement shall be deemed to or shall constitute a waiver of any other provisions hereof (whether or not similar).

11. **Notices.** Any notice, request, instruction or other document to be given hereunder by any party hereto to any other party shall be in writing and delivered personally, via telecopy (with receipt confirmed) or sent by registered or certified mail, postage prepaid:

if to Executive, to:

Facsimile:
Telephone:

with copies to:

Attention:
Facsimile:
Telephone:

if to Company, to:

Crystal Gas Storage, Inc.
229 Milam Street
Shreveport, Louisiana 71101
Attention: President
Facsimile: 318-667-5515
Telephone: 318-222-7791

with copies to:

or at such other address for a party as shall be specified by like notice. Any notice which is delivered personally in the manner provided herein shall be deemed to have been duly given to the party to whom it is directed upon actual receipt by such party (or its agent for notices hereunder). Any notice which is addressed and mailed in the manner herein provided shall be conclusively presumed to have been duly given to the party to which it is addressed at the close of business, local time of the recipient, on the third day after the day it is so placed in the mail.

12. **Governing Law; Interpretation.** This Agreement shall be construed in accordance with and governed by the laws of Texas applicable to agreements made and to be performed in such jurisdiction.

IN WITNESS WHEREOF, each of the parties hereto have caused this Agreement to be executed on its behalf as of the date first above written.

**EXECUTIVE:**

_____
[Name]

**CRYSTAL GAS STORAGE, INC.:**

By: _____
Name:
Title:

Exhibit A

## INTERNAL RESTRUCTURING

Steps to complete the Internal Restructuring:

1. Convert Hattiesburg Industrial Gas Sales Company from a Delaware corporation to a Delaware limited liability company.

2. Convert First Reserve Gas Company from a Delaware corporation to a Delaware limited liability company.

3. Convert Petal Gas Storage Company from a Delaware corporation to a Delaware limited liability company.

4. Convert Hattiesburg Holding Company from a Delaware corporation to a Delaware limited liability company.

5. Convert Crystal Gas and Storage Company from a Delaware corporation to a Delaware limited liability company.

6. Convert Crystal Program Limited, Inc. from a Texas corporation to a Delaware limited liability company.

7. Merge Crystal Properties and Trading Company, a Nevada corporation, into a newly created Delaware limited liability company [conversion procedure not available in Nevada].

8. Convert Crystal Eurasia, Inc. from a Delaware corporation into a Delaware limited liability company or dissolve this inactive subsidiary.

9. Convert Crystal Capital, Inc. from a Delaware corporation into a Delaware limited liability company or dissolve this inactive subsidiary.

10. Convert Crystal Exploration and Production Company from a Florida corporation into a Delaware limited liability company.

11. Convert Vermilion Bay Land Company from a Delaware corporation into a Delaware limited liability company.

12. Dissolve inactive CrystalOil International Finance N.V., a Netherlands Antilles company.

Note: The state law existence of Crystal Gas L.L.C., a Louisiana limited liability company, and Hattiesburg Gas Storage Company, a Delaware general partnership, will not change.



RAM01376

# FIRST AMENDMENT TO AGREEMENT AND PLAN OF MERGER

**FIRST AMENDMENT TO AGREEMENT AND PLAN OF MERGER** (this "First Amendment") dated as of December 2, 1999, among **EL PASO ENERGY CORPORATION**, a Delaware corporation ("Parent"), **EL PASO ENERGY ACQUISITION CO.**, a Delaware corporation ("Sub") and a wholly owned subsidiary of Parent, and **CRYSTAL GAS STORAGE, INC.**, a Louisiana corporation (the "Company").

WHEREAS, Parent, Sub and the Company entered into an Agreement and Plan of Merger dated October 15, 1999 (the "Original Agreement"), providing for, among other things, the merger of the Company with and into Sub, whereby each issued and outstanding share of common stock of the Company not owned directly or indirectly by Parent or the Company will be converted into the right to receive $57 per share;

WHEREAS, Parent, Sub and the Company desire to amend the terms of the Original Agreement as set forth herein; and

WHEREAS, the parties to the Shareholders Agreements (as defined in the Original Agreement) have agreed that this First Amendment would not have any adverse effect on such parties and therefore will not terminate, modify or amend their obligations under the Shareholders Agreements and that the Shareholders Agreements shall remain unchanged and in full force and effect;

NOW, THEREFORE, in consideration of the premises and the representations, warranties and agreements herein contained, the parties agree as follows:

SECTION 1. Capitalized terms used and not otherwise defined herein shall have the meanings given such terms in the Original Agreement.

SECTION 2. Section 3.1(h) is hereby amended by replacing the second sentence thereof with the following:

> "Except for the approval of the Merger by the holders of two-thirds of all the votes entitled to be cast on the matter, voting together as a class pursuant to which each Share is entitled to one vote and each share of Senior Preferred Stock is entitled to .001 votes per share (unless the shares of Senior Preferred Stock have been called for redemption prior to such meeting and the provisions of Louisiana Revised Statute 12:75 shall have been satisfied so that such shares shall not be entitled to vote at such meeting) ("Company Stockholder Approval"), no other stockholder action on the part of the Company is required for approval of the Merger and the transactions contemplated hereby."

SECTION 3. Parent, Sub and the Company currently expect that the Company Stockholder Approval and the Effective Time of the Merger will take place on January 5, 2000. Parent and Sub hereby agree that the Company's efforts to prepare and file a preliminary Proxy Statement with the SEC and to duly call, give notice of, convene and hold a meeting of its stockholders at any time prior

to January 15, 2000, satisfy the requirements of (1) Sections 5.1(a) and 5.1(b) of the Original Agreement for the Company to take such actions as soon as practicable and (2) Section 5.3(a) of the Original Agreement for the Company to consummate and make effective, in the most expeditious manner practicable, the Merger and the other transactions contemplated by the Original Agreement.

SECTION 4. Clause (i) of Section 5.3(b) of the Original Agreement is amended by replacing it in its entirety with the following:

> "(i) any representation or warranty made by it contained in this Agreement becoming untrue or inaccurate in any respect (provided that with respect to the Company's obligations regarding its representations and warranties, this requirement shall, after December 2, 1999, only apply with respect to such representations and warranties to the extent they are untrue or inaccurate in any respect due to an act or omission of the Company and/or its subsidiaries)".

SECTION 5. Section 6.2(b) of the Original Agreement is amended by inserting the following at the end thereof:

> "provided, further, that for purposes of determining whether the representations and warranties of the Company are true and correct in all material respects as of the Effective Time of the Merger, between December 2, 1999 and the Effective Time of the Merger such representations and warranties may only become untrue or incorrect due to acts or omissions of the Company and/or its subsidiaries;"

SECTION 6. Parent acknowledges and agrees that, to the Parent's knowledge, as of the date hereof, Company has performed in all material respects all obligations to be performed by it under the Original Agreement.

SECTION 7. Exhibit A to the Original Agreement is amended by replacing items 8 and 10, respectively, thereon with the following:

> "8. Convert Crystal Eurasia Oil Company from a Delaware corporation into a Delaware limited liability company or dissolve this inactive subsidiary."

> "10. Merge Crystal Exploration and Production Company, a Florida corporation, into a newly created Delaware limited liability company."

SECTION 8. This First Amendment shall be governed by, and construed in accordance with, the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof, except that matters pertaining to the merger of the Company into Sub shall be governed by the DGCL and the LBCL to the extent of their applicability to the Merger.

SECTION 9. This First Amendment may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

SECTION 10. As amended by this First Amendment, the Original Agreement remains in full force and effect.

IN WITNESS WHEREOF, Parent, Sub and the Company have caused this First Amendment to be signed by their respective officers thereunto duly authorized, all as of the date first written above.

EL PASO ENERGY CORPORATION

By Ralph Eads
Name: Ralph Eads
Title: Executive Vice President

EL PASO ENERGY ACQUISITION CO.

By Ralph Eads
Name: Ralph Eads
Title: Executive Vice President

CRYSTAL GAS STORAGE, INC.

By
Name: J.N. Averett Jr.
Title: President and Chief Executive Officer

# CERTIFICATE OF MERGER

# OF

# CRYSTAL GAS STORAGE, INC.

# INTO

# EL PASO ENERGY ACQUISITION CO.

Pursuant to Section 252 of the General Corporation Law of the State of Delaware, El Paso Energy Acquisition Co., a Delaware corporation (the "Company"), hereby certifies as follows:

**FIRST**: The name and state of incorporation of each of the constituent corporations (the "Constituent Corporations") is as follows:

| NAME | STATE OF INCORPORATION |
|---|---|
| Crystal Gas Storage, Inc. | Louisiana |
| El Paso Energy Acquisition Co. | Delaware |

**SECOND**: The Agreement and Plan of Merger dated as of October 15, 1999, as amended by the First Amendment to Agreement and Plan of Merger dated December 2, 1999 (collectively, the "Merger Agreement"), among El Paso Energy Corporation, a Delaware corporation ("Parent"), the Company (a wholly owned subsidiary of Parent), and Crystal Gas Storage, Inc., a Louisiana corporation, has been approved, adopted, certified, executed and acknowledged by each of the Constituent Corporations in accordance with the requirements of subsection (c) of Section 252 of the General Corporation Law of the State of Delaware.

**THIRD**: The name of the surviving corporation of the merger is El Paso Energy Acquisition Co. which name shall hereinwith be changed to Crystal Gas Storage, Inc. (the "Surviving Corporation").

**FOURTH**: The Certificate of Incorporation of the Company shall be the Certificate of Incorporation of the Surviving Corporation, with the exception that Article I of the Certificate of Incorporation shall be amended to read in its entirety as follows: "The name of the corporation is Crystal Gas Storage, Inc."

**FIFTH**: The executed Merger Agreement is on file at an office of the surviving corporation, the address of which is 1001 Louisiana Street, Houston, Texas 77002.

**SIXTH**: A copy of the Merger Agreement will be furnished by the Surviving Corporation, on request and without cost, to any stockholder of any Constituent Corporation.

**SEVENTH**: The authorized capital stock of Crystal Gas Storage, Inc. consists of 20,000,000 shares of common stock, par value $.01 per share, and 51,200,773 shares of preferred stock, par value $.01 per share, of which 21,488,353 have been designated $.06 Senior Convertible Voting Preferred Stock (non-cumulative) and 27,717,570 have been designated Series A Preferred Stock.

**EIGHTH**: This Certificate of Merger shall be effective upon its filing with the Secretary of State of the State of Delaware.

IN WITNESS WHEREOF, this Certificate of Merger has been executed by the undersigned, a duly authorized officer of the Surviving Corporation, as of the 5th day of January, 2000.

EL PASO ENERGY ACQUISITION CO.

By: _____

Name: Larry M. Kellerman
Title: Vice President and Senior Managing Director

# State of Delaware

# Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF MERGER, WHICH MERGES:

"CRYSTAL GAS STORAGE, INC.", A LOUISIANA CORPORATION,

WITH AND INTO "EL PASO ENERGY ACQUISITION CO." UNDER THE NAME OF "CRYSTAL GAS STORAGE, INC.", A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE FIFTH DAY OF JANUARY, A.D. 2000, AT 10:15 O'CLOCK A.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

*Edward J. Freel, Secretary of State*

3110883 8100M

001005452

0181243

AUTHENTICATION:

01-05-00

DATE:

RAM01380

# UNITED STATES OF AMERICA

# State of Louisiana

## Fox McKeithen

**SECRETARY OF STATE**

*As Secretary of State, of the State of Louisiana, I do hereby Certify that*

a copy of a Merger document whereby CRYSTAL GAS STORAGE, INC., organized under the laws of LOUISIANA, is merged into

EL PASO ENERGY ACQUISITION CO.

Organized under the laws of DELAWARE,

Was filed and recorded in this Office on January 5, 2000, with an effective date of January 5, 2000.

*In testimony whereof, I have hereunto set my hand and caused the Seal of my Office to be affixed at the City of Baton Rouge on,*

January 5, 2000

Fox McKeithen

BBE 34136780D 34875467
*Secretary of State*

STATE OF LOUISIANA
UNION JUSTICE CONFIDENCE
SECRETARY OF STATE

ICATE SS 102 S (R.3/88)

RAM01383

# CERTIFICATE OF MERGER

**Merging**
**CRYSTAL GAS STORAGE, INC.,**
**a Louisiana corporation**
**Into**
**EL PASO ENERGY ACQUISITION CO.,**
**a Delaware corporation**

STATE OF TEXAS
COUNTY OF HARRIS

Pursuant to the provisions of Section 12:112F of the Business Corporation Law of the State of Louisiana (the "LBCL"), the undersigned, being the Vice President and Senior Managing Director of El Paso Energy Acquisition Co., a Delaware corporation (the "Company"), submits the following Certificate of Merger for the purpose of effecting a merger under the LBCL and does hereby certify as follows:

1. The name and state of incorporation of each of the constituent corporations (the "Constituent Corporations") are as follows:

| Name of Corporation | State of Incorporation |
|---|---|
| Crystal Gas Storage, Inc. | Louisiana |
| El Paso Energy Acquisition Co. | Delaware |

2. The Agreement and Plan of Merger dated as of October 15, 1999, as amended by the First Amendment to Agreement and Plan of Merger dated December 2, 1999 (collectively, the "Merger Agreement"), among El Paso Energy Corporation, a Delaware corporation ("Parent"), the Company (a wholly owned subsidiary of Parent) and Crystal Gas Storage, Inc., a Louisiana corporation, has been approved, adopted, certified, executed and acknowledged by each of the Constituent Corporations in accordance with the requirements of section 12:112 of the LBCL.

3. The name of the surviving corporation of the merger is El Paso Energy Acquisition Co. which name shall be changed to Crystal Gas Storage, Inc. (the "Surviving Corporation").

4. The Certificate of Incorporation of the Company shall be the Certificate of Incorporation of the Surviving Corporation, provided that such Certificate of Incorporation shall be amended to change the Surviving Corporation's name to Crystal Gas Storage, Inc.

5. The executed Merger Agreement is on file at the principal place of business of the Surviving Corporation, the address of which is 1001 Louisiana Street, Houston, Texas 77002.

6. A copy of the Merger Agreement will be furnished by the Surviving Corporation, on request and without cost, to any stockholder of any Constituent Corporation.

7. A Certificate of Merger has been filed with the Secretary of State of the State of Delaware pursuant to Section 252 of the General Corporation Law of the State of Delaware, and, consequently, compliance has been had with the requirements for effectiveness of the merger under the laws of the State of Delaware.

8. This Certificate of Merger shall be effective upon its filing with the Secretary of State of the State of Louisiana on January 5, 2000.

IN WITNESS WHEREOF, El Paso Energy Acquisition Co. has caused this Certificate to be signed by Larry M. Kellerman, its Vice President and Senior Managing Director, this 5th day of January, 2000 at Houston, Texas.

**EL PASO ENERGY ACQUISITION CO.**

Larry M Kellerman

Name: Larry M. Kellerman
Title: Vice President and Senior Managing Director

STATE OF TEXAS
COUNTY OF HARRIS

Be it known, that on the 5th day of January, 2000, before me, the undersigned notary, duly commissioned and qualified within and for the State and County aforesaid, personally came and appeared Larry M. Kellerman, appearing herein in his capacity as the Vice President and Senior Managing Director of El Paso Energy Acquisition Co., to me personally known to be the identical person whose name is subscribed to the foregoing Certificate of Merger as the said officer of the said corporation, and declared and acknowledged to me, notary, in the presence of the undersigned competent witnesses, that he executed the same on behalf of the said corporation within the full authority of its Board of Directors, and that the said instrument is the free act and deed of said corporation, and was executed for the uses, purposes, and benefits therein expressed.

WITNESSES:

Larry M. Kellerman

Notary Public

ANN C MEYER
NOTARY PUBLIC
State of Texas
Comm. Exp. 08-13-2002

RAM01386

*State of Delaware*

# *Office of the Secretary of State*



I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "CRYSTAL EXPLORATION AND PRODUCTION, L.L.C.", FILED IN THIS OFFICE ON THE TWENTY-NINTH DAY OF DECEMBER, A.D. 1999, AT 4:08 O'CLOCK P.M.

*Edward J. Freel, Secretary of State*

3151454 8100

991568176

AUTHENTICATION: 0171650

RAM01387

DATE: 12-30-99

# CERTIFICATE OF FORMATION

## OF

# CRYSTAL EXPLORATION AND PRODUCTION, L.L.C.

This Certificate of Formation of Crystal Exploration and Production, L.L.C. (the "LLC"), dated December 29, 1999, is being duly executed and filed to form a limited liability company under the Delaware Limited Liability Company Act (6 Del.C. § 18-101, et seq.).

**FIRST**. The name of the limited liability company formed hereby is Crystal Exploration and Production, L.L.C.

**SECOND**. The address of the registered office of the LLC in the State of Delaware is c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

**THIRD**. The name and address of the registered agent for service of process on the LLC in the State of Delaware is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

**IN WITNESS WHEREOF**, the undersigned has executed this Certificate of Formation as of the date first above written.

By _____
Paul Holmes
Authorized Person

5373473.2



DEC-29-99 14:54 FROM-FULBRIGHT & JAWORSKI T-036 P.18/25 F-717

*State of Delaware*

# *Office of the Secretary of State*

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF MERGER, WHICH MERGES:

"CRYSTAL EXPLORATION AND PRODUCTION COMPANY", A FLORIDA CORPORATION,

WITH AND INTO "CRYSTAL EXPLORATION AND PRODUCTION, L.L.C." UNDER THE NAME OF "CRYSTAL EXPLORATION AND PRODUCTION, L.L.C.", A LIMITED LIABILITY COMPANY ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE TWENTY-NINTH DAY OF DECEMBER, A.D. 1999, AT 4:09 O'CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID CERTIFICATE OF MERGER IS THE FOURTH DAY OF JANUARY, A.D. 2000.

*Edward J. Freel, Secretary of State*

3151454 8100M

991568193

AUTHENTICATION: 0171659

DATE: 12-30-99

RAM01389

# CERTIFICATE OF MERGER

**Merging**

**CRYSTAL EXPLORATION AND PRODUCTION COMPANY**
**a Florida corporation**

**Into**

**CRYSTAL EXPLORATION AND PRODUCTION, L.L.C.,**
**a Delaware limited liability company**

Pursuant to the provisions of Section 18-209 of the Delaware Limited Liability Company Act (the "DLLCA"), the undersigned limited liability company submits the following Certificate of Merger for the purpose of effecting a merger under the DLLCA.

1. The name and state of incorporation or organization of each of the constituent entities are as follows:

| Name of Entity | State of Incorporation or Organization |
|---|---|
| Crystal Exploration and Production Company | Florida |
| Crystal Exploration and Production, L.L.C | Delaware |

2. An Agreement and Plan of Merger (the "Merger Agreement") has been approved, adopted, certified, executed and acknowledged by each of the constituent entities in accordance with Section 18-209 of the DLLCA and Section 607.1101 of the Florida Business Corporation Act.

3. Crystal Exploration and Production, L.L.C. shall be the surviving entity.

4. The certificate of formation of the surviving entity shall be its certificate of formation.

5. The executed Merger Agreement is on file at the principal place of business of the surviving limited liability company, located at 229 Milam, Shreveport, Louisiana 71101.

6. A copy of the Merger Agreement will be furnished by the surviving limited liability company, on request and without cost, to any stockholder of any constituent entity.

7. The merger shall become effective at 5:00 p.m., Eastern Standard Time, on January 4, 2000.

Dated as of the 29th day of December, 1999.

CRYSTAL EXPLORATION AND PRODUCTION, L.L.C.

By: _____
Name: J.A. Ballew
Title: Vice President, Treasurer and Secretary

5373733.3

**RAM01390**

T-036 P.19/25 F-717
FROM-FULBRIGHT & JAWORSKI 14:54 DEC-29-99

FLORIDA DEPARTMENT OF STATE
Katherine Harris
Secretary of State

December 30, 1999

CT SYSTEM
ATTN: LAURA EARNEST

The Articles of Merger were filed on December 30, 1999, effective January 4, 2000, for CRYSTAL EXPLORATION AND PRODUCTION L.L.C., the surviving corporation not authorized to transact business in Florida.

Should you have any further questions regarding this matter, please feel free to call (850) 487-6050, the Amendment Filing Section.

Lee Rivers
Document Specialist
Division of Corporations

Letter Number: 699A00060816

RAM01391

# ARTICLES OF MERGER

**Merging**

**CRYSTAL EXPLORATION AND PRODUCTION COMPANY**
**a Florida corporation,**

**Into**

**CRYSTAL EXPLORATION AND PRODUCTION L.L.C.**
**a Delaware limited liability company**

Pursuant to the provisions of Section 607.1105 of the Florida Business Corporation Act (the "FBCA"), the undersigned limited liability company submits the following Articles of Merger for the purpose of effecting a merger under the FBCA.

1. The name and state of incorporation or organization of each of the constituent entities are as follows:

| Name of Entity | State of Incorporation or Organization |
|---|---|
| Crystal Exploration and Production Company | Florida |
| Crystal Exploration and Production, L.L.C. | Delaware |

FILED
99 DEC 30 PM 2:0
SECRETARY OF STATE
TALLAHASSEE FLORIDA

2. The laws of the state under which such foreign entity is organized permits such merger.

3. An Agreement and Plan of Merger (the "Merger Agreement") has been approved, adopted, certified, executed and acknowledged by each of the constituent entities in accordance with Section 18-209 of the DLLCA and Section 607.1101 of the Florida Business Corporation Act.

4. The Plan of Merger is as attached Exhibit A.

5. The certificate of formation of the surviving entity shall be its certificate of formation.

6. The executed Merger Agreement is on file at the principal place of business of the surviving limited liability company, located at 229 Milam, Shreveport, Louisiana 71101.

7. A copy of the Merger Agreement will be furnished by the surviving limited liability company, on request and without cost, to any stockholder of any constituent entity.

EFFECTIVE DATE
1/4/2000

8. The merger shall become effective at 5:00 p.m., Eastern Standard Time, on January 4, 2000.

Dated as of the 21st day of December, 1999.

CRYSTAL EXPLORATION AND PRODUCTION, L.L.C.

By: _____

Name: J.A. Ballew

Title: Vice President, Treasurer and Secretary

EXHIBIT A

# AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (this "Agreement") dated December 21, 1999, is made and entered into pursuant to Section 92A.100 of the Florida General Corporation Law (the "FBCA") and Section 18-209 of the Delaware Limited Liability Company Act (the "DLLCA"), by and among Crystal Exploration and Production Company, a Florida corporation (the "Company" or the "Merged Corporation"), and Crystal Exploration and Production, L.L.C., a Delaware limited liability company (the "Survivor", and together with the Merged Corporation, collectively, the "Constituent Entities").

WITNESSETH:

WHEREAS, the Company is a corporation duly organized and existing under the laws of the State of Florida, having been incorporated on September 25, 1997 and having an authorized capital stock of 1,000 shares of common stock, $1.00 par value, all of which shares are issued and outstanding;

WHEREAS, the Survivor is a limited liability company duly organized and existing under the laws of the State of Delaware, having been formed on December 21, 1999 and having Crystal Gas Storage, Inc. as its sole member (the "Sole Member"); and

WHEREAS, the Board of Directors of the Merged Corporation and the Sole Member of the Survivor deem it advisable and in the best interests of all entities that the Merged Corporation be merged with and into the Survivor in a transaction qualifying as a reorganization within the meaning of section 368(a) of the Internal Revenue Code of 1986, as amended, as authorized by the FBCA and the DLLCA under and pursuant to the terms and conditions set forth herein, and the Board of Directors of the Merged Corporation and the Sole Member of the Survivor have duly approved this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, and for the purpose of setting forth the terms and conditions of this merger, the mode of carrying the same into effect and such other details and provisions as are deemed necessary or desirable, the parties hereto have agreed and do hereby agree, subject to the approval or adoption of this Agreement by the requisite vote of the holders of the shares of the Constituent Entities, and subject to the conditions set forth herein, as follows:

## ARTICLE I
## Merger and Name of Survivor

At the Effective Time of the Merger (as hereinafter defined), the Merged Corporation shall be merged with and into the Survivor, which shall not be a new limited liability company, which shall continue its existence as a Delaware limited liability company to be governed by the laws of the State of Delaware, which shall continue its corporate existence under the name of "Crystal Exploration and Production, L.L.C.", and which shall maintain a registered office in the State of Delaware at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801-1196.

ARTICLE II
Terms and Conditions of Merger

The terms and conditions of the merger are (in addition to those set forth elsewhere in this Agreement) as follows:

(a) At the Effective Time of the Merger:

(1) The Constituent Entities shall be a single limited liability company, which shall be the Survivor.

(2) The separate existence of the Merged Corporation shall cease.

(3) The Survivor shall thereupon and thereafter possess all of the rights, privileges, powers and franchises as well of a public as of a private nature, and be subject to all the restrictions, disabilities and duties of each Constituent Entity; and all and singular, the rights, privileges, powers and franchises of each Constituent Entity, and all property, real, personal and mixed, and all debts due to each Constituent Entity on whatever account, as well for stock subscriptions as all other things in action or belonging to each Constituent Entity shall be vested in the Survivor; and all property, rights, privileges, powers and franchises, and all and every other interest shall be thereafter as effectually the property of the Survivor as they were of the respective Constituent Entities, and the title to any real estate vested by deed or otherwise in each Constituent Entity shall not revert or be in any way impaired by reason of the merger; but all rights of creditors and all liens upon any property of each Constituent Entity shall be preserved unimpaired, and all debts, liabilities and duties (including duties to any dissenting shareholder of each Constituent Entities) of the respective Constituent Entities shall thenceforth attach to the Survivor and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by the Survivor. Specifically, but not by way of limitation, any action or proceeding whether civil, criminal or administrative, pending by or against each Constituent Entity shall be prosecuted as if the merger had not taken place, or the Survivor may be substituted in such action or proceeding.

(4) All corporate acts, plans, policies, contracts, approvals and authorizations of the Merged Corporation and its shareholders, Board of Directors, committees elected or appointed by the Board of Directors, officers and agents, which were valid and effective immediately prior to the Effective Time of the Merger shall be taken for all purposes as the acts, plans, policies, contracts, approvals and authorizations of the Survivor and shall be as effective and binding thereon as the same were with respect to the Survivor. The employees of the Merged Corporation shall become the employees of the Survivor and continue to be entitled to the same rights and benefits which they enjoyed as employees of the Merged Corporation.

(5) The assets, liabilities, reserves and accounts of each Constituent Entity shall be recorded on the books of the Survivor at the amounts at which they,

respectively, shall then be carried on the books of such Constituent Entity subject to such adjustments or eliminations of intercompany items as may be appropriate in giving effect to the Merger.

(b) The officers of the Survivor immediately prior to the Effective Time of the Merger shall continue to be the officers of the Survivor after the Effective Time of the Merger to serve in accordance with the by-laws of the Survivor until their respective successors shall have been duly elected and qualified.

## ARTICLE III
## Capitalization and Conversion of Shares

The membership interests of the Survivor shall be as set forth in the Survivor's Limited Liability Company Agreement.

The manner and basis of converting the shares of the Merged Corporation and the mode of carrying the Merger into effect shall be that, as of the Effective Time of the Merger, (1) each of the issued and outstanding shares of the Merged Corporation shall be canceled for no consideration and (2) the membership interests of Crystal Gas Storage, Inc., as the Sole Member of the Survivor, shall continue in full force and effect.

All certificates for shares of the Merged Corporation shall be canceled as of the Effective Time of the Merger.

## ARTICLE IV
## Certificate of Formation and Limited Liability Company Agreement

Each of the Certificate of Formation and the Limited Liability Company Agreement of the Survivor as existing and constituted immediately prior to the Effective Time of the Merger shall, at the Effective Time of the Merger, continue as the Certificate of Formation and Limited Liability Company Agreement of the Survivor until amended in the manner provided by law.

## ARTICLE V
## Other Provisions with Respect to Merger

(a) This Agreement shall be submitted to the holders of the shares of the Constituent Entities as provided by the FBCA and the DLLCA. After the approval or adoption thereof by the holders of the shares of the Constituent Entities in accordance with the requirements of the FBCA and the DLLCA, all required documents shall be executed, filed and recorded and all required acts shall be done in order to accomplish the merger under the provisions of the FBCA and the DLLCA.

(b) This Agreement may be terminated at any time prior to the Effective Time of the Merger, whether before or after action thereon by the holders of the shares of the Merged Corporation, by mutual consent of the Constituent Entities, expressed by action of the Board of Directors of the Merged Corporation and the Sole Member of the Survivor.

(c) Each Constituent Entity shall bear and pay all costs and expenses incurred by it or on its behalf (including, without limitation, fees and expenses of financial consultants, accountants and counsel) in connection with the consummation of the Merger.

(d) The Survivor, from and after the Effective Time of the Merger, agrees that it may be sued and served with process in the States of Florida and Delaware in any proceeding for the enforcement of any obligation of the Merged Corporation.

## ARTICLE VI
## Approval and Effective Time of the Merger

(a) Subject to the following actions having been taken, the Merger shall become effective at 5:00 p.m., Eastern Standard Time, on January 4, 2000 (the "Effective Time of the Merger"):

(1) this Agreement shall be adopted and approved (a) on behalf of the Constituent Entities in accordance with the FBCA and the DLLCA; and

(2) (a) Articles of Merger (with this Agreement attached as part thereof), setting forth the information required by, and executed and verified in accordance with, the FBCA, shall be filed in the office of the Secretary of State of the State of Florida and (b) a Certificate of Merger, setting forth the information required by, and executed and verified in accordance with, the DLLCA, shall be filed in the office of the Secretary of State of the State of Delaware.

(b) If at any time the Survivor shall consider or be advised that any further assignment or assurance in law or other action is necessary or desirable to vest, perfect or confirm, of record or otherwise, in the Survivor the title to any property or rights of the Merged Corporation acquired or to be acquired by or as a result of the Merger, the proper officers and directors of the Constituent Entities shall be and they hereby are severally and fully authorized to execute and deliver such deeds, assignments and assurances in law and take such other action as may be necessary or proper in the name of the Constituent Entities to vest, perfect or confirm title to such property or rights in the Survivor and otherwise carry out the purposes of this Agreement.

(c) For the convenience of the parties and to facilitate the filing and recording of this Agreement, any number of counterparts hereof may be executed, and each such counterpart shall be deemed to be an original instrument.

(d) This Agreement and the legal relations between the parties hereto shall be governed by and construed in accordance with the laws of the State of Florida, and to the extent applicable, the DLLCA.

(e) This Agreement cannot be altered or amended except pursuant to an instrument in writing signed on behalf of all of the parties hereto.

IN WITNESS WHEREOF, this Agreement is executed by the Constituent Entities as of the date first written above.

**CRYSTAL EXPLORATION AND PRODUCTION COMPANY,**
a Florida corporation

J.A. Ballew
Vice President, Treasurer and Secretary

**CRYSTAL EXPLORATION AND PRODUCTION, L.L.C.,**
a Delaware limited liability company

J.A. Ballew
Vice President, Treasurer and Secretary

ARTICLES OF MERGER
OF
DOMESTIC AND FOREIGN CORPORATIONS

MERGING
RICO-ARGENTINE MINING COMPANY
INTO
CRYSTAL-RICO COMPANY

Pursuant to the provisions of Article 5.07 of the Texas Business Corporation Act, the undersigned domestic and foreign corporations adopt the following Articles of Merger for the purpose of merging Rico-Argentine Mining Company into Crystal-Rico Company.

1. The names of the undersigned corporations and the States under the laws of which they are respectively organized are:

| Name of Corporation | State |
|---|---|
| Rico-Argentine Mining Company | Utah |
| Crystal-Rico Company | Texas |

2. The laws of the State under which such foreign corporation is organized permit such merger.

3. The name of the surviving corporation is Crystal-Rico Company, and it is to be governed by the laws of the State of Texas.

4. There is attached hereto and incorporated herein by reference, a Plan of Merger between Rico-Argentine Mining Company and Crystal-Rico Company, which was approved by the shareholders of the undersigned domestic corporation in the manner prescribed by the Texas Business Corporation Act, and was approved by the undersigned foreign corporation in the manner prescribed by the laws of the State under which it is organized.

5. As to each of the undersigned corporations, the number of shares outstanding and the designation and number of outstanding shares of each class entitled to vote as a class on the Plan of Merger are as follows:

| ame of Corporation | Number of Shares Outstanding | Entitled to Vote as a Class: Designation of Class | Entitled to Vote as a Class: Number of Shares |
|---|---|---|---|
| ico-Argentine Mining Company | 970,340 | none | none |
| rystal-Rico Company | 1,000 | none | none |

6. As to each of the undersigned corporations, the total number of shares voted for and against such Plan of Merger, respectively, are as follows:

| ame of Corporation | Number of Shares: Total Voted For | Number of Shares: Total Voted Against |
|---|---|---|
| ico-Argentine Mining Company | 759,928 | 48,149 |
| rystal-Rico Company | 1,000 | -0- |

Dated as of July 2, 1974.

RICO-ARGENTINE MINING COMPANY

By _____
Sherman B. Hinckley, President

By _____
L. J. Lerwill, Secretary

CRYSTAL-RICO COMPANY

By _____
Robert F. Roberts, President

By _____
L. G. Caskey, Jr., Secretary



RAM01400

THE STATE OF UTAH §

COUNTY OF SALT LAKE §

I, Ronald M. Bywater, a notary public do hereby certify that on this 2nd day of July, 1974, personally appeared before me Sherman B. Hinckley, who, being by me first duly sworn, declared that he is the President of Rico-Argentine Mining Company, that he signed the foregoing instrument as President of the Corporation, and that the statements therein contained are true.

Ronald M. Bywater
Notary Public in and for
Salt Lake County, Utah

[Notarial Seal]

THE STATE OF LOUISIANA §

PARISH OF CADDO §

I, Louise Howard Yates, a notary public do hereby certify that on this 28th day of June, 1974, personally appeared before me Robert F. Roberts, who, being by me first duly sworn, declared that he is the President of Crystal-Rico Company, that he signed the foregoing instrument as President of the Corporation, and that the statements therein contained are true.

Louise Howard Yates
Notary Public in and for
Caddo Parish, Louisiana

LOUISE HOWARD YATES
NOTARY PUBLIC, CADDO PARISH, LOUISIANA
MY COMMISSION IS FOR LIFE

[Notarial Seal]



RAM01401

# PLAN OF MERGER

THIS PLAN OF MERGER, as of May 8, 1974, between CRYSTAL-RICO COMPANY, a Texas corporation (herein sometimes referred to as "CRC" and sometimes referred to as the "Surviving Corporation"), and RICO-ARGENTINE MINING COMPANY, a Utah corporation (herein referred to as "Rico") (both CRC and Rico being the "Constituent Corporations");

WHEREAS, CRC is a corporation organized and existing under and by virtue of the laws of the State of Texas, with authorized capital of 1,000,000 common shares, par value $1.00 per share, all of which of the outstanding shares are owned by CRYSTAL OIL COMPANY, a Maryland corporation ("Crystal"); and

WHEREAS, Rico is a corporation organized and existing under and by virtue of the laws of the State of Utah with authorized capital of 1,250,000 common shares, par value $.50 per share, (herein referred to as "Rico Shares"); and

WHEREAS, the Boards of Directors of CRC and Rico deem it desirable and in the best interests of the Constituent Corporations and their shareholders that Rico be merged into CRC (the "Merger"); and

WHEREAS, Rico, CRC and Crystal have authorized the execution and delivery of an agreement providing certain representations, covenants, conditions and other understandings related to the Merger, styled the "Rico Agreement".

## ARTICLE I

### The Merger

1.1 *The Plan of Merger.* On the Effective Date of the Merger (as defined herein) the Constituent Corporations shall be merged into a single corporation by Rico merging with and into CRC, the Surviving Corporation, which shall survive the Merger, pursuant to the provisions of the Utah and Texas Business Corporation Acts. Upon such Merger, the separate corporate existence of Rico shall cease and the Surviving Corporation shall become the owner, without other transfer, of all rights and property of the Constituent Corporations, and the Surviving Corporation shall become subject to all the debts and liabilities of the Constituent Corporations in the same manner as if the Surviving Corporation had itself incurred them.

1.2 *Name, Articles of Incorporation, By-Laws and Jurisdiction.* The name of the Surviving Corporation shall be Rico-Argentine Mining Company. The Articles of Incorporation of CRC, as on the Effective Date, shall become the Articles of Incorporation of the Surviving Corporation except that upon the Effective Date, the Articles of Incorporation of CRC shall be amended as follows:

(a) Article I shall be amended to read in its entirety as follows: "The name of the Corporation shall be Rico-Argentine Mining Company".

The By-Laws, of CRC, as on the Effective Date, shall be the By-Laws of the Surviving Corporation, and the Surviving Corporation shall be governed by the laws of the State of Texas, with its registered office located at 811 Dallas Avenue, Houston, Texas.

1.3 *Board of Directors of Surviving Corporation.* The initial sole member of the Board of Directors of the Surviving Corporation upon the Effective Date shall be the person whose name and address is set forth below and who shall hold office until the next annual meeting of the shareholders of the Surviving Corporation and until his successor is elected and qualified:

| Name | Address |
|---|---|
| Robert F. Roberts | P. O. Box 1101<br>Shreveport, Louisiana 71163 |

## ARTICLE II

### Conversion of Shares on Merger

2.1 *Conversion of Shares on Merger.* The manner and basis of converting the 970,340 outstanding Rico Shares into 650,127 Common Shares, par value $1.00 per share, of Crystal (the "Crystal Shares") upon the Effective Date shall be as follows:

(a) *Conversion of Rico's Shares Into, and Distribution of, Crystal Shares.* Each Rico Share shall, subject to paragraph (b) of this Section, without further action on the part of Crystal, Rico or the holders of such shares, be converted into .670 Crystal Shares: provided that no holder of Rico Shares shall be entitled to receive any fractional Crystal Share, but any holder of Rico Shares entitled to such a fractional Crystal Share shall have the rights provided in Section (c) below. Any Rico Shares held in the treasury of Rico on the Effective Date shall be cancelled.

(b) *Manner of Exchange of Certificates for Rico Shares for Certificates for Crystal Shares.* After the Effective Date, each holder of an outstanding certificate or certificates theretofore representing Rico Shares shall surrender the same to an exchange agent designated by Crystal for such purpose and shall receive therefor a certificate representing the number of whole Crystal Shares into which Rico Shares have been converted. Until so surrendered and exchanged, each outstanding certificate which, prior to the Effective Date, represented Rico Shares, shall, upon and after such Effective Date, be deemed for all corporate purposes (other than to the extent provided in the following sentence) to evidence ownership of the number of Crystal Shares into which such Rico Shares have been converted by virtue of the Merger. Unless and until the outstanding certificates formerly representing Rico Shares are so surrendered and exchanged, no dividends payable to the holders of record of Crystal Shares shall be paid to the holders of outstanding certificates formerly representing Rico Shares that have not been exchanged for Crystal Shares. Upon surrender of such outstanding Rico certificates, however, there shall be paid to the record holder of the certificates of Crystal Shares issued in exchange therefor the amount of dividends, if any, which theretofore became payable in respect of such Crystal Shares. No interest shall be payable with respect to the payment of such dividends or surrender of such outstanding shares.

(c) *Treatment of Fractional Shares.* No fractional Crystal Shares or certificates for scrip therefor shall be issued in connection with the conversion of Rico Shares and the distribution of Crystal Shares in respect thereof, but in lieu thereof there shall be paid to each holder of Rico Shares otherwise entitled to a fraction of a Crystal Share an amount of cash equal to the value of such fraction determined by the average of the high and low price (regular way) of the Crystal Shares on the American Stock Exchange on the Effective Date, or if Crystal Shares were not traded on such date, then on the last date prior thereto on which the Crystal Shares were so traded.

2.2 *Contingent Shares.* Crystal agrees to issue and deliver to the record holders of Rico Shares as of the Effective Date certificates of contingent interest ("Certificates") evidencing the agreement of Crystal to issue and deliver and the right of each holder of certificates to receive additional Crystal Shares ("contingent shares") upon and subject to the following conditions and circumstances:

(a) In the event that the market price (as defined below) of the Crystal Shares shall be less than $18.00 per share ("warranty price") one year subsequent to the Effective Date ("warranty date"), Crystal agrees to issue the number of contingent shares determined as follows:

(i) The difference between the market price and the warranty price of the Crystal Shares shall be multiplied by 650,127 ("warranty differential").

(ii) If the market price (as defined below) of the Amax Stock (as defined in the Rico Agreement) is less than $116 per share, then the warranty differential shall be reduced

by the product of the difference between the market price of the Amax Stock and $116 multiplied by 102,034 ("adjusted warranty differential").

(iii) The number of contingent shares shall be determined by dividing the adjusted warranty differential by the market price of the Crystal Shares; provided that in any event the number of contingent shares shall not exceed 89,000.

(iv) The "market price" of the Crystal Shares or the Amax Stock, as the case may be, shall be the average of the closing prices of such shares on the American Stock Exchange and the New York Stock Exchange, respectively, for the 40 trading days prior to the warranty date. If either the Crystal Shares or the Amax Stock is not then listed or traded on such exchange, then market price shall be determined by reference to any other principal exchange on which such stock is then listed, or, if not listed, to the average daily bid and asked price quotations provided by NASDAQ.

(b) The number of contingent shares issuable hereunder shall be appropriately adjusted for any stock dividend, stock split, reverse split or similar change in the number of outstanding Crystal Shares.

(c) In the event that any contingent shares shall be issuable pursuant to these provisions, then within thirty (30) days after the warranty date, Crystal shall so notify the holders of outstanding Certificates. Each holder of a Certificate shall surrender the same to an exchange agent designated by Crystal for such purpose and shall receive therefor a certificate or certificates representing the number of whole Crystal Shares to which such holder may be entitled. If no contingent shares shall be issuable pursuant to these provisions, then, from and after the warranty date, the Certificates shall be null and void and of no further force and effect, whether or not surrendered for cancellation, and without any further action by Crystal or the holder thereof.

(d) No fractional Crystal Shares shall be issued and the holders of Certificates who would otherwise be entitled to fractional shares shall receive cash payments in lieu thereof equivalent to the corresponding fraction of the market price of the Crystal Shares on the warranty date.

(e) The Certificates shall not be transferable except by will or the laws of descent and distribution.

## ARTICLE III

### Effective Date

The Merger shall become effective upon the filing of executed Articles of Merger with the Secretaries of State of Utah and Texas. The Constituent Corporations shall do all other acts and things as shall be necessary or desirable in order to effectuate this Merger.

## ARTICLE IV

### Abandonment of Merger

This Plan of Merger may be abandoned at any time before or after approval or adoption thereof by the shareholders of Rico or CRC, but not later than the Effective Date of the Merger, as set forth in Article VIII of the Rico Agreement. In the event of termination of this Plan and abandonment of the Merger, this Plan shall forthwith become wholly void and of no effect and there shall be no liability on the part of either Constituent Corporation or their respective officers, directors or shareholders with respect to this Plan.

IN WITNESS WHEREOF, CRC and Rico, pursuant to the approval and authority duly given by resolutions adopted by the respective Boards of Directors, have each caused this Plan of Merger to be executed by its President and its Secretary and its corporate seal to be affixed as of the date first above written.

CRYSTAL-RICO COMPANY

By /s/ ROBERT F. ROBERTS
Robert F. Roberts, *Its President*

(seal)

By /s/ L. G. CASKEY, JR.
L. G. Caskey, Jr., *Its Secretary*

RICO-ARGENTINE MINING COMPANY

By /s/ SHERMAN B. HINCKLEY
Sherman B. Hinckley, *Its President*

(seal)

By /s/ L. J. LERWILL
L. J. Lerwill, *Its Secretary*

ARTICLES OF MERGER
OF
RICO-ARGENTINE MINING COMPANY
(a Texas corporation)
INTO CHARTER EXPLORATION AND PRODUCTION COMPANY
(a Florida corporation)

FILED
In the Office of the
Secretary of State of Texas

JAN 01 1977

Lana Salgran
Deputy Director, Corporation Division

Pursuant to the provisions of Article 5.07 of the Texas Business Corporation Act, the undersigned domestic and foreign corporations adopt the following Articles of Merger for the purpose of merging them into one of such corporations.

1. The names of the undersigned corporations and the states under the laws of which they are respectively organized are:

| Name of Corporation | State of Incorporation |
|---|---|
| Rico-Argentine Mining Company | Texas |
| Charter Exploration and Production Company | Florida |

2. The laws of the state under which such foreign corporation is organized permit such merger.

3. The name of the surviving corporation is Charter Exploration and Production Company, and it is to be governed by the laws of the State of Florida. Its registered office in the State under whose laws it is to be governed is located at c/o C. T. Corporation System, 100 Biscayne Boulevard, City of Miami, County of Dade, Florida, 33132.

4. The following plan of merger was approved by the sole shareholder of the undersigned domestic corporation in the manner described by the Texas Business Corporation Act, and was approved by the undersigned foreign corporation in the manner prescribed by the laws of the State under which it is organized.

"PLAN OF MERGER"

This Plan of Merger by and between Charter Exploration and Production Company, a Florida corporation (the "Surviving Corporation"), and Rico-Argentine Mining Company, a Texas corporation (the "Merged Corporation"), do hereby adopt the following Plan of Merger.

A. All of the issued and outstanding capital stock of both the Surviving Corporation and the Merged Corporation are owned by Crystal Oil Company, a Maryland corporation ("Crystal").

B. Each issued and outstanding share of capital stock of the Merged Corporation shall, upon the effective date of the Articles of Merger, be surrendered for cancellation to Crystal, the parent corporation of both the Surviving Corporation and the Merged Corporation, and no shares of the Surviving Corporation are to be issued or any other consideration to be given for the shares of the said Merged Corporation.

C. The name of the Surviving Corporation shall be changed upon the effective date of the Articles of Merger and the Articles of Incorporation of the Surviving Corporation shall be amended as follows:

Article I shall be amended to read in its entirety as follows:

"The name and street address of the principal office of this corporation is Crystal Exploration and Production Company, 306 Milam, Shreveport, Louisiana 71101."

D. The effective date of the Articles of Merger shall be January 1, 1977.

5. As to each of the undersigned corporations, the number of shares outstanding, and the designation and the number of outstanding shares of each class entitled to vote as a class on such plan are as follows:

| Name of Corporation | Number of Shares Outstanding | Entitled to Vote as a Class | |
|---|---|---|---|
| | | Designation of Class | Number of Shares |
| Rico-Argentine Mining Company | 1,000 | Common | 1,000 |
| Charter Exploration and Production Company | 1,000 | Common | 1,000 |

6. As to each of the undersigned corporations, the total number of shares voted for or against the plan are as follows:

| Name of Corporation | Number of Shares | | | |
|---|---|---|---|---|
| | Total Voted For | Total Voted Against | Entitled to Vote as a Class Voted For | Voted Against |
| Rico-Argentine Mining Company | 1,000 | -0- | 1,000 | -0- |
| Charter Exploration and Production Company | 1,000 | -0- | 1,000 | -0- |

7. Charter Exploration and Production Company, the surviving corporation hereby:

A. Agrees that it may be served with process in the State of Texas and any proceeding for the enforcement of any obligation under any proceeding for the enforcement of the rights of the dissenting shareholders of such domestic corporation against the surviving corporation;

B. Irrevocably appoints the Secretary of the State of Texas as its agent to accept service of process in any such proceeding and that the post office address to which the Secretary of State may mail a copy of any process that may be served upon him is P. O. Box 21101, Shreveport, Louisiana, 71120;

RAM01408

C. Agrees that it will promptly pay to the dissenting shareholders of such domestic corporation the amount, if any, to which they shall be entitled under the provisions of the Texas Business Act with respect to rights of dissenting shareholders.

8. The effective date of the merger shall be January 1, 1977.

DATED: December 28, 1976

RICO-ARGENTINE MINING COMPANY

E. M. Knight,
President

Sharon L. Hawke
Sharon L. Hawke,
Secretary

CHARTER EXPLORATION AND PRODUCTION COMPANY

E. M. Knight,
President

Sharon L. Hawke
Sharon L. Hawke,
Secretary

STATE OF LOUISIANA

PARISH OF CADDO

I, Pat V. Westmoreland, a Notary Public do hereby certify that on this 28 day of December, 1976, personally appeared before me E. M. KNIGHT, who, being by me first duly sworn, declare that he is the PRESIDENT of Rico-Argentine Mining Company, that he signed the foregoing documents as President of the Corporation and that the statements therein contained are true.

Pat V. Westmoreland
Notary Public

PAT V. WESTMORELAND, Notary Public
Caddo Parish, Louisiana
My Commission is for Life.

RAM01409

STATE OF LOUISIANA

PARISH OF CADDO

I, Pat V. Westmoreland, a Notary Public, do hereby certify that on this 7th day of December, 1976, personally appeared before me, E. M. KNIGHT, who, being by me first duly sworn, declare that he is the PRESIDENT of Charter Exploration and Production Company, and that he signed the foregoing documents as President of the Corporation and that the statements therein contained are true.

Pat V. Westmoreland
Notary Public

PAT V. WESTMORELAND, Notary Public
Caddo Parish, Louisiana
My Commission is for Life.

My Commission Expires

RAM01410

RESOLUTIONS ADOPTED BY THE DIRECTORS OF RICO ARGENTINE MINING COMPANY AT A SPECIAL MEETING OF THE BOARD OF DIRECTORS HELD TUESDAY, FEBRUARY 5, 1974

WHEREAS, on December 5, 1973, this corporation and Crystal Oil Company, a Maryland corporation, ("Crystal") entered into a preliminary agreement for the merger of this corporation into a subsidiary of Crystal in exchange for 280,000 shares of Crystal $1.50 Convertible Cumulative Preferred Stock, Series A, plus a maximum of an additional 64,998 shares of such preferred stock contingently issuable under a market value warranty respecting the preferred shares, and

WHEREAS, since that time the officers and directors of this corporation, together with its legal counsel, have worked diligently with Crystal toward the negotiation of definitive agreements for such merger, and

WHEREAS, it has been determined that the preliminary agreement should be changed so that the shareholders of this corporation will receive Crystal common shares rather than preferred shares, and

WHEREAS, the directors of this corporation deem it to be in the best interests of this corporation and its shareholders that the merger of this corporation with and into a subsidiary of Crystal be consummated upon the terms set forth below;

NOW, THEREFORE, IT IS RESOLVED, that the board of directors of this corporation hereby approves, adopts and ratifies the definitive agreements executed on its behalf on February 2, 1974 by the officers of this corporation, which agreements are titled the "Rico Agreement" and "Plan of Merger" and provide for the merger of this corporation into Crystal-Rico Company, a Texas corporation that is a wholly-owned subsidiary of Crystal, upon the terms and conditions set forth in such definitive agreements which provide, among other things, that upon the consummation of the merger the shareholders of this corporation will receive in the aggregate 650,127 common shares, par value $1.00 per share, of Crystal (less the number of fractional shares for which cash shall be issued) in exchange for the 970,340 outstanding common shares of this corporation, or .67 Crystal common shares in exchange for each outstanding common share of this corporation; and

RESOLVED, FURTHER, that each and every provision of the above mentioned Rico Agreement and Plan of Merger be and the same hereby are approved, adopted and ratified, and the execution of such agreements by Messrs. Sherman B. Hinckley and L. J. Lerwill, as President and Secretary, respectively, of this corporation, is hereby approved, adopted and ratified; and

RESOLVED, FURTHER, that the Plan of Merger be submitted to a vote of the shareholders of this corporation for their

approval at a special shareholders' meeting to be held at the principal office of this corporation, 604 Kearns Building, Salt Lake City, Utah at two o'clock p.m., local time, on the 28 day of May, 1974, unless the time of the meeting is changed by a subsequent resolution of this board, that all necessary or appropriate notices of such meeting be delivered to the shareholders in accordance with law and this corporation's bylaws, and that the close of business on April 22, 1974, is hereby fixed as the record date for the determination of shareholders entitled to notice of and to vote at such meeting or any adjournment or adjournments thereof; and

RESOLVED, FURTHER, that in connection with such meeting, the officers and directors of this corporation are authorized and directed to take any and all action they deem necessary or appropriate for the preparation and filing with the Securities and Exchange Commission of a proxy statement describing the proposed merger, to be mailed to this corporation's shareholders, and to retain legal counsel to assist in the preparation of such proxy statement, and to pay any expenses related thereto; and

RESOLVED, FURTHER, that the officers and directors of this corporation are further authorized and directed to take such other action as they deem necessary or appropriate to

obtain such authorizations and approvals as they in their discretion deem necessary or appropriate in connection with such merger including but not limited to the authorization of the Securities and Exchange Commission, the Utah Secretary of State, the Utah Tax Commission and the Internal Revenue Service, and further to register as an issuer, broker, dealer or otherwise obtain such approvals and furnish such consents as may be required in connection with the proposed merger by the Securities laws of any state or other jurisdictions; and

RESOLVED, FURTHER, that Messrs. Sherman B. Hinckley or L. J. Lerwill, or either of them, with full power of substitution, be and hereby are appointed as the persons to act as proxies for management to vote on behalf of shareholders who execute and return proxies solicited by this corporation for the shareholders' meeting, or any adjournment or adjournments thereof; and

RESOLVED, FURTHER, that the officers and counsel for this corporation, in collaboration with the officers and counsel of Crystal be, and they hereby are, authorized and directed to take all further steps necessary or desirable to effectuate all of the terms and provisions of the proposed Plan of Merger and the Rico Agreement, including the right granted therein to abandon such merger prior or subsequent to its approval by the

shareholders of this corporation; and

RESOLVED, FURTHER, that the proper officers of this corporation be, and they hereby are, authorized, empowered and directed, for and on behalf of this corporation, or otherwise, to execute all such instruments, documents and certificates and take all such further and other action in connection with the resolutions herein adopted as they may deem necessary, advisable or proper to effectuate the intent and purposes of these resolutions, including but not limited to the payment of all expenses borne by the corporation for registration and proxy solicitation, including attorneys, accounting and printing fees.

WAIVER OF NOTICE AND CONSENT
OF A SPECIAL MEETING OF
THE BOARD OF DIRECTORS OF
RICO ARGENTINE MINING COMPANY

We, the undersigned directors of the Rico Argentine Mining Company, a Utah Corporation, do hereby severally waive notice of the time, place and purpose of a meeting of the Board of Directors of said corporation, and consent that the same be held on the 5th day of February, 1974, at the hour of 10:00 a.m., at the office of the Company, 220 Kearns Building, Salt Lake City, Utah, and we do further consent to the transaction of all business that may come before the meeting.

Dated the 5th day of February, 1974.

_____

_____

_____

_____

_____

_____

_____

WAIVER OF NOTICE AND CONSENT
OF A SPECIAL MEETING OF
THE BOARD OF DIRECTORS OF
RICO ARGENTINE MINING COMPANY

We, the undersigned directors of the Rico Argentine Mining Company, a Utah Corporation, do hereby severally waive notice of the time, place and purpose of a meeting of the Board of Directors of said corporation, and consent that the same be held on the 5th day of February, 1974, at the hour of 10:00 a.m., at the office of the Company, 220 Kearns Building, Salt Lake City, Utah, and we do further consent to the transaction of all business that may come before the meeting.

Dated the 5th day of February, 1974.

Gordon Hansen

# RICO ARGENTINE MINING CO.

GENERAL OFFICES 416 KEARNS BUILDING
SALT LAKE CITY 1, UTAH

February 1, 1974

Mr. J. Gordon Hansen
455 South 3rd East
3rd Floor – John Hancock Building
Salt Lake City, Utah 84111

Dear Mr. Hansen:

A Special Meeting of the Board of Directors of Rico Argentine Mining Co. will be held on Tuesday, February 5, 1974 at 10:00 o'clock a.m., at 220 Kearns Building, Salt Lake City, Utah.

Very truly yours,

RICO ARGENTINE MINING CO.

L. J. Lerwill
Secretary

RICO ARGENTINE MINING CO.

GENERAL OFFICES 416 KEARNS BUILDING
SALT LAKE CITY 1, UTAH

February 1, 1974

Mr. Sherman B. Hinckley
605 Kearns Building
Salt Lake City, Utah 84101

Dear Mr. Hinckley:

A Special Meeting of the Board of Directors of Rico Argentine Mining Co. will be held on Tuesday, February 5, 1974 at 10:00 o'clock a.m., at 220 Kearns Building, Salt Lake City, Utah.

Very truly yours,

RICO ARGENTINE MINING CO.

L. J. Lerwill
Secretary

# RICO ARGENTINE MINING CO.

GENERAL OFFICES 418 KEARNS BUILDING
SALT LAKE CITY 1, UTAH

February 1, 1974

Mr. James E. Hogle
751 Prescott Circle
Palm Springs, California 92262

Dear Mr. Hogle:

A Special Meeting of the Board of Directors of Rico Argentine Mining Co. will be held on Tuesday, February 5, 1974 at 10:00 o'clock a.m., at 220 Kearns Building, Salt Lake City, Utah.

Very truly yours,

RICO ARGENTINE MINING CO.

L. J. Lerwill
Secretary

RICO ARGENTINE MINING CO.

GENERAL OFFICES 418 KEARNS BUILDING
SALT LAKE CITY 1, UTAH

February 1, 1974

Mr. James E. Hogle, Jr.
220 Kearns Building
Salt Lake City, Utah 84101

Dear Mr. Hogle:

A Special Meeting of the Board of Directors of Rico Argentine Mining Co. will be held on Tuesday, February 5, 1974 at 10:00 o'clock a.m., at 220 Kearns Building, Salt Lake City, Utah.

Very truly yours,

RICO ARGENTINE MINING CO.

L. J. Lerwill
Secretary

# RICO ARGENTINE MINING CO.

GENERAL OFFICES 418 KEARNS BUILDING
SALT LAKE CITY 1, UTAH

February 1, 1974

Mr. Frank I. Perkins
2022 Princeton Drive
Salt Lake City, Utah 84108

Dear Mr. Perkins:

A Special Meeting of the Board of Directors of Rico Argentine Mining Co. will be held on Tuesday, February 5, 1974 at 10:00 o'clock a.m., at 220 Kearns Building, Salt Lake City, Utah.

Very truly yours,

RICO ARGENTINE MINING CO.

L. J. Lerwill
Secretary

# RICO ARGENTINE MINING CO.

GENERAL OFFICES 418 KEARNS BUILDING
SALT LAKE CITY 1, UTAH

February 1, 1974

Mr. William S. Mole
9th Floor - Kearns Bldg.
Salt Lake City, Utah 84101

Dear Mr. Mole:

A Special Meeting of the Board of Directors of Rico Argentine Mining Co. will be held on Tuesday, February 5, 1974 at 10:00 o'clock a.m., at 220 Kearns Building, Salt Lake City, Utah.

Very truly yours,

RICO ARGENTINE MINING CO.

L. J. Lerwill
Secretary

CERTIFICATION

The undersigned, L. J. Lerwill, Secretary and Treasurer of Rico Argentine Mining Company, hereby certifies that on the 1st day of February, 1974, he mailed, postage prepaid, copies of a notice of a Special Directors' Meeting to be held on Tuesday, February 5, 1974 at 10:00 o'clock a.m., to all directors of said Company.

Dated this 5th day of February, 1974.

L. J. Lerwill

MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF
RICO ARGENTINE MINING COMPANY

The Board of Directors of Rico Argentine Mining Company held a special meeting at 220 Kearns Building, Salt Lake City, Utah, at the hour of 10:00 o'clock a.m., February 5, 1974.

Directors present:

Sherman B. Hinckley
J. Gordon Hansen
James E. Hogle, Jr.
L. J. Lerwill

Directors absent:

James E. Hogle
William S. Mole
Frank I. Perkins

Mr. Sherman B. Hinckley acted as Chairman, and L. J. Lerwill as Secretary of the meeting.

The Chairman stated that this meeting was held for the purpose of approving, adopting and ratifying the definitive agreements executed on behalf of this corporation February 2, 1974 by the officers of this corporation, which agreements are titled the "Rico Agreement", and "Plan of Merger", and provide for the merger of this corporation into Crystal-Rico Company, a Texas corporation that is a wholly-owned subsidiary of Crystal Oil Company, upon the terms and conditions set forth in such definitive agreements.

After a discussion of the matter, Mr. J. Gordon Hansen moved that the following resolutions be adopted by the Directors of the corporation. Mr. James E. Hogle, Jr. seconded the motion and it was unanimously carried:

WHEREAS, on December 5, 1973, this corporation and Crystal Oil Company, a Maryland corporation, ("Crystal") entered into a preliminary agreement for the merger of this corporation into a subsidiary of Crystal in exchange for 280,000 shares of Crystal $1.50 Convertible Cumulative Preferred Stock, Series A, plus a maximum of an additional 64,998 shares of such preferred stock contingently issuable under a market value warranty respecting the preferred shares, and

WHEREAS, since that time the officers and directors of this corporation, together with its legal counsel, have worked diligently with Crystal toward the negotiation of definitive agreements for such merger, and

WHEREAS, it has been determined that the preliminary agreement should be changed so that the shareholders of this corporation will receive Crystal common shares rather than preferred shares, and

WHEREAS, the directors of this corporation deem it to be in the best interests of this corporation and its shareholders that the merger of this corporation with and into a subsidiary of Crystal be consummated upon the terms set forth below;

NOW, THEREFORE, IT IS RESOLVED, that the board of directors of this corporation hereby approves, adopts and ratifies the definitive agreements executed on its behalf on February 2, 1974 by the officers of this corporation, which agreements are titled the "Rico Agreement" and "Plan of Merger" and provide for the merger of this corporation into Crystal-Rico Company, a Texas corporation that is a wholly-owned subsidiary of Crystal, upon the terms and conditions set forth in such definitive agreements which provide, among other things, that upon the consummation of the merger the shareholders of this corporation will receive in the aggregate 650,127 common shares, par value $1.00 per share, of Crystal (less the number of fractional shares for which cash shall be issued) in exchange for the 970,340 outstanding common shares of this corporation, or .67 Crystal common shares in exchange for each outstanding common share of this corporation; and

RESOLVED, FURTHER, that each and every provision of the above mentioned Rico Agreement and Plan of Merger be and the same hereby are approved, adopted and ratified, and the execution of such agreements by Messrs. Sherman B. Hinckley and L. J. Lerwill, as President and Secretary, respectively, of this corporation, is hereby approved, adopted and ratified; and

RESOLVED, FURTHER, that the Plan of Merger be submitted to a vote of the shareholders of this corporation for their approval at a special shareholders' meeting to be held at the principal office of this corporation, 604 Kearns Building, Salt Lake City, Utah at two o'clock p.m., local time, on the 28th day of May, 1974, unless the time of the meeting is changed by a subsequent resolution of this board, that all necessary or appropriate notices of such meeting be delivered to the shareholders in accordance with law and this corporation's bylaws, and that the close of business on April 22, 1974, is hereby fixed as the record date for the determination of shareholders entitled to notice of and to vote at such meeting or any adjournment or adjournments thereof; and

RESOLVED, FURTHER, that in connection with such meeting, the officers and directors of this corporation are authorized and directed to take any and all action they deem necessary or appropriate for the preparation and filing with the Securities and Exchange Commission of a proxy statement describing the proposed merger, to be mailed to this corporation's shareholders, and to retain legal counsel to assist in the preparation of such proxy statement, and to pay any expenses related thereto; and

RESOLVED, FURTHER, that the officers and directors of this corporation are further authorized and directed to take such other action as they deem necessary or appropriate to obtain such authorizations and approvals as they in their discretion deem necessary or appropriate in connection with such merger including but not limited to the authorization of the Securities and Exchange Commission, the Utah Secretary of State, the Utah Tax Commission and the Internal Revenue Service, and further to register as an issuer, broker, dealer or otherwise obtain such approvals and furnish such consents as may be required in connection with the proposed merger by the Securities laws of any state or other jurisdictions; and

RESOLVED, FURTHER, that Messrs. Sherman B. Hinckley or L. J. Lerwill, or either of them, with full power of substitution, be and hereby are appointed as the persons to act as proxies for management to vote on behalf of shareholders who execute and return proxies solicited by this corporation for the shareholders' meeting, or any adjournment or adjournments thereof; and

RESOLVED, FURTHER, that the officers and counsel for this corporation, in collaboration with the officers and counsel of Crystal be, and they hereby are, authorized and directed to take all further steps necessary or desirable to effectuate all of the terms and provisions of the proposed Plan of Merger and the Rico Agreement, including the right granted therein to abandon such merger prior or subsequent to its approval by the shareholders of this corporation; and

RESOLVED, FURTHER, that the proper officers of this corporation be, and they hereby are, authorized, empowered and directed, for and on behalf of this corporation, or otherwise, to execute all such instruments, documents and certificates and take all such further and other action in connection with the resolutions herein adopted as they may deem necessary, advisable or proper to effectuate the intent and purposes of these resolutions, including but not limited to the payment of all expenses borne by the corporation for registration and proxy solicitation, including attorneys, accounting and printing fees.

There being no further business to come before the meeting, a motion to adjourn was made by Mr. James E. Hogle, Jr. Motion was seconded by Mr. J. Gordon Hansen and unanimously carried.

Secretary

MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF
RICO ARGENTINE MINING COMPANY

The Board of Directors of Rico Argentine Mining Company held a special meeting at 220 Kearns Building, Salt Lake City, Utah, at the hour of 10:00 o'clock a.m., February 5, 1974.

Directors present:

Sherman B. Hinckley
J. Gordon Hansen
James E. Hogle, Jr.
L. J. Lerwill

Directors absent:

James E. Hogle
William S. Mole
Frank I. Perkins

Mr. Sherman B. Hinckley acted as Chairman, and L. J. Lerwill as Secretary of the meeting.

The Chairman stated that this meeting was held for the purpose of approving, adopting and ratifying the definitive agreements executed on behalf of this corporation February 2, 1974 by the officers of this corporation, which agreements are titled the "Rico Agreement", and "Plan of Merger", and provide for the merger of this corporation into Crystal-Rico Company, a Texas corporation that is a wholly-owned subsidiary of Crystal Oil Company, upon the terms and conditions set forth in such definitive agreements.

After a discussion of the matter, Mr. J. Gordon Hansen moved that the following resolutions be adopted by the Directors of the corporation. Mr. James E. Hogle, Jr. seconded the motion and it was unanimously carried:

WHEREAS, on December 5, 1973, this corporation and Crystal Oil Company, a Maryland corporation, ("Crystal") entered into a preliminary agreement for the merger of this corporation into a subsidiary of Crystal in exchange for 280,000 shares of Crystal $1.50 Convertible Cumulative Preferred Stock, Series A, plus a maximum of an additional 64,998 shares of such preferred stock contingently issuable under a market value warranty respecting the preferred shares, and

WHEREAS, since that time the officers and directors of this corporation, together with its legal counsel, have worked diligently with Crystal toward the negotiation of definitive agreements for such merger, and

WHEREAS, it has been determined that the preliminary agreement should be changed so that the shareholders of this corporation will receive Crystal common shares rather than preferred shares, and

WHEREAS, the directors of this corporation deem it to be in the best interests of this corporation and its shareholders that the merger of this corporation with and into a subsidiary of Crystal be consummated upon the terms set forth below;

NOW, THEREFORE, IT IS RESOLVED, that the board of directors of this corporation hereby approves, adopts and ratifies the definitive agreements executed on its behalf on February 2, 1974 by the officers of this corporation, which agreements are titled the "Rico Agreement" and "Plan of Merger" and provide for the merger of this corporation into Crystal-Rico Company, a Texas corporation that is a wholly-owned subsidiary of Crystal, upon the terms and conditions set forth in such definitive agreements which provide, among other things, that upon the consummation of the merger the shareholders of this corporation will receive in the aggregate 650,127 common shares, par value $1.00 per share, of Crystal (less the number of fractional shares for which cash shall be issued) in exchange for the 970,340 outstanding common shares of this corporation, or .67 Crystal common shares in exchange for each outstanding common share of this corporation; and

RESOLVED, FURTHER, that each and every provision of the above mentioned Rico Agreement and Plan of Merger be and the same hereby are approved, adopted and ratified, and the execution of such agreements by Messrs. Sherman B. Hinckley and L. J. Lerwill, as President and Secretary, respectively, of this corporation, is hereby approved, adopted and ratified; and

RESOLVED, FURTHER, that the Plan of Merger be submitted to a vote of the shareholders of this corporation for their approval at a special shareholders' meeting to be held at the principal office of this corporation, 604 Kearns Building, Salt Lake City, Utah at two o'clock p.m., local time, on the 28th day of May, 1974, unless the time of the meeting is changed by a subsequent resolution of this board, that all necessary or appropriate notices of such meeting be delivered to the shareholders in accordance with law and this corporation's bylaws, and that the close of business on April 22, 1974, is hereby fixed as the record date for the determination of shareholders entitled to notice of and to vote at such meeting or any adjournment or adjournments thereof; and

RESOLVED, FURTHER, that in connection with such meeting, the officers and directors of this corporation are authorized and directed to take any and all action they deem necessary or appropriate for the preparation and filing with the Securities and Exchange Commission of a proxy statement describing the proposed merger, to be mailed to this corporation's shareholders, and to retain legal counsel to assist in the preparation of such proxy statement, and to pay any expenses related thereto; and

RESOLVED, FURTHER, that the officers and directors of this corporation are further authorized and directed to take such other action as they deem necessary or appropriate to obtain such authorizations and approvals as they in their discretion deem necessary or appropriate in connection with such merger including but not limited to the authorization of the Securities and Exchange Commission, the Utah Secretary of State, the Utah Tax Commission and the Internal Revenue Service, and further to register as an issuer, broker, dealer or otherwise obtain such approvals and furnish such consents as may be required in connection with the proposed merger by the Securities laws of any state or other jurisdictions; and

RESOLVED, FURTHER, that Messrs. Sherman B. Hinckley or L. J. Lerwill, or either of them, with full power of substitution, be and hereby are appointed as the persons to act as proxies for management to vote on behalf of shareholders who execute and return proxies solicited by this corporation for the shareholders' meeting, or any adjournment or adjournments thereof; and

RESOLVED, FURTHER, that the officers and counsel for this corporation, in collaboration with the officers and counsel of Crystal be, and they hereby are, authorized and directed to take all further steps necessary or desirable to effectuate all of the terms and provisions of the proposed Plan of Merger and the Rico Agreement, including the right granted therein to abandon such merger prior or subsequent to its approval by the shareholders of this corporation; and

RESOLVED, FURTHER, that the proper officers of this corporation be, and they hereby are, authorized, empowered and directed, for and on behalf of this corporation, or otherwise, to execute all such instruments, documents and certificates and take all such further and other action in connection with the resolutions herein adopted as they may deem necessary, advisable or proper to effectuate the intent and purposes of these resolutions, including but not limited to the payment of all expenses borne by the corporation for registration and proxy solicitation, including attorneys, accounting and printing fees.

There being no further business to come before the meeting, a motion to adjourn was made by Mr. James E. Hogle, Jr. Motion was seconded by Mr. J. Gordon Hansen and unanimously carried.

Secretary

RAM01559

WAIVER OF NOTICE AND CONSENT
OF A SPECIAL MEETING OF
THE BOARD OF DIRECTORS OF
RICO ARGENTINE MINING COMPANY

We, the undersigned directors of the Rico Argentine Mining Company, a Utah Corporation, do hereby severally waive notice of the time, place and purpose of a meeting of the Board of Directors of said corporation, and consent that the same be held on the 10th day of May, 1974, at the hour of 10:00 a.m., at the office of the Company, 605 Kearns Building, Salt Lake City, Utah, and we do further consent to the transaction of all business that may come before the meeting.

Dated the 10th day of May, 1974.

WAIVER OF NOTICE AND CONSENT
OF A SPECIAL MEETING OF
THE BOARD OF DIRECTORS OF
RICO ARGENTINE MINING COMPANY

We, the undersigned directors of the Rico Argentine Mining Company, a Utah Corporation, do hereby severally waive notice of the time, place and purpose of a meeting of the Board of Directors of said corporation, and consent that the same be held on the 10th day of May, 1974, at the hour of 10:00 a.m., at the office of the Company, 605 Kearns Building, Salt Lake City, Utah, and we do further consent to the transaction of all business that may come before the meeting.

Dated the 10th day of May, 1974.

MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF
RICO ARGENTINE MINING COMPANY

Pursuant to the foregoing Waiver of Notice and Consent, the Board of Directors of Rico Argentine Mining Company held a special meeting at the office of the Company, 605 Kearns Building, Salt Lake City, Utah, May 10, 1974, at the hour of 10:00 a.m.

Directors Present:

| | |
|---|---|
| Sherman B. Hinckley | William S. Mole |
| James E. Hogle, Jr. | Frank I. Perkins |
| J. Gordon Hansen | L. J. Lerwill |

Director Absent:
James E. Hogle

Sherman B. Hinckley acted as Chairman and L. J. Lerwill as Secretary of the meeting.

The Chairman called the meeting to order and stated that the first business would be the reading of the minutes of a directors' meeting held February 5, 1974. The Secretary read the minutes and on motion of James E. Hogle, Jr., seconded by William S. Mole and unanimously carried, the minutes were approved as read.

Sherman B. Hinckley stated that this meeting was held for the following purposes:

1. To amend the resolutions titled "Plan of Merger" and related "Rico Agreement", which were approved, adopted and ratified by the Board of Directors of this corporation on February 5, 1974.
2. To submit to a vote of the shareholders of this corporation for their approval the amended "Rico Agreement" and "Plan of Merger" at a special shareholders' meeting to be held at the principal office of this corporation on June 19, 1974.

3. For the directors of this corporation to call upon the corporation to assume its duties and obligations referred to in the indemnification resolutions adopted October 26, 1973 and as provided in the Utah law.

4. To discuss the feasibility of declaring a cash dividend to be paid as soon as practical after June 1, 1974.

After the directors discussed the above matters, William S. Mole moved that the following resolution be adopted: The motion was seconded and unanimously carried.

> WHEREAS, on February 5, 1974, the Board of Directors of this corporation approved, adopted and ratified a "Plan of Merger" and related "Rico Agreement", both dated February 2, 1974, that provided for the merger of this corporation into a subsidiary of Crystal Oil Company, a Maryland corporation ("Crystal"); and
>
> WHEREAS, on May 8, 1974, the Plan of Merger was amended and restated and the Rico Agreement was amended, and it has been determined that the record date for determination of shareholders entitled to notice of and to vote at the shareholders meeting, and the date of such shareholders meeting to approve the merger, must be changed because of delays in obtaining the required clearances from the Securities and Exchange Commission and for other reasons; and
>
> WHEREAS, the Board of Directors of this corporation has determined that it is desirable and appropriate to amend the resolutions dated February 5, 1974, and to approve the amended agreements;
>
> NOW, THEREFORE, IT IS RESOLVED, that the Board of Directors of this corporation hereby approves, adopts and ratifies the execution by the officers of this corporation of amendments dated May 8, 1974, to the agreements dated February 2, 1974, titled "Rico Agreement" and "Plan of Merger", such amendments providing that, on the merger of this corporation into Crystal-Rico Company, the shareholders of this corporation will receive, in addition to the 650,127 common shares, par value $1.00 per share, of Crystal referred to in the resolutions of the meeting on February 5, 1974, certificates of contingent interest providing that on the occurrence of the contingencies referred to in the amended and restated Plan

of Merger such shareholders may receive, in the aggregate, up to an additional 89,000 common shares of Crystal and also providing, in the amendment to the Rico Agreement, for certain registration rights and the deletion of the other registration provisions provided for in the original Rico Agreement.

RESOLVED, FURTHER, that each and every provision of the above mentioned amended "Rico Agreement" and "Plan of Merger" be and the same hereby are approved, adopted and ratified, and the execution of such agreements by Messrs. Sherman B. Hinckley and L. J. Lerwill, as President and Secretary, respectively, of this corporation, is hereby approved, adopted and ratified; and

RESOLVED, FURTHER, that the Plan of Merger and Rico Agreement be submitted to a vote of the shareholders of this corporation for their approval at a special shareholders' meeting to be held at the principal office of this corporation, 604 Kearns Building, Salt Lake City, Utah, at two o'clock p.m., local time on the 19th day of June, 1974, unless the time of the meeting is changed by a subsequent resolution of the board, that all necessary or appropriate notices of such meeting be delivered to the shareholders in accordance with law and this corporation's by-laws, and that the close of business on May 13, 1974, is hereby fixed as the record date for the determination of shareholders entitled to notice of and to vote at such meeting or any adjournment or adjournments thereof; and

RESOLVED, FURTHER, that in connection with such meeting, the officers and directors of this corporation are authorized and directed to take any and all action they deem necessary or appropriate for the preparation and filing with the Securities and Exchange Commission of a proxy statement describing the proposed merger, to be mailed to this corporation's shareholders, and to retain legal counsel to assist in the preparation of such proxy statement, and to pay any expenses related thereto.

Frank I. Perkins moved that the following resolution be adopted. The motion was seconded and unanimously carried:

WHEREAS, on October 26, 1973, the Board of Directors of this corporation resolved that, in accordance with Utah law, this corporation would indemnify each of its officers, directors and certain other persons for any loss or damage, including fees and expenses, incurred by him in connection with the defense of any action suit or proceeding, civil or criminal, in which he is made a party by reason of being or having been such director or officer, to the full extent permitted by the laws of the State of Utah; and

WHEREAS, certain of the directors of this corporation have received communications from various persons, including shareholders of this corporation, that such persons believe that the proposed merger of this corporation into a subsidiary of Crystal Oil Company is not in the best interests of this corporation and its shareholders and that, if the merger is consummated, such persons intend to cause or threaten to cause legal actions to be brought against the officers and directors of this corporation for recovery of appropriate damages, including legal fees and costs; and

WHEREAS, although the directors of this corporation have again reviewed the proposed merger and determined that they believe that it is in the best interest of this corporation and its shareholders and that the objections referred to in the recital above are not well founded, because of the diversity of shareholders of this corporation and the various points of view that may be held by the public at large, the claims or threats referred to above appear to be serious and cannot be lightly dismissed; and

WHEREAS, the directors of this corporation have called upon the corporation to assume its duties and obligations referred to in the indemnification resolutions adopted October 26, 1973, and as provided by Utah law;

NOW, THEREFORE, IT IS RESOLVED, that this corporation acknowledges that certain threats or claims have been made against it, its officers and directors relating to the proposed merger of this corporation into a subsidiary of Crystal Oil Company and that such threats or claims, if carried out, are appropriate subjects for the indemnification of the officers and directors in accordance with prior resolutions of this Board of Directors and that if any such threats or claims are carried out this corporation should and will endeavor to indemnify the officers and directors involved to the full extent permitted by law against expenses actually and reasonably incurred by each officer or director in connection with the defense of any action, suit or proceeding, civil or criminal, in which he is made a party by reason of being or having been such director or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of his duties, and to make such further indemnifications as are provided for in the resolutions of this Board of Directors dated October 26, 1973.

The financial condition of the Company was discussed briefly to determine if a dividend could be paid immediately after June 1, 1974. The directors concluded that a dividend of 10¢ per share could be paid at that time. Therefore, on motion of James E. Hogle, Jr., seconded by J. Gordon Hansen and unanimously carried, the following resolution was adopted:

> RESOLVED: That a dividend of ten cents ($ .10) per share on the outstanding 50 cent par value stock of the corporation and one cent ($ .01) per share on the old 10¢ par value stock not yet exchanged, and amounting to $97,340.00, be and the same is hereby declared out of surplus earnings of the corporation, said dividend to be payable June 7, 1974 to stockholders of the corporation in proportion to their respective holdings of stock of record at 12:00 noon, May 22, 1974.
>
> RESOLVED FURTHER: That the Secretary be and he is hereby instructed to advise the American Stock Exchange and the Intermountain Stock Exchange immediately of the declaration of this dividend.

There being no further business to come before the meeting, it was adjourned on motion duly made, seconded and unanimously carried.

Secretary

# RESOLUTION

The undersigned, being all the Directors of Rico Argentine Mining Company, hereby consent to the adoption of the following portion of a resolution which amends that portion of a resolution adopted by the Board of Directors on May 10, 1974, to be effective when the President of the Company has received the consents from all of the Directors:

> RESOLVED, FURTHER, that the Plan of Merger and Rico Agreement be submitted to a vote of the shareholders of this corporation for their approval at a special shareholders' meeting to be held at the principal office of this corporation, 604 Kearns Building, Salt Lake City, Utah, at two o'clock p. m. local time, on the 26th day of June, 1974, unless the time of the meeting is changed by a subsequent resolution of the board, that all necessary or appropriate notices of such meeting be delivered to the shareholders in accordance with law and this corporation's by laws, and that the close of business on May 13, 1974, is hereby fixed as the record date for the determination of shareholders entitled to notice of and to vote at such meeting or any adjournment or adjournments thereof.

This consent may be executed in multiple counterparts, each of which shall be deemed to be the original.

June 17, 1974
Date

Kenneth B. Wardell

RAM01567

# RESOLUTION

The undersigned, being all the Directors of Rico Argentine Mining Company, hereby consent to the adoption of the following portion of a resolution which amends that portion of a resolution adopted by the Board of Directors on May 10, 1974, to be effective when the President of the Company has received the consents from all of the Directors:

> RESOLVED, FURTHER, that the Plan of Merger and Rico Agreement be submitted to a vote of the shareholders of this corporation for their approval at a special shareholders' meeting to be held at the principal office of this corporation, 604 Kearns Building, Salt Lake City, Utah, at two o'clock p.m. local time, on the 26th day of June, 1974, unless the time of the meeting is changed by a subsequent resolution of the board, that all necessary or appropriate notices of such meeting be delivered to the shareholders in accordance with law and this corporation's by laws, and that the close of business on May 13, 1974, is hereby fixed as the record date for the determination of shareholders entitled to notice of and to vote at such meeting or any adjournment or adjournments thereof.

This consent may be executed in multiple counterparts, each of which shall be deemed to be the original.

May 31, 1974
Date

James E. Nash

RAM01568

# RESOLUTION

The undersigned, being all the Directors of Rico Argentine Mining Company, hereby consent to the adoption of the following portion of a resolution which amends that portion of a resolution adopted by the Board of Directors on May 10, 1974, to be effective when the President of the Company has received the consents from all of the Directors:

> RESOLVED, FURTHER, that the Plan of Merger and Rico Agreement be submitted to a vote of the shareholders of this corporation for their approval at a special shareholders' meeting to be held at the principal office of this corporation, 604 Kearns Building, Salt Lake City, Utah, at two o'clock p.m. local time, on the 26th day of June, 1974, unless the time of the meeting is changed by a subsequent resolution of the board, that all necessary or appropriate notices of such meeting be delivered to the shareholders in accordance with law and this corporation's by laws, and that the close of business on May 13, 1974, is hereby fixed as the record date for the determination of shareholders entitled to notice of and to vote at such meeting or any adjournment or adjournments thereof.

This consent may be executed in multiple counterparts, each of which shall be deemed to be the original.

5/20/74
Date

James E. Hogg Jr.

RAM01569

# RESOLUTION

The undersigned, being all the Directors of Rico Argentine Mining Company, hereby consent to the adoption of the following portion of a resolution which amends that portion of a resolution adopted by the Board of Directors on May 10, 1974, to be effective when the President of the Company has received the consents from all of the Directors:

> RESOLVED, FURTHER, that the Plan of Merger and Rico Agreement be submitted to a vote of the shareholders of this corporation for their approval at a special shareholders' meeting to be held at the principal office of this corporation, 604 Kearns Building, Salt Lake City, Utah, at two o'clock p.m. local time, on the 26th day of June, 1974, unless the time of the meeting is changed by a subsequent resolution of the board, that all necessary or appropriate notices of such meeting be delivered to the shareholders in accordance with law and this corporation's by laws, and that the close of business on May 13, 1974, is hereby fixed as the record date for the determination of shareholders entitled to notice of and to vote at such meeting or any adjournment or adjournments thereof.

This consent may be executed in multiple counterparts, each of which shall be deemed to be the original.

5/13/74
Date

RAM01570

# RESOLUTION

The undersigned, being all the Directors of Rico Argentine Mining Company, hereby consent to the adoption of the following portion of a resolution which amends that portion of a resolution adopted by the Board of Directors on May 10, 1974, to be effective when the President of the Company has received the consents from all of the Directors:

> RESOLVED, FURTHER, that the Plan of Merger and Rico Agreement be submitted to a vote of the shareholders of this corporation for their approval at a special shareholders' meeting to be held at the principal office of this corporation, 604 Kearns Building, Salt Lake City, Utah, at two o'clock p.m. local time, on the 26th day of June, 1974, unless the time of the meeting is changed by a subsequent resolution of the board, that all necessary or appropriate notices of such meeting be delivered to the shareholders in accordance with law and this corporation's by laws, and that the close of business on May 13, 1974, is hereby fixed as the record date for the determination of shareholders entitled to notice of and to vote at such meeting or any adjournment or adjournments thereof.

This consent may be executed in multiple counterparts, each of which shall be deemed to be the original.

June 10, 1974
Date

J. Gordon Hansen

RAM01571

# RESOLUTION

The undersigned, being all the Directors of Rico Argentine Mining Company, hereby consent to the adoption of the following portion of a resolution which amends that portion of a resolution adopted by the Board of Directors on May 10, 1974, to be effective when the President of the Company has received the consents from all of the Directors:

> RESOLVED, FURTHER, that the Plan of Merger and Rico Agreement be submitted to a vote of the shareholders of this corporation for their approval at a special shareholders' meeting to be held at the principal office of this corporation, 604 Kearns Building, Salt Lake City, Utah, at two o'clock p.m. local time, on the 26th day of June, 1974, unless the time of the meeting is changed by a subsequent resolution of the board, that all necessary or appropriate notices of such meeting be delivered to the shareholders in accordance with law and this corporation's by laws, and that the close of business on May 13, 1974, is hereby fixed as the record date for the determination of shareholders entitled to notice of and to vote at such meeting or any adjournment or adjournments thereof.

This consent may be executed in multiple counterparts, each of which shall be deemed to be the original.

JUNE 4, 1974
Date

William H. Rees

RAM01572

# RESOLUTION

The undersigned, being all the Directors of Rico Argentine Mining Company, hereby consent to the adoption of the following portion of a resolution which amends that portion of a resolution adopted by the Board of Directors on May 10, 1974, to be effective when the President of the Company has received the consents from all of the Directors:

> RESOLVED, FURTHER, that the Plan of Merger and Rico Agreement be submitted to a vote of the shareholders of this corporation for their approval at a special shareholders' meeting to be held at the principal office of this corporation, 604 Kearns Building, Salt Lake City, Utah, at two o'clock p.m. local time, on the 26th day of June, 1974, unless the time of the meeting is changed by a subsequent resolution of the board, that all necessary or appropriate notices of such meeting be delivered to the shareholders in accordance with law and this corporation's by laws, and that the close of business on May 13, 1974, is hereby fixed as the record date for the determination of shareholders entitled to notice of and to vote at such meeting or any adjournment or adjournments thereof.

This consent may be executed in multiple counterparts, each of which shall be deemed to be the original.

May 30, 1974
Date

MINUTES OF A SPECIAL MEETING
OF STOCKHOLDERS OF
RICO ARGENTINE MINING COMPANY

The stockholders of Rico Argentine Mining Company, a Utah corporation, held a special meeting at the office of the Company, 605 Kearns Building, Salt Lake City, Utah, at the hour of 2:00 p.m., June 26, 1974.

Mr. Sherman B. Hinckley presided as Chairman, and L.J. Lerwill as Secretary of the meeting.

The Secretary stated that a notice of the meeting, a proxy statement and proxy had been mailed to each stockholder on June 3, 1974 from Houston, Texas to stockholders of record of May 13, 1974.

Those present at the meeting were as follows:

James E. Hogle
James E. Hogle, Jr.
Donald M. Hogle
R. Gordon Bader
L. J. Lerwill
Sherman B. Hinckley
J. Gordon Hansen
Stephen L. Taylor
W. D. Nebeker, Jr.
Hal W. Chandler
Hugh H. Bradford
Jerald Peacock
Milton H. Smith
Lee Wendelboe
Venita Elwell
E. L. Elwell
Burl Jacks
Robert P. Woolley
Rosalie M. Bywater

The Chairman called the meeting to order and stated that the Secretary identify each person present by instructing everyone to record their name and number of shares they represented. The Chairman stated that any stockholder present who wanted to withdraw his proxy and vote in person could do so. Seven stockholders chose to vote at the meeting.

The Chairman stated that if any stockholders had questions they should be asked, and an endeavor would be made to answer them. He said he had an affidavit from L. J. Lerwill, Secretary, in which he testified that a notice of the meeting was duly mailed to all stockholders, and it was further stated that this affidavit would be made a part of the

RAM01574

minutes of this meeting.

Mr. Hinckley stated that it was necessary to appoint inspectors to canvass and attest to the number of shares voted at the meeting, both by proxy and in person. Mr. Stephen Taylor, Attorney, and L. J. Lerwill, Secretary, were appointed by the Chairman to handle this detail.

A canvass of shares by Mr. Taylor and Mr. Lerwill indicated 808,077 shares in person and by proxy out of the total outstanding shares of 970,340 shares.

The first order of business was the reading by L. J. Lerwill of the minutes of the regular annual stockholders' meeting held October 26, 1973. Mr. Nebeker moved that the minutes be approved. Motion was seconded by Mr. Chandler and unanimously carried.

The Chairman stated that this special meeting was held for the purpose of the proposed merger of Rico Argentine Mining Company with a subsidiary of Crystal Oil Company. This merger was explained in detail by the proxy statement sent to all stockholders, but he stated again that this was the time to ask any questions or to bring up anything for discussion which was not clear.

Burl Jacks, counsel for David Myrick, Jr., stockholder in Houston, Texas, inquired if there would be any trading restrictions on the Crystal stock as received by the Rico stockholders. Gordon Hansen, Rico director, answered that the only restrictions would be on affiliate stockholders of Rico.

Mr. Jacks asked why no I.R.S. ruling had been incorporated in the proxy statement, and Mr. Hansen replied that this was not requested nor deemed necessary.

Mr. Jacks mentioned that the value the Rico Argentine Mining Co. shareholders will receive is somewhat less than $8 per share, and he was at a loss to see how you could trade a company on that basis when one of the Rico assets is worth in excess of $10 per share -- the Amax shares -- if the price of the stock remains where it is now, vs. receiving stock in a B- rated company which will not be able to produce a dividend for a number of years because of various encumbrances.

In answer to his questions, R. Gordon Bader asked how long Mr. Jacks had been familiar with the information in the proxy statement, and Mr. Jacks answered about two weeks. Mr. Bader stated that Crystal has been under observation for in excess of a year, and he felt it was purely conjecture on Mr. Jack's part to assume that they would not pay a dividend in the forseeable future. Exactly when a dividend could be paid was undeterminable. Mr. Jacks said that both the proxy statement and the S-14 indicate no dividends can be paid before Crystal redeems the Preferred "A" stock or pays off the long-term debt. Mr. Bader said that other arrangements were possible and that the Preferred stock could be retired before 1976. At this point Mr. Hugh Bradford stated that at any time the price exceeds $12.50, the Preferred stock can be called to force the conversion. Mr. Jacks mentioned that Crystal presently has $35,000,000 in debt.

Mr. Jacks then questioned why no mention had been made in the prospectus of the appraisal of land owned by Rico Argentine Mining Company at Rico, Colorado, which, he understood, was reputed to be worth in excess of $2 million. Mr. Hansen replied that the S.E.C. takes a strong position against appraisal evaluations vs. actual accounting figures. He stated that when something is placed in a registration statement, there is a heavy obligation to make sure all said is accurate. It was stated that the S.E.C.

would not have allowed the appraisal to be set forth in the registration, and, further, there was a liklihood someone might have misinterpreted the appraisal, since it was made some time ago. It was stated that the only reason it was referred to in the agreement was to identify the property Rico Argentine Mining Company owns at Rico, Colorado, and not to make any warranty as to the value of the property. Mr. Jacks said he felt it was strange that the value of the Amax shares was shown, but no mention of the Rico, Colorado property value was made.

Mr. Hinckley stated, regarding the appraisal, that recreational land has not been selling in recent months and that the price for such properties has gone down sharply. Mr. Jacks then asked the exact appraisal of the property, and it was stated to be between $2 and $3 million. Mr. Hinckley stated that there had been three different appraisals made at different times, ranging from $1,750,000 to $3,000,000, depending upon the market at the time the property was appraised, but that for the last year and one-half the value has been down. Mr. Bader mentioned that several attempts were made to handle the property on another basis, but nothing had been fruitful in several years. Mr. Jacks then stated that obviously Crystal considers the property an asset of considerable value, for having obtained it in the merger has had a decided effect upon their recently-issued financial statements.

Mr. Jacks stated that his client feels he is receiving, in the merger, a stock totally unlike the Rico stock he held, and he does not want to hold the stock of a company heavily in debt and feels he will be taking a loss on the conversion price. Mr. Bader stated it was felt the stockholders of Rico would be bettering themselves in having the Crystal stock, for several reasons, and he did mention that the American Stock Exchange had been considering delisting Rico Argenting Mining Company.

Mr. Jacks stated that Crystal has some preferred stock and some debt, and asked why stockholders were not allowed to choose either Preferred or a debenture. Mr. Bader explained that management had first entered into an agreement based upon Preferred stock, but after analyzing the stock and realizing the narrower market, it was decided to change to the Common basis, which would give a better market for Rico shareholders. Mr. Bader said it was felt it would have to be all one class of stock and not a combination of Preferred and Common. Mr. Jacks stated this was not necessarily true, that he had done it otherwise, but that, of course, it was more time-taking.

Mr. Jacks stated that on the basis of his client's holdings of the total Rico shares, 10,300 shares, he would have to go along with what the majority of the shareholders chose to do, but did wish to state again that his client was receiving a security which was nothing like the security he had originally purchased. Mr. Bader mentioned that Mr. Myrick, Mr. Jacks' client, could have sold his Rico for $18 a share long before Amax came into the picture.

The Chairman asked if there were any other comments or questions to be brought up at the meeting.

The Chairman then read the Resolution setting forth the merger agreement, as contained in the Proxy Statement. Mr. James E. Hogle, Jr. moved that the Resolution be adopted. The motion was duly seconded and unanimously carried.

The Chairman then read the inspectors' tabulation of the number of shares voted. The tabulation showed 808,077 shares represented in person and by proxy. A total of 759,928 were votes "for" and 48,149 were votes "against" the merger. The total vote represented 83.28% of the total outstanding shares, — 78.32% "for" and 4.96% "against" the merger.

The Chairman asked if there were further business to come before the meeting. He then stated that this was the last meeting of stockholders of Rico Argentine Mining Company, a company which had been in business 62 1/2 years.

The Chairman stated that if Crystal stockholders vote in favor of the merger on June 28, the closing date of the merger will be July 2, 1974.

There being no further business, the meeting adjourned at 3:00 p.m., on motion duly made, seconded and unanimously carried.

Secretary

# WAIVER

THIS WAIVER AND AGREEMENT dated June 10, 1974, is by and between RICO-ARGENTINE MINING COMPANY, a Utah corporation ("Rico"), CRYSTAL OIL COMPANY, a Maryland corporation ("Crystal"), and CRYSTAL-RICO COMPANY, a Texas corporation that is a wholly owned subsidiary of Crystal ("CRC").

WHEREAS, the parties hereto executed an Agreement and Plan of Reorganization dated February 2, 1974, and amended May 8, 1974, providing for the merger of Rico with and into CRC (the "Reorganization Agreement"); and

WHEREAS, Article III of the Reorganization Agreement provides that the closing of the transactions referred to therein were contemplated to take place in the offices of Rico's counsel at 10:00 a.m. on May 15, 1974, subject to change by consent of the parties, and section 8.1 of the Reorganization Agreement provides that either party thereto may terminate that agreement if the merger shall not have been effective on or before June 30, 1974; and

WHEREAS, section 8.7 of the Reorganization Agreement provides that any failure of a party to comply with any of its obligations, agreements or conditions as therein set forth may be expressly waived in writing by the president or vice-president of the other party or parties;

NOW, THEREFORE, pursuant to section 8.7 of the Reorganization Agreement it is hereby agreed that all parties to this agreement hereby waive the aforesaid provisions of Article III and section 8.1 of the Reorganization Agreement and agree and consent that the closing shall be held at the offices of Rico's counsel in Salt Lake City, Utah at 3:00 p.m. on Tuesday, July 2, 1974, or as soon thereafter as possible, and that the conditions of section 8.1 shall be deemed to have been satisfied if the merger of Rico into CRC shall be effective on or before 12:00 a.m. on Wednesday, July 10, 1974.

IN WITNESS WHEREOF, the parties have executed this waiver of certain provisions of the Reorganization Agreement on the date set forth above.

CRYSTAL OIL COMPANY

By _____

RICO-ARGENTINE MINING COMPANY

By _____

CRYSTAL-RICO COMPANY

By _____

STATE OF UTAH )
: ss.
COUNTY OF SALT LAKE )

L. J. LERWILL, being duly sworn, deposes and says that he is the secretary of Rico-Argentine Mining Company, a Utah corporation; that on [illegible], 1974, he caused notice of the special shareholders' meeting of Rico-Argentine Mining Company to be held on June 26, 1974, proxy statement and proxy, copies of which are attached hereto, to be deposited in the United States Post Office in the City of [illegible] in a sealed envelope, postage prepaid, addressed to each shareholder of record of Rico-Argentine Mining Company at his last known post office address as the same appeared on the books of Rico-Argentine Mining Company as of the close of business on May 13, 1974.

L. J. Lerwill

Subscribed and sworn to before me this 26th day of June, 1974.

Notary Public
Residing at: [illegible]

My Commission Expires:

My Commission Expires March 5, 1978

RAM01581

OATH OF INSPECTORS OF ELECTION

STATE OF UTAH )
: ss.
COUNTY OF SALT LAKE )

We, _____ and _____, having been appointed inspectors of election to act at the special meeting of the shareholders of Rico-Argentine Mining Company, held this 26th day of June, 1974, do solemnly swear that we will faithfully and to the best of our ability perform our duties in connection with any and all matters required of us at such a meeting, and that we will faithfully and with strict impartiality examine the proxies and ballots and canvass the votes cast at such meeting and truthfully and accurately report the results thereof.

Dated this 26th day of June, 1974.

_____

_____

Sworn to before me this 26th day of June, 1974.

_____
Notary Public
Residing at: _____

My Commission Expires;

My Commission Expires March 5, 1978

RAM01582

REPORT OF INSPECTORS OF ELECTION

The undersigned, having been duly appointed inspectors of election at the special meeting of the shareholders of Rico-Argentine Mining Company, held this 26th day of June, 1974, do hereby report as follows:

(a) Pursuant to such appointment, we executed our oaths of office and duly delivered the same to the chairman of the meeting.

(b) We inspected the certified list of shares represented by the company's transfer agent, and we certified that the number of shares issued, outstanding, and entitled to vote at such special meeting was 970,340.

(c) We tallied the number of shareholders present at such meeting in person and by proxy, and we certify that there were present at such meeting in person and by proxy, shareholders holding 803,077 common shares of the company.

(d) We received and tallied the votes cast for and against the proposed merger of the company with a wholly owned subsidiary of Crystal Oil Company, such votes being represented in person and by proxy, and we certify that the following shares were voted for and were voted against the proposed merger.

FOR 759,928

AGAINST 118,149

INSPECTORS OF ELECTION:

RAM01583

RICO ARGENTINE MINING COMPANY
SPECIAL STOCKHOLDERS' MEETING
JUNE 26, 1974

| | | |
|---|---|---|
| Shares Represented at the meeting (83.28%) | 808,077 | |
| | For | Against |
| Proxies | 737,299 | 37,849 |
| In Person: | | |
| Sherman B. Hinckley | 15,268 | |
| L. J. Lerwill | 4,000 | |
| Lee Wendelboe | 600 | |
| David B. T. Myrick, Jr. | | 10,300 |
| Betty Ingersoll (R. P. Woolley) | 1,000 | |
| Milton H. Smith | 1,600 | |
| W. D. Nebeker, Jr. | 161 | |
| | 759,928 | 48,149 |
| | 78.32% | 4.96% |

CRYSTAL OIL COMPANY
CERTIFICATES OF INSPECTORS

The undersigned Inspector, appointed at the Annual Meeting of Stockholders of Crystal Oil Company, held this day at 600 Ray P. Oden Building, Shreveport, Louisiana, does hereby report and certify that having taken an oath faithfully to execute the duties of Inspector at said meeting, he did conduct the vote of stockholders of said Company and did receive the vote of stockholders by ballot in person or by proxy for the merger of Rico-Argentine Mining Company, the election of Directors, authorize increase in number of shares of stock from 5,000,000 to 10,000,000, and the appointment of Ernst & Ernst as independent auditors for the year 1974.

I report and certify that, according to the certified list of stockholders presented to the meeting, there were issued and outstanding on May 30, 1974, the date for the determination of stockholders entitled to vote at such meeting, 1,599,917 shares of Common Stock, par value $1.00 per share, and 177,831 shares of $1.50 Convertible Cumulative Preferred Stock, par value $5.00 per share. There were present at the meeting in person the holders of record of 500 shares of such Common Stock and -0- shares of such Preferred Stock and by authentic and valid proxy, the holders of record of 1,141,047 shares of Common Stock and 169,933 shares of Preferred Stock, constituting more than a majority in title number of shares of stock of the Company having voting power issued and outstanding, and therefore constituting a quorum.

I report and certify that the following number of shares of such stock were voted for the approval of Agreement and Plan of Reorganization, as amended, among Crystal, Crystal-Rico Company, and Rico-Argentine

Mining Company; and the related Plan of Merger between Crystal-Rico Company and Rico-Argentine Mining Company, pursuant to the terms of said agreements:

| PREF ¢ Common Shares | AGAINST ~~Preferred~~ Shares | Total Shares Voting |
|---|---|---|
| 1,100,057 | 8,585 | 1,108,642 |

I report and certify that the following number of shares of such stock were voted for the election of the following persons as Directors of the Company to serve until the next Annual Meeting of Stockholders and until their successors are elected:

| | PREF. ¢ Common Shares | AGAINST ~~Preferred~~ Shares | Total Shares Voting |
|---|---|---|---|
| Robert F. Roberts | 1,304,556 | 6,924 | 1,311,480 |
| E. M. Knight | | | |
| T. C. Davis | | | |
| R. I. Sewell | | | |
| L. D. Morgan | | | |
| L. G. Caskey, Jr. | | | |
| Frederick Lichtman | | | |
| Richard H. Sucher | | | |
| R. Gordon Bader | | | |
| James E. Hogle, Jr. | | | |

I therefore certify and declare that Messrs. Roberts, Knight, Davis, Sewell, Morgan, Caskey, Lichtman, Sucher, Bader, and Hogle have received a plurality of votes of the holders of record at the close of business, May 30, 1974, of the Company's voting stock present in person and by proxy at said meeting.

I report and certify that the following number of shares of stock were voted for the Amendment to the Certificate of Incorporation of the Company to increase the number of shares of Common Stock, Par $1.00 to Ten Million:

| | Common Stock | Preferred Stock | Total | Percent ~~Outstanding~~ Voting (as a class) |
|---|---|---|---|---|
| For | — | — | 1,108,214 | 98.4 |
| Against | — | — | 18,118 | 1.6 |
| TOTAL | — | - | 1,126,332 | 100 |

RAM01586

I therefore certify and declare that the proposition to increase the shares of Common Stock outstanding has received the necessary two-thirds vote of the stock represented and voting and such proposition is hereby adopted by the shareholders.

With respect to the proposition to ratify the appointment of Ernst & Ernst as auditors, a total of 1,305,190 shares were voted in favor of the proposition and a total of 8,970 shares were voted against the proposition. I therefore certify and declare that the proposition to appoint Ernst & Ernst as auditors for 1974 has been adopted by the shareholders.

Respectfully submitted,

Dated: June 28, 1974

CRYSTAL OIL COMPANY
CERTIFICATES OF INSPECTORS

The undersigned Inspector, appointed at the Annual Meeting of Stockholders of Crystal Oil Company, held this day at 600 Ray P. Oden Building, Shreveport, Louisiana, does hereby report and certify that having taken an oath faithfully to execute the duties of Inspector at said meeting, he did conduct the vote of stockholders of said Company and did receive the vote of stockholders by ballot in person or by proxy for the merger of Rico-Argentine Mining Company, the election of Directors, authorize increase in number of shares of stock from 5,000,000 to 10,000,000, and the appointment of Ernst & Ernst as independent auditors for the year 1974.

I report and certify that, according to the certified list of stockholders presented to the meeting, there were issued and outstanding on May 30, 1974, the date for the determination of stockholders entitled to vote at such meeting, 1,599,917 shares of Common Stock, par value $1.00 per share, and 177,831 shares of $1.50 Convertible Cumulative Preferred Stock, par value $5.00 per share. There were present at the meeting in person the holders of record of 500 shares of such Common Stock and -0- shares of such Preferred Stock and by authentic and valid proxy, the holders of record of 1,141,047 shares of Common Stock and 169,933 shares of Preferred Stock, constituting more than a majority in title number of shares of stock of the Company having voting power issued and outstanding, and therefore constituting a quorum.

I report and certify that the following number of shares of such stock were voted for the approval of Agreement and Plan of Reorganization, as amended, among Crystal, Crystal-Rico Company, and Rico-Argentine

Mining Company; and the related Plan of Merger between Crystal-Rico Company and Rico-Argentine Mining Company, pursuant to the terms of said agreements:

| PREF. & Common Shares | AGAINST ~~Preferred~~ Shares | Total Shares Voting |
|---|---|---|
| 1,100,057 | 8.585 | 1,108,642 |

I report and certify that the following number of shares of such stock were voted for the election of the following persons as Directors of the Company to serve until the next Annual Meeting of Stockholders and until their successors are elected:

| | PREF. & Common Shares | AGAINST ~~Preferred~~ Shares | Total Shares Voting |
|---|---|---|---|
| Robert F. Roberts | 1,304,556 | 6.924 | 1,311,410 |
| E. M. Knight | | | |
| T. C. Davis | | | |
| R. I. Sewell | | | |
| L. D. Morgan | | | |
| L. G. Caskey, Jr. | | | |
| Frederick Lichtman | | | |
| Richard H. Sucher | | | |
| R. Gordon Bader | | | |
| James E. Hogle, Jr. | | | |

I therefore certify and declare that Messrs. Roberts, Knight, Davis, Sewell, Morgan, Caskey, Lichtman, Sucher, Bader, and Hogle have received a plurality of votes of the holders of record at the close of business, May 30, 1974, of the Company's voting stock present in person and by proxy at said meeting.

I report and certify that the following number of shares of stock were voted for the Amendment to the Certificate of Incorporation of the Company to increase the number of shares of Common Stock, Par $1.00 to Ten Million:

| | Common Stock | Preferred Stock | Total | Percent Outstanding (as a class) |
|---|---|---|---|---|
| For | | | 1,108.214 | 98.4 |
| Against | | | 18.118 | 1.6 |
| TOTAL | | | 1,126.332 | 100 |

RAM01589

I therefore certify and declare that the proposition to increase the shares of Common Stock outstanding has received the necessary two-thirds vote of the stock represented and voting and such proposition is hereby adopted by the shareholders.

With respect to the proposition to ratify the appointment of Ernst & Ernst as auditors, a total of 1,305,190 shares were voted in favor of the proposition and a total of 8970 shares were voted against the proposition. I therefore certify and declare that the proposition to appoint Ernst & Ernst as auditors for 1974 has been adopted by the shareholders.

Respectfully submitted,

Dated: June 28, 1974

CRYSTAL OIL COMPANY
P O BOX 1101
SHREVEPORT, LOUISIANA 71163

ANNUAL MEETING OF STOCKHOLDERS June 28, 1974

B A L L O T

| Proposition Number | Shares For | Shares Against |
|---|---|---|
| #1 Approval of Agreement and Plan of Reorganization as amended and related Plan of Merger with Rico Argentine Mining Company | 1,099,557 | 8,585 |
| #2 Election of Directors: Robert P Roberts, E M Knight, L D Morgan, T C Davis, R T Sewell, Frederick Lichtman, Richard Sucher, R Gordan Bader, James E Hogle, Jr, L G Caskey Jr | 1,304,056 | 6924 |
| #3 Approval of amendment to Certificate of Incorporation to increase authorized common stock to ten million shares. | 1107714 | 18,118 |
| #4 Ratify and approve the appointment of Ernst & Ernst as independent auditors for the year 1974. | 1,304,680 | 8970 |

Robert T. Roberts
(Stockholder or Proxy)

J. Rolfe Johnson
J. Rolfe Johnson, Inspector

June 28, 1974

RAM01591

CRYSTAL OIL COMPANY
P O BOX 1101
SHREVEPORT, LOUISIANA 71103

ANNUAL MEETING OF STOCKHOLDERS - June 28, 1974

B A L L O T

| Proposition Number | Shares For | Shares Against |
|---|---|---|
| #1 Approval of Agreement and Plan of Reorganization as amended and related Plan of Merger with Rico Argentine Mining Company | X | |
| #2 Election of Directors: Robert F Roberts, E M Knight, L D Morgan, T C Davis, R I Sewell, Frederick Lichtman, Richard Sucher, R Gordan Bader, James E Hogle, Jr, L G Caskey Jr | | |
| #3 Approval of amendment to Certificate of Incorporation to increase authorized common stock to ten million shares. | | |
| #4 Ratify and approve the appointment of Ernst & Ernst as independent auditors for the year 1974. | | |

(Stockholder or Proxy)

J Rolfe Johnson

J Rolfe Johnson, Inspector

June 28, 1974

RAM01592

OATH OF INSPECTOR

STATE OF LOUISIANA §

PARISH OF CADDO §

I, the undersigned, duly appointed to act as Inspector at the Regular Meeting of Stockholders of Crystal Oil Company to be held at the Company offices, 600 Ray P. Oden Building, Shreveport, Louisiana, on June 28, 1974, at 10:00 A.M., CDT, being duly sworn, do depose and say, that I will faithfully execute the duties of Inspector at the said meeting with strict impartiality and according to the best of my ability.

SWORN TO and subscribed before me, this 28th day of June, 1974.

Notary Public, Caddo Parish, Louisiana

Mr. Roberts introduced the following officers and associates who in turn briefly described their operations.

Mr. E. M. Knight

I. Foreign Operations - Crystal-Sharjah Oil Company
   (a) Mr. Philip Brennan, Manager located in Sharjah
   (b) Negotiations in process for 30% interest to be sold and expect an answer within a week to ten days

II. Domestic Operations - Production
   (a) Several finds were completed this year
   (b) Company will aggressively search for new oil and gas discoveries

III. Crystal-Rico - Welcomed this new acquisition into the "Crystal Family"

Requested Mr. Gordon Bader and Mr. James Hogle, Jr. to join the Board of Directors of the Company

L. D. Morgan

I. Refineries - Four refineries plus one blend terminal
   (a) Expansion of Longview Refining to capacity of 11,500 by March 1975.
   (b) The Company has three barges at Panama City
   (c) Currently moving more volume
   (d) Trading material out of refineries to secure product
   (e) Supply appears to be improving (FEO has been a big factor in our operations.)
   (f) The royalty oil has been an aid to our operations
   (g) Expect to increase volume in stations and wholesale

T. C. Davis

I. Administrative - Plans at present are to begin bringing all accounting functions into the Shreveport office. This will involve a number of new employees. The computer section is being utilized gradually, and it is anticipated that this section will be operative in good order by the end of the year. Management will benefit from this supply of good financial information from the computer.

Fred Lichtman

I. Mr. Lichtman is currently serving as President of SIGMA which maintains an office in Washington. Crystal is fortunate to have Mr. Lichtman representing the Company in such a position.

Mr. Roberts stated that oil and gas sales increased to 800,000, and Company revenues increased from 15,000,000 to 17,000,000 monthly. Mr. Roberts then introduced the Directors of the Company.

Mr. E. W. Schaffer stated that the Arabs did us a favor in that the crisis helped the industry and well as the American people realize our position and needs. Consequently, efforts will be made to develop sufficient sources to handle our needs in the future. It is expected that there will be a temporary drop of prices.

RAM01594

# REMARKS TO STOCKHOLDERS

I would like to take this opportunity to express our appreciation for the continuing interest you have shown in Crystal Oil Company, by your attendance here today.

Although the events of 1973 were reviewed in the Annual Report, I would like to briefly highlight some of the more significant ones.

Our revenues were at an all time high of $95,616,770, which is over a 50% increase from 1972.

Our net income was $3,355,083 or $2.06 per share.

Briefly, these record increases were results of acquisitions made in 1972 - Stone and Hutchison, and in limited amounts, to latter 1973 acquisitions of Longview and Adobe, the expansion of the Florida Blend Plant, increases in crude oil and gas prices, and improved product prices; all coupled with our being able to maintain an adequate supply at retail levels which was brought about by our trading of our crude and other available stocks for finished products and required blend stocks.

However, the real test of our future progress will depend upon our success in maintaining proper balance of all phases of our business by investment of our funds available so as to realize the maximum profits from all of the company activities - in other words "putting it all together" -- and this is our aim for 1974 - and the

future.

Our refinery expansions at Longview and Adobe, plus our reactivation of Crystal-Princeton gives us a daily refining capacity of _____ barrels per day, with our Berry Petroleum Company, and our retail marketing facilities are considered adequate for the present; however, the backbone of our whole operation is the availability of crude oil; consequently, we are accelerating our efforts and increasing our dollars spent in oil and gas exploration and development in our principal areas of exploratory activities - Texas, Louisiana, Illinois Basin, and Arkansas.

We intend to spend most of our available funds in exploration for crude oil and gas - although the scarcity of tubular goods and availability of drilling rigs pose critical problems in this risky pursuit, we must continue this accelerated effort, and this we intend to do.

We also are seeking further acquisitions and purchases to augment our operations. With a continued favorable economic situation brought about by demand for energy, and with some successes in our exploration efforts, we anticipate an exceptionally good year during all of 1974 and the immediate years ahead.

~



RAM01596

OATH OF INSPECTOR

STATE OF LOUISIANA )

PARISH OF CADDO )

I, the undersigned, duly appointed to act as Inspector at the Regular Meeting of Stockholders of Crystal Oil Company to be held at the Company offices, 600 Ray P. Oden Building, Shreveport, Louisiana, on June 28, 1974, at 10:00 A.M., CDT, being duly sworn, do depose and say, that I will faithfully execute the duties of Inspector at the said meeting with strict impartiality and according to the best of my ability.

SWORN TO and subscribed before me, this 28th day of June, 1974.

Notary Public, Caddo Parish, Louisiana

CRYSTAL OIL COMPANY
600 Oden Building
Shreveport, Louisiana 71163

# NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

**To Be Held June 28, 1974**

To the Stockholders of
CRYSTAL OIL COMPANY:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Crystal Oil Company, a Maryland corporation ("Crystal"), will be held at the office of Crystal, 600 Oden Building, Shreveport, Louisiana, on Friday, June 28, 1974, at 10:00 A.M., Central Daylight Savings Time, for the following purposes:

1. To consider and act upon the approval of an Agreement and Plan of Reorganization dated February 2, 1974, as amended by agreement dated May 8, 1974 (the "Agreement"), among Crystal, Crystal-Rico Company, a Texas corporation and wholly-owned subsidiary of Crystal ("CRC"), and Rico-Argentine Mining Company, a Utah corporation ("Rico"), and the related Plan of Merger (the "Plan of Merger") between CRC and Rico under the terms of which, among other things, Rico would be merged into CRC in exchange for 650,127 shares of common stock, $1.00 par value, of Crystal. In addition Crystal will issue to Rico shareholders certificates of contingent interest evidencing the right to receive in the aggregate up to an additional 89,000 shares of Crystal Common Stock as set forth in the Plan of Merger. The Agreement and Plan of Merger are annexed to the Proxy Statement as Appendix A and Appendix B, respectively;
2. To elect a Board of Directors to serve until the next annual meeting of stockholders and until their successors are elected;
3. To consider and act upon a proposed amendment of the Certificate of Incorporation of Crystal which would increase the number of shares of common stock which Crystal is authorized to issue from 5,000,000 to 10,000,000, approval of which has been declared advisable by resolution of the Board of Directors;
4. To ratify the appointment of Ernst & Ernst as independent auditors; and
5. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on May 30, 1974, as the date for the determination of stockholders entitled to notice of and to vote at the meeting.

The management welcomes the personal attendance of stockholders at the meeting. However, whether or not you expect to be present at the meeting please fill in, date and sign the enclosed proxy and return it to Crystal in the enclosed envelope, which requires no postage if mailed in the United States.

By Order of the Board of Directors,

L. G. CASKEY, JR.
Secretary

**The date of this Notice of Annual Meeting and Proxy Statement is May 30, 1974**

## TABLE OF CONTENTS


| | Page |
|---|---|
| Introduction | 1 |
| Solicitation and Voting | 1 |
| Summary of Proposed Merger | 2 |
| Introduction | 2 |
| Businesses of Crystal and Rico | 2 |
| Reasons for the Merger | 2 |
| The Plan of Merger | 3 |
| Conditions and Termination | 4 |
| Effect on Investment Company Act Status | 4 |
| Federal Tax Consequences | 5 |
| Accounting for the Merger | 5 |
| Effect of Merger on Stockholder Rights; Crystal Common Stock | 5 |
| Vote Required and Dissenter's Rights | 6 |
| Post-Merger Operations of Rico | 6 |
| Comparative Per Share Data | 6 |
| Market Prices | 6 |
| Earnings and Book Value | 7 |
| Dividends | 8 |
| Capitalization | 9 |
| Crystal Oil Company and Subsidiaries — Statement of Consolidated Operations | 10 |
| Rico-Argentine Mining Company — Statement of Operations | 14 |
| Pro Forma Condensed Combined Statement of Operations | 17 |
| Pro Forma Condensed Combined Balance Sheet | 18 |
| Business and Properties of Crystal | 19 |
| Lines of Business | 19 |
| Oil and Gas Exploration and Production | 19 |
| Developed Oil and Gas Properties | 19 |
| Undeveloped Properties | 22 |
| International Operations | 22 |
| Oil and Gas Reserves | 22 |
| Marketing of Petroleum Products | 24 |
| Refining and Processing of Petroleum Products | 25 |
| Competition and Regulation | 27 |
| Litigation | 30 |
| Management and Employees of Crystal | 31 |
| Remuneration and Transactions with Management | 33 |
| Common Stock and Other Securities of Crystal | 36 |
| Business and Properties of Rico | 38 |
| Real Properties | 38 |
| Investments in Other Companies | 39 |
| Employees | 41 |
| Investment Company Act Status | 41 |
| Principal Shareholders | 41 |
| Description of Rico Common Shares | 41 |
| Financial Statements | 42 |
| Experts | 42 |
| Legal Opinion | 42 |
| Registration Statement | 42 |
| Election of Directors | 43 |
| Amendment of Certificate of Incorporation to Increase the Number of Shares of Authorized Common Stock From 5,000,000 to 10,000,000 | 43 |
| Selection of Auditors | 44 |
| Other Proposed Action | 45 |
| Index to Financial Statements | F-1 |
| Appendix A — Agreement and Plan of Reorganization | A-1 |
| Amendment to Reorganization Agreement | A-20 |
| Appendix B — Plan of Merger | B-2 |


RAM01599

# CRYSTAL OIL COMPANY

600 Oden Building
Shreveport, Louisiana 71163

## PROXY STATEMENT

### Annual Meeting of Stockholders

**June 28, 1974**

## INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation of proxies by the management of Crystal Oil Company, a Maryland corporation ("Crystal"), for use at the Annual Meeting of Stockholders of Crystal to be held June 28, 1974, and at any adjournment thereof.

Among the matters to be acted upon at the Annual Meeting is a proposal for the merger (the "Merger") of Rico-Argentine Mining Company, a Utah corporation ("Rico"), into Crystal-Rico Company, a Texas corporation and wholly-owned subsidiary of Crystal ("CRC"), in exchange for 650,127 shares of common stock, $1.00 par value, of Crystal ("Crystal Common Stock"), all pursuant to an Agreement and Plan of Reorganization dated February 2, 1974, as amended by agreement dated May 8, 1974 (the "Agreement"), among Rico, CRC and Crystal, and the related Plan of Merger (the "Plan of Merger") between Rico and CRC. In addition, Crystal will issue certificates of contingent interest for the issuance of up to 89,000 additional shares of Crystal Common Stock under certain circumstances as set forth in the Plan of Merger. Stockholders will also be asked to elect ten directors, approve an increase in the authorized Crystal Common Stock to 10,000,000 shares, and ratify the appointment of auditors.

## SOLICITATION AND VOTING

Crystal will bear the cost of solicitation of proxies for the Annual Meeting. Solicitation of proxies will be primarily by mail, and it is anticipated that the proxy materials will be mailed to stockholders on or about June 3, 1974. Proxies may also be solicited personally by officers and employees of Crystal at nominal cost. Brokerage houses and other custodians, nominees and fiduciaries will be requested to forward soliciting material to the beneficial owners of Crystal Common Stock and will be reimbursed for their reasonable expenses. All properly executed proxies will be voted (except to the extent that authority to vote in the election of Directors has been withheld), and where a stockholder has specified how the proxy is to be voted, it will be voted in accordance with such specification. Proxies submitted without specification will be voted for the proposed nominees for Directors and the proposals set forth herein. Any stockholder may revoke his proxy at any time before it is voted by giving written notice of revocation to the Secretary of Crystal.

Stockholders of record at the close of business on May 30, 1974, are entitled to vote at the meeting or any adjournment thereof. As of the record date the issued and outstanding voting stock of Crystal consisted of 1,599,917 shares of Crystal Common Stock and 177,831 shares of $1.50 Convertible Cumulative Preferred Stock, Series A (the "Series A Preferred Stock"). Each of such shares is entitled to one vote at the meeting. As of the record date, Robert F. Roberts, President of Crystal, owned of record and beneficially 530,628 shares of Crystal Common Stock, constituting approximately 30% of the shares entitled to vote at the meeting, and the directors and officers of Crystal, including Mr. Roberts, and their associates held an aggregate of approximately 653,780 shares (37%) entitled to vote at the meeting. Management of Crystal expects that these shares held by such persons will be voted in favor of the proposed Merger.



RAM01600

## SUMMARY OF PROPOSED MERGER

### Introduction

Separate meetings of the stockholders of Crystal and Rico have been called to consider and vote upon the proposed Merger. The following is a summary of certain provisions of the Agreement and the related Plan of Merger and other information described in more detail elsewhere in this Proxy Statement. This summary is necessarily incomplete and selective, and each stockholder should read carefully the more detailed sections of this Proxy Statement and the attached Agreement and Plan of Merger.

All information contained in this Proxy Statement concerning Crystal, Rico and CRC has been provided by their respective managements. As used herein, the term "Crystal" includes Crystal Oil Company and its subsidiaries, unless otherwise indicated.

### Businesses of Crystal and Rico

*Crystal.* Crystal is an independent oil company engaged in exploration, production and refining of oil and gas and marketing of petroleum products. Crystal's present exploration activities are on-shore in Southern and Southwestern United States and in the Illinois Basin. Crystal's present major producing properties are located in Louisiana and Texas.

Since 1970 Crystal has become a more integrated company by expanding its refining and marketing activities, chiefly by acquisition of operating companies and facilities. These acquisitions were for cash, notes, common stock, convertible preferred stock and convertible notes. As a result, Crystal now operates four oil refineries, one gas processing plant and a gasoline blend plant having an aggregate capacity of approximately 27,300 barrels per day and approximately 230 gasoline service stations in the South and Midwest.

In recent years Crystal has made substantial bank borrowings in connection with the acquisition of its oil and gas properties, refineries and service stations. Crystal's exploratory drilling activities are primarily financed through internally generated funds. During 1972 and 1973 Crystal's drilling activities were substantially curtailed due to a shortage of working capital. Moreover, in order to accelerate its drilling programs and to expand its refining capacity, Crystal's capital requirements are expected to increase.

*Rico.* Rico was organized in 1911 as a mining company and until 1971 was engaged in mining, milling and processing ores from its mineral properties located in southwestern Colorado. After several years of unprofitable operation, production from Rico's mines was suspended in 1971, although exploration has continued. Recently Rico has commenced a process for recovery of gold and silver from stockpiled ores.

Rico's principal asset is its 102,034 shares of Series A Convertible Preferred Stock of American Metal Climax, Inc. ("Amax Stock") acquired in June 1973 in exchange for the shares of Banner Mining Company stock held by Rico for many years.

Rico's primary source of income is the dividends received from American Metal Climax, Inc., which presently aggregate $535,000 per year.

### Reasons for the Merger

The Merger was approved unanimously by all of the members of the Boards of Directors of Crystal, CRC and Rico voting thereon in February 1974, and was revised in May 1974 to provide for the contingent issuance of additional shares in view of a decline in the market price of Crystal Common Stock. The terms of the Plan of Merger and Agreement were arrived at by negotiations between the principal stockholders and officers of Crystal and Rico. The primary factors considered were existing assets, operations, book values, market prices, earnings trends, net operating earnings and economic conditions affecting both companies.



RAM01601

The Boards of Directors of Crystal and Rico have concluded that the terms of the Merger are fair and reasonable to both companies and their stockholders and are of the opinion that the greater financial strength of the combined companies will enhance their prospects for continued growth. The Board of Directors of Crystal recommends that its stockholders approve the Merger primarily because of the liquidity of Rico's current assets and marketable securities which may be utilized to secure borrowings and to generate additional working capital for Crystal, as well as the possible diversification afforded by Rico's mining properties. The Board of Directors of Rico recommends that its stockholders approve the Merger in order to enable Rico's stockholders to participate in an integrated independent oil company.

**The Plan of Merger**

The Plan of Merger provides for the statutory merger of Rico into CRC, which was organized by Crystal on January 21, 1974 for purposes of the Merger. Upon consummation of the Merger, CRC will succeed to all the business, assets and properties and will assume all obligations and liabilities of Rico. CRC's name will be changed to "Rico-Argentine Mining Company" and, by reason of the Merger, Rico will become a wholly-owned subsidiary of Crystal. Robert F. Roberts is and will remain the sole Director of the surviving corporation. However, two persons designated by Rico, R. Gordon Bader and James E. Hogle, Jr., will be nominated for election to the Board of Directors of Crystal at its annual meeting of stockholders. See also "Management and Employees of Crystal".

On the effective date of the Merger each outstanding share of Rico Common Stock will be converted into 0.67 of a share of Crystal Common Stock. The shareholders of Rico will be notified promptly of the effective date of the Merger after it has been consummated, and will be advised as to the procedure for surrender and exchange of stock certificates representing Rico Common Stock for certificates representing shares of Crystal Common Stock. Until so surrendered, certificates nominally representing Rico Common Stock will be deemed for all corporate purposes (other than the payment of dividends) to evidence the number of shares of Crystal Common Stock which the holder thereof would be entitled to receive upon surrender. No dividends will be paid to the holder until he surrenders his certificate representing the Rico Common Stock.

In addition, Rico stockholders upon surrender of certificates representing Rico Common Stock will receive certificates of contingent interest evidencing the right to receive an aggregate of up to 89,000 additional shares of Crystal Common Stock, or approximately 0.0917 of a share of Crystal Common Stock (subject to adjustment for any stock dividend, stock split, reverse split or similar change in the number of outstanding shares of Crystal Common Stock) for each share of Rico Common Stock, if the market price of Crystal Common Stock is less than $18 per share one year subsequent to the effective date of the Merger. However, the number of contingent shares which Crystal may become obligated to issue will be correspondingly reduced to the extent that the market price of the Amax Stock is less than $116 per share on such date, as more particularly described in the Plan of Merger annexed as Appendix B. The market price of Crystal Common Stock or Amax Stock to be computed by reference to the average closing price on the American Stock Exchange and the New York Stock Exchange, respectively, for the 40 trading days immediately prior to such date. The certificates of contingent interest are non-transferable except by will or the laws of descent and distribution and will be issued to all persons who are record holders of Rico Common Stock on the effective date of the Merger.

No fractional shares or scrip certificates will be issued pursuant to the Plan of Merger. In lieu thereof, each holder of Rico Common Stock entitled to a fractional interest in shares of Crystal Common Stock on the effective date of the Merger shall be entitled to an amount of cash equal to the market value of such fraction on the effective date of the Merger. The holders of certificates of contingent interest who would otherwise be entitled to fractional shares shall receive cash payments equal to the market value of such fraction one year subsequent to the effective date of the Merger.

If the Merger is approved by the stockholders of Crystal and Rico, the Merger will become effective upon the filing of the Plan of Merger in the States of Texas and Utah. It is presently expected that the Merger will become effective on or about July 5, 1974.



RAM01602

**Conditions and Termination**

The Agreement provides that consummation of the Merger is subject to certain conditions, including among other things (i) approval by the respective stockholders of Crystal and Rico, (ii) compliance with certain respective covenants such as the absence of any material changes in the businesses or operations of either Crystal or Rico and the use of best efforts by both parties to consummate the proposed Merger, (iii) the accuracy and confirmation at the closing date of the respective representations and warranties, (iv) receipt of opinions of Butler, Binion, Rice, Cook & Knapp, Houston, Texas, and Prince, Yeates, Ward, Miller & Geldzahler, Salt Lake City, Utah, counsel for Crystal and Rico respectively, concerning various legal matters, and (v) various consents and regulatory approvals. It is expected that all of the conditions of the Agreement will be complied with, but any condition (except for approval by stockholders and regulatory authorities) may be waived by the party entitled to the benefits thereof. A waiver of any condition will not require the approval of the stockholders of any party, unless such waiver might have a material effect upon the stockholders of such party. Upon consummation of the Merger certain affiliates of Rico will indemnify Crystal with respect to certain of the representations and warranties of Rico in the Agreement and as to information furnished by Rico in connection with the Registration Statement filed by Crystal.

Crystal will pay a finder's fee to First Corporate Finance Corporation of Dallas, Texas, calculated on the basis of 2% of the first three million dollars and 1% of the excess thereover of the aggregate market value of the Crystal Common Stock to be issued to the stockholders of Rico on the Closing Date in connection with the transaction.

The Agreement and the Plan of Merger may be terminated prior to the effective date of the Merger by (i) mutual consent of the Boards of Directors of Rico and Crystal, or (ii) by the Board of Directors of either Rico or Crystal if the Merger is not consummated by June 30, 1974, or (iii) if any of the conditions have not been met or waived by the party entitled to the benefits thereof.

**Effect On Investment Company Act Status**

For several years Rico has been subject to certain provisions of the Investment Company Act of 1940 ("the 1940 Act") but has been exempted from its registration requirements. See "Business and Properties of Rico-Investment Company Act Status." Under section 13 of the 1940 Act, unless authorized by the vote of a majority of its outstanding shares, it would be unlawful for Rico (i) to change the nature of its business so as to cease to be an investment company, or (ii) to deviate from its investment policy in respect of concentrating investments in any particular industry. Thus, the approval of the Merger by Rico's shareholders is also intended to satisfy the condition of section 13 of the 1940 Act (if it is deemed applicable to the Merger) since upon consummation of the Merger neither Rico nor Crystal will be subject to the provisions of the 1940 Act. One of the conditions to the Merger is that counsel for both Rico and Crystal must be satisfied that all necessary authorizations or approvals as may be required by the provisions of the 1940 Act have been obtained.

Section 17(a) of the 1940 Act provides, in pertinent part, that it is unlawful for an affiliated person of an investment company to purchase securities from or sell securities to the investment company. Section 17(b), however, provides that the Securities and Exchange Commission may grant an exemption from the prohibition of section 17(a), if after the filing of an appropriate application with the Commission, the Commission determines the terms of the proposed transactions are reasonable and fair. Although there is no judicial or administrative precedent that resolves the question, counsel for both Rico and Crystal are of the opinion that the Merger does not involve a purchase or sale between an affiliate and an investment company within the meaning of section 17(a). Accordingly, no application under section 17(b) will be filed with the Commission seeking an exemption from section 17(a).

Concurrently with the execution of the Agreement and the Plan of Merger, Crystal agreed that, in the event the Merger is consummated, if it did not make mutually satisfactory arrangements for the continued employment of certain employees of Rico on or before June 30, 1975, it would make termination payments to such employees aggregating as much as $160,000. In addition, pursuant to a longstanding arrangement, Rico transferred to Mr. Sherman B. Hinckley, President and Director of Rico,

a residence in Rico, Colorado, which he has occupied while there on company business from time to time over many years. Because counsel for Rico believes that each of these transactions was in violation of section 17(d) of the 1940 Act and therefore void, the transactions have been formally rescinded and are of no further force or effect. Section 17(d) provides that it is unlawful for an affiliated person of an investment company, acting as principal, to participate in or effect any transaction in connection with any joint enterprise or arrangement in which such investment company is a participant. Since the transactions have been rescinded, Rico does not intend to file an application under Rule 17d-1 under the 1940 Act to obtain approval of such transactions.

In response to a request by Rico's counsel, the staff of the Securities and Exchange Commission stated in a letter dated May 7, 1974, that it would not recommend that the Commission take any action with respect to any of the transactions noted above if the Merger proceeds without the filing of applications under either section 17(b) or Rule 17d-1.

**Federal Tax Consequences**

It is a condition of effectiveness of the Merger that Rico receive the opinion of its counsel to the effect that (i) the Merger will constitute a reorganization within the meaning of Section 368 and related sections of the Internal Revenue Code of 1954, as amended; and (ii) that the Merger will not result in the recognition of gain or loss to Rico or its shareholders, except insofar as gain or loss may be recognized to the extent of cash received for fractional shares. The basis of the Crystal Common Stock received by the holders of Rico Common Stock will be the same as the basis of the Rico Common Stock exchanged therefor adjusted to the extent of any cash received for fractional shares; and the holding period of such shares of Crystal Common Stock will include the holding period of such shares of Rico Common Stock surrendered if such Rico Common Stock was a capital asset in the hands of the holder.

**Accounting for the Merger**

In accordance with generally accepted accounting principles, the Merger will be accounted for as a purchase because of (1) the possible disposition of a significant portion of the assets of Rico within two years after the effective date of the Merger and (2) the possible issuance of contingent shares of Crystal Common Stock more than one year from the effective date of the Merger.

**Effect of Merger on Stockholder Rights; Crystal Common Stock**

Upon consummation of the Merger the holders of Rico Common Stock will become stockholders of Crystal and will have the rights provided to stockholders under the charter and bylaws of Crystal and under Maryland corporate law. There are no material differences regarding the rights of holders of shares of Common Stock of Crystal and Rico as provided in their respective charters and bylaws or as provided in the corporate laws applicable to them, respectively, except that Rico stockholders have the pre-emptive right to acquire additional stock issued by Rico, which Crystal stockholders do not. However, while Rico Common Stock is Rico's only outstanding class of stock, Crystal, in addition to its Common Stock, has outstanding a class of preferred stock, which has certain preferences as to dividends and distributions upon liquidation, as well as other outstanding securities issued under terms which place certain restrictions on the payment of dividends and other activities of Crystal. See "Common Stock and Other Securities of Crystal".

Crystal Common Stock is listed on the American and Pacific Coast Stock Exchanges. As of May 13, 1974, approximately 1,599,917 of such shares were outstanding and an additional 685,339 shares have been reserved for issuance upon conversion of convertible securities and stock options (excluding the shares to be issued upon consummation of the Merger). The 650,127 shares of Crystal Common Stock to be issued to holders of Rico Common Stock will constitute approximately 29% of all Crystal Common Stock issued and outstanding immediately following the Merger.



RAM01604

Crystal has agreed to list the shares of Crystal Common Stock issuable upon the Merger on the American Stock Exchange. The Crystal Common Stock issuable upon the Merger has been registered under the Securities Act of 1933, but certain stockholders of Rico who are controlling persons ("affiliates") of Rico must comply with certain requirements of that Act on transfer of their Crystal Common Stock. Crystal has agreed, at its expense and under certain conditions, to register the Crystal Common Stock under the Securities Act of 1933 issued in the Merger to such affiliates.

**Vote Required and Dissenter's Rights**

The affirmative vote of the holders of a majority of the outstanding shares of Rico Common Stock is required for approval of the Merger.

The affirmative vote of holders of a majority of the Crystal Common Stock and Series A Preferred Stock of Crystal represented and voting at the meeting, voting together as a single class, is required for approval of the Merger. The presence at the meeting, in person or by proxy, of the holders of a majority of the outstanding voting stock of Crystal is necessary to constitute a quorum.

As the sole voting stockholder of CRC, Crystal has approved the Merger.

Under Section 16-10-75 of the Utah Business Corporation Act, Rico stockholders do not have appraisal or similar rights in the event they dissent from the Merger. Crystal stockholders do not have appraisal or similar rights in the event they dissent from the Merger.

**Post-Merger Operations of Rico**

Crystal may utilize a portion or all of the investment securities owned by Rico over the next several years in order to provide funds for working capital needs of Crystal or for acquisitions or to provide funds to be applied in retirement of some of Crystal's outstanding indebtedness. Crystal will continue the treatment of stockpiled ores presently carried on by Rico and intends to study the feasibility of reactivating Rico's mining activities in the light of the increasing market value of gold, silver and other metals. See "Business and Properties of Rico — Real Properties".

## COMPARATIVE PER SHARE DATA

**Market Prices**

The following table sets forth certain information relating to the market prices of Rico Common Stock and Crystal Common Stock for the calendar periods indicated. The information pertaining to both the Rico Common Stock and the Crystal Common Stock reflects the high and low closing prices on the American Stock Exchange.

| Calendar Period | Rico Common Stock | | Crystal Common Stock | |
|---|---|---|---|---|
| | High | Low | High | Low |
| 1972 — First Quarter | $ 9½ | $ 7½ | $12⅜ | $ 8⅜ |
| Second Quarter | 9⅝ | 7⅛ | 12⅝ | 9⅛ |
| Third Quarter | 9½ | 6⅞ | 11¾ | 9½ |
| Fourth Quarter | 7⅛ | 5½ | 12½ | 9⅝ |
| 1973 — First Quarter | 8⅜ | 6¼ | 10⅝ | 6⅛ |
| Second Quarter | 8⅝ | 7 | 9¼ | 6⅝ |
| Third Quarter | 8¾ | 7½ | 16 | 6¾ |
| Fourth Quarter | 10⅜ | 7 | 22⅞ | 12⅞ |
| 1974 — First Quarter | 11¼ | 8¼ | 21⅜ | 12⅜ |



RAM01605

**Earnings and Book Value**

The following table reflects certain historical and pro forma per share data based upon the financial statements of Crystal and Rico appearing elsewhere herein, applicable to Crystal Common Stock and Rico Common Stock. Historical earnings per share are for the five years ended December 31, 1973 (Crystal), and June 30, 1973 (Rico). Pro forma earnings per share and book value per common share are as of December 31, 1973, or the year then ended.

| | 1969 | 1970 | 1971 | 1972 | 1973 | |
|---|---|---|---|---|---|---|
| Net Income (Loss): | | | | | | |
| Crystal Oil Company and Subsidiaries | | | | | | |
| Historical | | | | | | |
| Primary | | | | | | |
| Before extraordinary items | $(0.27) | $(0.13) | $(0.24) | $(0.25) | $1.10 | |
| Extraordinary items | — | — | — | (0.80) | .96 | |
| Net income (loss) | $(0.27) | $(0.13) | $(0.24) | $(1.05) | $2.06 | |
| Fully Diluted | | | | | | |
| Before extraordinary items | | | | | $ .98 | |
| Extraordinary items | | | | | .64 | |
| Net income | | | | | $1.62 | |
| Pro forma combined | | | | | | |
| Primary | | | | | | |
| Before extraordinary credit | | | | | $ .84 | |
| Extraordinary credit | | | | | .62 | |
| Net income | | | | | $1.46 | |
| Fully Diluted | | | | | | |
| Before extraordinary credit | | | | | $ .63 | |
| Extraordinary credit | | | | | .46 | |
| Net income | | | | | $1.09 | |
| Rico-Argentine Mining Company | | | | | | |
| Historical | | | | | | |
| Before extraordinary items | $(0.06) | $ 0.08 | $(0.51) | $(0.13) | $(0.09) | (1) |
| Discontinued operations | (0.18) | (0.14) | (0.04) | — | — | |
| Extraordinary items | — | .34 | 2.45 | — | — | |
| Net income (loss) | $(0.24) | $ 0.28 | $ 1.90 | $(0.13) | $(0.09) | (1) |
| Pro forma combined | | | | | $ .98 | (2) |
| Book Values: | | | | | | |
| Crystal | | | | | | |
| Historical | | | | | $ 7.17 | |
| Pro forma combined | | | | | $ 9.82 | |
| Rico | | | | | | |
| Historical | | | | | $ 1.48 | |
| Historical after adjustment of Rico's marketable securities to current value net of tax effect | | | | | $10.18 | |
| Pro forma combined | | | | | $ 6.58 | (2) |

(1) Earnings per share for the 12 months ended December 31, 1973 (unaudited) were $.19.
(2) Applicable to one share of Rico Common Stock or 0.67 share of Crystal Common Stock.



RAM01606

| | Three Months Ended March 31 (unaudited) | |
|---|---|---|
| | 1973 | 1974 |
| Net Income | | |
| Crystal Oil Company and Subsidiaries | | |
| Historical | | |
| Primary | | |
| Before extraordinary credit | $0.19 | $0.73 |
| Extraordinary credit | — | 0.39 |
| Net income | $0.19 | $1.12 |
| Fully Diluted | | |
| Before extraordinary credit | $0.19 | $0.57 |
| Extraordinary credit | — | 0.32 |
| Net income | $0.19 | $0.89 |
| Pro forma combined | | |
| Primary | | |
| Before extraordinary credit | | $0.52 |
| Extraordinary credit | | 0.31 |
| Net income | | $0.83 |
| Fully Diluted | | |
| Before extraordinary credit | | $0.46 |
| Extraordinary credit | | 0.25 |
| Net income | | $0.71 |
| Rico-Argentine Mining Company | | |
| Historical | $0.02 | $0.09 |
| Pro forma combined | | $0.56 |

*Supplemental Information*

The pro forma primary net income per share assuming the 1973 acquisitions by Crystal Oil Company (see Note 1, Notes to Statement of Consolidated Operations — Crystal) had been consummated as of January 1, 1973, would be $1.99 per share.

**Dividends**

Crystal has paid no dividends on its Common Stock and does not contemplate the payment of cash dividends in the foreseeable future, since it anticipates using any earnings available for its development and exploration programs, capital improvements, possible future acquisitions, and other purposes. The payment of cash dividends is currently restricted under the Indenture relating to Crystal's outstanding Debentures and under the terms of the Loan Agreement relating to certain of Crystal's bank borrowings. However, Crystal pays quarterly dividends presently amounting to $67,446.75 to holders of its Series A Preferred Stock. See "Common Stock and other Securities of Crystal."

Rico has paid no dividends on its Common Stock in the last five years but anticipates that it will distribute a portion of dividends received on the Amax Stock as a $.10 per share dividend to its stockholders prior to consummation of the Merger. See "Business and Properties of Rico".

## CAPITALIZATION

The capitalization of Crystal and Rico as of April 30, 1974, and the pro forma combined capitalization after giving effect to the proposed merger and the proposed increase in authorized common stock of Crystal are as follows:

| | Crystal | Rico | Pro Forma Combined |
|---|---|---|---|
| Long-term debt: | | | |
| Crystal | | | |
| Mortgage notes (prime rate plus 3%) to bank due $236,111 monthly until November 1979 | $15,819,445 | $ — | $15,819,445 |
| Mortgage notes (prime rate) due $250,000 semi-annually until January 1979 | 2,500,000 | — | 2,500,000 |
| 7% Convertible Subordinated Debentures (due 1984) | 2,284,000 | — | 2,284,000 |
| Other | 2,130,835 | — | 2,130,835 |
| Rico | | | |
| None | — | — | — |
| | $22,734,280 | $ — | $22,734,280 |
| Capital Stock: | | | |
| Crystal | | | |
| Preferred stock, par value $5 per share (authorized 1,000,000 shares) | 177,831 shs (1) | — | 177,831 shs(1) |
| Common stock, par value $1 per share (authorized 10,000,000 shares) | 1,599,917 shs (2) | — | 2,250,044 shs(2)(3) |
| Rico | | | |
| Common stock, par value $.50 per share (authorized 1,250,000 shares) | — | 970,340 shs | — |

(1) Does not include 22,400 shares reserved for conversion of notes payable.

(2) Does not include shares reserved for the indicated purposes:

| | |
|---|---|
| Convertible notes and preferred stock | 406,274 shs |
| Convertible subordinated debentures | 197,765 |
| Stock options | 81,300 |
| Warrants | 15,000 |
| | 700,339 shs |

(3) Does not include 89,000 shares contingently issuable as provided for in the Plan of Merger.

(4) See Note I to the Consolidated Financial Statements — Crystal for the information relating to leases.



RAM01608

# CRYSTAL OIL COMPANY AND SUBSIDIARIES

## STATEMENT OF CONSOLIDATED OPERATIONS

### Five years ended December 31, 1973

The following statement of consolidated operations of Crystal Oil Company and its subsidiaries for the five years ended December 31, 1973, has been examined by Ernst & Ernst, independent accountants, whose report thereon appears elsewhere in this Proxy Statement. The statement should be read in conjunction with the related financial statements and notes thereto and report of Ernst & Ernst included elsewhere in this Proxy Statement.

| | Year Ended December 31 | | | | |
|---|---|---|---|---|---|
| | 1969 | 1970 | 1971 | 1972 | 1973 |
| Revenues | | | | | |
| Marketing revenues | $2,277,816 | $3,847,704 | $17,872,615 | $51,468,401 | $80,246,708 |
| Refinery revenues | — | 815,061 | 5,315,916 | 5,396,938 | 9,438,916 |
| Oil and gas sales | 4,029,192 | 4,630,153 | 4,853,910 | 5,776,174 | 5,438,900 |
| Other income | 417,489 | 111,826 | 183,862 | 564,576 | 492,246 |
| | 6,724,497 | 9,404,744 | 28,226,303 | 63,206,089 | 95,616,770 |
| Cost and Operating Expenses | | | | | |
| Purchased refined products and other merchandise | 1,739,370 | 2,905,056 | 13,709,598 | 41,296,331 | 65,951,158 |
| Marketing expenses | 503,967 | 783,731 | 3,709,469 | 9,317,081 | 9,641,643 |
| Lease operating expenses | 1,039,130 | 1,144,788 | 1,368,639 | 1,533,565 | 1,724,015 |
| Cost of refined products sold | — | 585,341 | 3,307,077 | 3,562,389 | 6,417,185 |
| Refinery expenses | — | 193,932 | 2,053,449 | 1,983,285 | 951,006 |
| Administrative and general expenses | 318,961 | 346,323 | 430,783 | 529,422 | 544,137 |
| Taxes, other than income taxes | 430,522 | 464,928 | 461,960 | 482,654 | 478,170 |
| Exploration costs, including producing lease abandonments | 1,322,098 | 709,805 | 567,396 | 588,031 | 1,435,868 |
| Depletion and depreciation | 1,439,007 | 1,826,649 | 1,878,939 | 2,444,741 | 2,804,503 |
| Interest and amortization of debt expense — Note 3 | 299,790 | 664,086 | 1,165,602 | 1,699,855 | 1,907,002 |
| | 7,092,845 | 9,624,639 | 28,652,912 | 63,437,354 | 91,854,687 |
| Income (Loss) Before Income Taxes, Equity in Earnings of Bank and Extraordinary Items | (368,348) | (219,895) | (426,609) | (231,265) | 3,762,083 |
| Income Taxes — Note 4 | — | — | — | — | 1,837,000 |
| Income (Loss) Before Equity in Earnings of Bank and Extraordinary Items | (368,348) | (219,895) | (426,609) | (231,265) | 1,925,083 |
| Equity in Earnings of Bank — Note 1 | — | 39,066 | 116,632 | 92,192 | — |
| Income (Loss) Before Extraordinary Items | (368,348) | (180,829) | (309,977) | (139,073) | 1,925,083 |
| Extraordinary credit — reduction in Federal income tax provision resulting from tax loss carryforward benefits | | | | | 1,430,000 |
| Extraordinary Charges | | | | | |
| Abandonment of oil and gas properties | — | — | — | (798,221) | |
| Abandonment of refinery | — | — | — | (325,933) | — |
| Loss on sale of bank stock investment | — | — | — | (60,691) | — |
| | — | — | — | (1,184,845) | 1,430,000 |
| Net Income (Loss) | $ (368,348) | $ (180,829) | $ (309,977) | $(1,323,918) | $ 3,355,083 |
| Cash Dividends on Preferred Stock | $ — | $ — | $ 43,962 | $ 223,292 | $ 301,012 |
| Net Income (Loss) Applicable to Common Stock | $ (368,348) | $ (180,829) | $ (353,939) | $(1,547,210) | $ 3,054,071 |
| Average Number of Common Shares Outstanding | 1,344,314 | 1,464,708 | 1,467,463 | 1,475,436 | 1,482,088 |
| Average Number of Common Shares Outstanding — assuming full dilution | — | — | — | — | 2,236,617 |
| Per Common Share — Note 5 | | | | | |
| Income (loss) before extraordinary items | $(0.27) | $(0.13) | $(0.24) | $(0.25) | $1.10 |
| Extraordinary items | — | — | — | (0.80) | .96 |
| Net income (loss) | $(0.27) | $(0.13) | $(0.24) | $(1.05) | $2.06 |
| Per Common Share Assuming Full Dilution — Note 5 | | | | | |
| Income (loss) before extraordinary items | | | | | $ .98 |
| Extraordinary items | | | | | .64 |
| Net income | | | | | $1.62 |
| Book value per share of Common Stock | | | | | $7.17 |



RAM01609

## CRYSTAL OIL COMPANY AND SUBSIDIARIES

### NOTES TO STATEMENT OF CONSOLIDATED OPERATIONS

**Note 1** — In October 1970, all of the outstanding stock of Berry Petroleum Company (refinery operations) was purchased. Berry contributed revenues and net loss in the amount of $815,000 and ($16,750), respectively, from the date of acquisition to December 31, 1970. Also during 1970, a 24.9% interest in the stock of Louisiana Bank and Trust Company was acquired and was accounted for on the equity method until the ownership dropped below 20% in 1972.

In July, October, and November of 1971, all of the outstanding stock of Tulsa Oil Corporation, Crystal Petroleum Company, and Eastern Petroleum Company (retail marketing operations), respectively, was purchased, at an aggregate cost of $4,059,000 comprised of 138,000 shares of preferred stock valued at $25 per share, notes in the amount of $350,000 and acquisition costs of $259,000. These acquisitions contributed revenues and net income in the amount of $11,628,000 and $175,000, respectively, from the respective date of acquisition to December 31, 1971.

In June and July 1972, all of the common stock of the Stone Independent Oil Distributors, Inc. and subsidiary and affiliates, and Joe E. Hutchison Distributing Company and affiliates (retail marketing and terminal storage operations), respectively, was purchased, at an aggregate cost of $4,297,600 comprised of 62,800 shares of preferred stock valued at $25 per share, notes in the amount of $1,728,000, cash of $962,000 and acquisition costs of $37,600. These acquisitions contributed revenues and net income in the amount of $10,347,000 and $314,000, respectively, from the respective date of acquisition to December 31, 1972.

Effective October 31, 1973, November 30, 1973, and December 14, 1973, all of the common stock of the Longview Refining Company and Adobe Refining Company and certain assets of the R. J. Oil & Refining Company and affiliate, respectively, were purchased at an aggregate cost of $9,350,628 composed of cash of $4,762,389, notes in the amount of $4,457,000, and acquisition costs of $131,239. Contingency payments representing 10% of net income of the Longview and Adobe refineries will be required to be paid for 12 years and 10 years, respectively, after Crystal has recouped out of future net income its investment, advances and capital improvements, if any. However, the payments will commence no later than April, 1977 and November, 1979, respectively. The acquisitions of Longview and Adobe contributed revenues and net income in the amount of $3,336,000 and $642,000, respectively, from the respective date of acquisition to December 31, 1973. R. J. Oil & Refining Company had no operations during 1973.

The following pro forma financial data are based in part on unaudited financial statements of the companies purchased during 1973 and 1972 and on the assumption that the purchases were consummated as of January 1, 1972:

| | 1973 | 1972 |
|---|---|---|
| Revenues | $112,195,000 | $86,675,000 |
| Net income (loss) before extraordinary items | 2,544,000 | (800,000) |
| Net income (loss) | 4,547,000 | (1,985,000) |
| Net income (loss) per share | 2.86 | (1.52) |

All of the above operations were accounted for as purchases, and their operations have been included in the financial statements from the respective dates of acquisitions, except for the refinery acquired from the R. J. Oil & Refining Company which has been shut down since 1970.

**Note 2** — Crystal Oil Company adopted a pension plan in 1971. During 1973, a subsidiary, Berry Petroleum Company, discontinued operations of a refinery resulting in a decrease in the number of employees under the pension plan. Pension plan expense for both plans was: 1969 — none; 1970 — $7,000; 1971 — $31,950; 1972 — $52,000; and 1973 — $38,150. See Note G to Crystal's consolidated financial statements.

**Note 3** — Interest expense on long-term debt amounted to $273,000 — 1969; $635,000 — 1970; $1,125,000 — 1971; $1,465,000 — 1972; and $1,883,000 — 1973.



RAM01610

## NOTES TO STATEMENT OF CONSOLIDATED OPERATIONS — (Continued)

Note 4 — Income taxes

Components of income taxes consist of the following:

| | |
|---|---|
| Federal: | |
| Currently payable | $ 123,000 |
| Charge in lieu of income taxes | 1,430,000 |
| State and local | 284,000 |
| | $1,837,000 |

The difference between 1973 total tax expense and the amount computed by applying the statutory federal income tax rate of 48% to income before income taxes is as follows:

| | | |
|---|---|---|
| 48% of pre-tax income | | $1,805,800 |
| Plus state and local taxes, net of Federal tax benefit | | 147,680 |
| | | 1,953,480 |
| Intangible development costs $900,000, net of book amortization | $ (199,500) | |
| Percentage depletion | (141,600) | |
| Excess tax basis on producing lease abandonments | (39,700) | |
| Excess book depreciation | 125,200 | |
| Tax preference items ($1,230,000 x 10%) | 123,000 | |
| Other items | 16,120 | (116,480) |
| | | $1,837,000 |

Note 5 — Net income (loss) per share is based on the average number of shares of common stock outstanding during each year after adjustment for preferred stock dividend requirements in 1971, 1972 and 1973. Shares issuable under assumed exercises of options and warrants are excluded since the dilution, if any, would be less than 3%. Fully diluted earnings per share assume the conversion of convertible debentures, preferred stock, and notes payable and exercise of all dilutive options and warrants.

Note 6 — No dividends on common stock have been paid during the period of five years ended December 31, 1973.

---

Increased revenues in 1973 over revenues for 1972 reflect a full year of operations of marketing companies acquired in 1972, start-up of a gasoline blending plant in the first quarter of 1973, and the acquisition of two refineries as described in Note 1 above. Sharp industry-wide increases in demand for and prices of crude oil and refined products and the absence of any substantial gasoline price wars during 1973 resulted in increased volume of sales and permitted a return to normal profit margins. At the same time, Crystal experienced reduced costs of refinery operations resulting from the consolidation of operations of a refinery in 1972 and the closing of a number of marginal or unprofitable service stations. As a result of these combined factors, Crystal experienced a substantial net income for the first time in recent years.

The increase in marketing revenues during 1972 reflected the inclusion of the marketing companies described in Note 1 above including approximately 62 service stations and 2 bulk stations, from their respective acquisition dates. Operating results, however, were penalized by a number of factors, including: flooding in South Texas and South Louisiana which restricted oil and gas production; unusually late spring weather which hampered second quarter asphalt sales; start-up costs of a new gas processing plant; poor retail gasoline prices; and operating problems associated with several of the newly-acquired retail marketing operations. The extraordinary charges were a result of the phasing out of a refinery; sale of a portion of Crystal's Louisiana Bank and Trust Company stock, which was being held as an investment; and abandoning certain producing properties which Crystal believed were uneconomical or marginal. Of the latter amount, most was accounted for by a one-well depleted producing property.



RAM01611

During 1971, marketing revenues increased substantially over marketing revenues for 1970 due primarily to the acquisition of three retail marketing companies including approximately 170 service stations, described in Note 1 above. The 1971 increase in refinery revenues over 1970 is attributable largely to a full year of operation of the Berry Petroleum Company refineries acquired in October 1970.

---

The following table reflects certain unaudited financial information of Crystal for the three-month periods ended March 31, 1973 and 1974. In the opinion of Crystal, all adjustments (consisting only of normal reoccurring accruals) necessary for the fair presentation of the results of operations for the periods have been included. The results of operations for such interim periods are not necessarily indicative of results of operations for a full year.

| | Three Months Ended March 31 (unaudited) | |
|---|---|---|
| | 1973 | 1974 |
| Revenues | $19,358,000 | $42,119,000 |
| Net income before extraordinary credit | $ 348,683 | $ 1,147,576 |
| Extraordinary credit (benefit of tax loss carryforward) | — | $ 693,300 |
| Net income | $ 348,683 | $ 1,840,876 |
| Primary | | |
| Income before extraordinary credit | $ 0.19 | $ 0.73 |
| Extraordinary credit | — | 0.39 |
| Net income | $ 0.19 | $ 1.12 |
| Fully Diluted | | |
| Income before extraordinary credit | $ 0.19 | $ 0.57 |
| Extraordinary credit | — | 0.32 |
| Net income | $ 0.19 | $ 0.89 |

The increase in revenues for the three months ended March 31, 1974, over the three months ended March 31, 1973, is attributable largely to a full quarter's operation of the refineries acquired in late 1973 (see Note 1 — Notes to Statement of Consolidated Operations — Crystal) and continued industry-wide increases in demand for and prices of crude oil and refined products.



RAM01612

# RICO-ARGENTINE MINING COMPANY

## STATEMENT OF OPERATIONS

The following statement of operations of Rico for the five years ended June 30, 1973, and for the six months ended December 31, 1973, has been audited by Haskins & Sells, independent certified public accountants, whose opinion (which is subject to the ultimate recovery from future profitable operations of the cost of mine property, as described in Note 1 to Financial Statements, and any liability which may result from the matter discussed in Note 4 to the Financial Statements) appears elsewhere in this Proxy Statement. The unaudited statement for the six months ended December 31, 1972, includes, in the opinion of Rico, all adjustments (consisting only of normal recurring accruals) necessary for the fair presentation of the results of operations for that period. The results of operations for the six months ended December 31, 1973, are not necessarily indicative of the results for the full year. The statements should be read in conjunction with their notes and other financial statements and their notes included elsewhere in this Proxy Statement.

| | Year Ended June 30 | | | | | Six Months Ended December 31 | |
|---|---|---|---|---|---|---|---|
| | 1969 | 1970 | 1971 | 1972 | 1973 | 1972 (Unaudited) | 1973 |
| Sales of ore (net) | $ 524,080 | $ 720,091 | $ 219,512 | $ 8,043 | $ 3,484 | $ 2,270 | $ 142 |
| Costs and operating expenses: | | | | | | | |
| Mining | 345,000 | 397,220 | 290,754 | 30,807 | 32,827 | 18,858 | 907 |
| Milling | 155,400 | 165,708 | 153,778 | 11,894 | 12,452 | 3,625 | 13,085 |
| Overhead | 124,590 | 190,370 | 271,845 | 155,450 | 140,067 | 71,577 | 95,147 |
| Total | 624,990 | 753,298 | 716,377 | 198,151 | 185,346 | 94,060 | 109,139 |
| Loss from operations | (100,910) | (33,207) | (496,865) | (190,108) | (181,862) | (91,790) | (108,997) |
| Other income: | | | | | | | |
| Dividends | 182,508 | 210,531 | 215,764 | 13,462 | 72,306 | 10,257 | 277,882 |
| Sale of assets | | | | 34,799 | 11,675 | 1,394 | 11,916 |
| Interest | 1,753 | | | 5,511 | 2,012 | 2,217 | 2,662 |
| Miscellaneous — net | 7,372 | 29,937 | 9,891 | 8,920 | 11,893 | 4,085 | 11,090 |
| Total other income | 191,633 | 240,468 | 225,655 | 62,692 | 97,886 | 17,953 | 303,550 |
| Total | 90,723 | 207,261 | (271,210) | (127,416) | (83,976) | (73,837) | 194,553 |
| Other deductions: | | | | | | | |
| Interest on current liabilities | 109,047 | 127,463 | 211,928 | | | | |
| Depreciation of idle plant | 43,221 | | | | | | |
| Total other deductions | 152,268 | 127,463 | 211,928 | | | | |
| Income (loss) before discontinued operations and extraordinary items | (61,545) | 79,798 | (483,138) | (127,416) | (83,976) | (73,837) | 194,553 |
| Loss from discontinued operations of subsidiary (Note C) | (164,913) | (135,925) | (42,078) | | | | |
| Income (loss) before extraordinary items | (226,458) | (56,127) | (525,216) | (127,416) | (83,976) | (73,837) | 194,553 |
| Extraordinary items: | | | | | | | |
| Gain on exchange or sale of common stocks (net of applicable state income tax of $108,583 in 1971) (Note A) | | 323,989 | 3,086,879 | | | | |
| Abandonment and writedown of development costs and inactive plant (Note B) | | | (735,134) | | | | |
| Loss - other | | | (8,129) | | | | |
| Total extraordinary items | | 323,989 | 2,343,616 | | | | |
| Net income (loss) (Notes C and G) | $(226,458) | $ 267,862 | $1,818,400 | $(127,416) | $ (83,976) | $(73,837) | $194,553 |
| Income (loss) per share (Note D): | | | | | | | |
| Income (loss) before discontinued operations and extraordinary items | $(.06) | $ .08 | $(.51) | $(.13) | $(.09) | $(.08) | $ .20 |
| Discontinued operations | (.18) | (.14) | (.04) | | | | |
| Extraordinary items | | .34 | 2.45 | | | | |
| Net income (loss) | $(.24) | $ .28 | $1.90 | $(.13) | $(.09) | $(.08) | $ .20 |
| Book value per share of common stock | | | | | | | $1.48 |



RAM01613

## NOTES TO STATEMENT OF OPERATIONS

A. During the year ended June 30, 1971 Rico sold 165,000 shares of common stock of Banner Mining Company at a gain of $3,086,879, after applicable state income tax. The Company uses the identified certificate method in determining the cost of securities sold.

B. Rico shut down its flotation mill and suspended mining at the Argentine Mine location in May 1971. The balance of previously capitalized development costs was abandoned in the year ended June 30, 1971, and the unamortized costs were written down to their realizable value as estimated by management.

C. For the years ended June 30, 1969 and 1970 and prior, operations were originally reported on a consolidated basis, and the accumulated losses of Rico's subsidiary, Dairy King Sales & Service Corporation (Dairy King) to June 30, 1970 of $1,690,624 were reflected in the consolidated financial statements. Operations reported for years ended June 30, 1971 and thereafter included operations of Rico only. The accompanying statement of operations has been restated for the years ended June 30, 1969 through 1971 to include the operations of Dairy King as "loss from discontinued operations of subsidiary." Dairy King discontinued its manufacturing operations in 1968, and from that time until its liquidation on June 28, 1971 its activities consisted of the disposition of assets and servicing of tank warranties. Following is a reconcilement of net income (loss) as originally reported and as restated herein:

| | Year Ended June 30 | | |
|---|---|---|---|
| | 1969 | 1970 | 1971 |
| As originally reported | $(226,458) | $ 267,862 | $1,912,885 |
| Deduct losses from discontinued operations | (164,913) | (135,925) | |
| Deduct Rico loss from advances to and guaranty of notes payable of Dairy King | | 1,785,109 | |
| As subsequently reported | (61,545) | (1,381,322) | 1,912,885 |
| Add losses from discontinued operations | (164,913) | (135,925) | (42,078) |
| Add Rico loss from advances to and guaranty of notes payable of Dairy King | | 1,785,108 | |
| Deduct loss relating to liquidation of Dairy King | | | (52,407) |
| Net income (loss) as restated | $(226,458) | $ 267,862 | $1,818,400 |

In connection with the above change, the deficit as of July 1, 1968 as previously reported was increased by $138,978 as a result of an adjustment to Rico's equity in the losses of Dairy King prior to July 1, 1968.

During the year ended June 30, 1970 Rico recognized a loss of $1,785,109 (see above) representing $394,772 in advances by Rico to Dairy King and $1,390,337 in notes payable by Dairy King to banks and others and accrued interest thereon which had been guaranteed by Rico. These liabilities resulted primarily from Dairy King's operating losses to June 30, 1970 as previously reported in consolidated financial statements.

The operations of Dairy King were as follows:

| Year Ended June 30 | Sales | Net Loss |
|---|---|---|
| 1969 | $ 5,810 | $(164,913) |
| 1970 | 7,682 | (135,925) |
| 1971 | 33,523 | (42,078) |

D. The earnings (loss) per share is based on 956,340 shares outstanding throughout the years ended June 30, 1969 through 1972, on the weighted average of 963,048 shares outstanding during the year ended June 30, 1973, on the weighted average of 956,340 shares outstanding for the six months ended December 31, 1972, and on 970,340 shares outstanding throughout the six months ended December 31, 1973. Options outstanding during the years ended June 30, 1969, 1970 and 1972 and the six months ended December 31, 1972 were excluded from the computation of loss per share as their effect would be anti-dilutive. The dilutive effect on earnings per share of stock options was not significant in the year ended June 30, 1971.

E. Charges to income for depreciation of fixed assets and amortization of deferred mine development costs are as follows:

| | Year Ended June 30 | | | | | Six Months Ended December 31 | |
|---|---|---|---|---|---|---|---|
| | 1969 | 1970 | 1971 | 1972 | 1973 | 1972 | 1973 |
| | | | | | | (Unaudited) | |
| Depreciation | $81,240 | $ 35,594 | $34,448 | $13,506 | $11,087 | $4,716 | $6,477 |
| Amortization | 19,122 | 101,434 | 93,600 | | | | |

F. Rico has unused net operating losses available for carryforward for Federal income tax purposes as follows:

| Expiration Date | Approximate Amount |
|---|---|
| June 30, 1975 | $416,000 |
| June 30, 1977 | 247,000 |
| June 30, 1978 | 145,000 |
| June 30, 1979 | 42,000 |
| Total | $850,000 |

This carryforward is subject to final determination by the Internal Revenue Service.

The loss carryforward is not available for Utah state franchise tax purposes.

Because of the dividend received deduction no provision for income taxes was made for the period ended December 31, 1973.

G. In June 1973 Rico received American Metal Climax, Inc. (Amax) stock in a tax-free exchange for Banner Mining Company (Banner) stock upon the merger of Banner with a wholly-owned subsidiary of Amax (see "Business and Properties of Rico — Investments in Other Companies" elsewhere in this Prospectus and Note 2 of Notes to Financial Statements). No gain was recognized on this exchange as the position of Rico as an investor did not materially change. If Accounting Principles Board Opinion number 29 (effective for transactions entered into after September 30, 1973) had been in effect at the date of this exchange, a gain of $6,017,536, net of $2,578,944 tax effect, computed on the basis of the market value of the Amax stock on the date of the exchange, may have been recognized, in which case Rico would have shown a net income of $5,933,560 instead of a net loss of $83,976 for the year ended June 30, 1973.

---

Unaudited sales (net), loss from operations, other income, net income and net income per share for the three-month periods ended March 31, 1973 and 1974 are as follows. In the opinion of Rico, all adjustments (consisting only of normal reoccurring accruals) necessary for the fair presentation of the results of operations for the periods have been included. The results of operations for such interim periods are not necessarily indicative of results of operations for a full year.

| | Three Months Ended March 31 (unaudited) | |
|---|---|---|
| | 1973 | 1974 |
| Sales (net) | $ 376 | $ 2,435 |
| Loss from operations | (45,518) | (60,867) |
| Other income | 69,044 | 144,200 |
| Net income | 23,526 | 83,333 |
| Net income per share (based on weighted average of shares outstanding) | $0.02 | $0.09 |

The increase in other income in the three months ended March 31, 1974, over other income in the three months ended March 31, 1973, is attributable largely to an increase of $75,290 in dividends received (primarily on Amax Stock).



RAM01615

## CRYSTAL OIL COMPANY AND SUBSIDIARIES
## AND
## RICO-ARGENTINE MINING COMPANY
### PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
### (Unaudited)

The following pro forma condensed combined statement of operations represents a combination of the consolidated statements of operations of Crystal and its consolidated subsidiaries and the statement of operations of Rico for the year ended December 31, 1973, to reflect the proposed merger of Rico into a subsidiary of Crystal in a transaction to be accounted for as a purchase, with a pro forma adjustment as explained in Note 1 below. Net income as set forth in this unaudited pro forma consolidated statement of operations should not necessarily be considered indicative of the results of operation after consummation of the merger because of a number of factors, including the possible utilization by Crystal of all or a substantial portion of the securities of other companies held by Rico within the next two years, in order to provide funds for working capital, acquisitions or retirement of indebtedness.

| | Crystal | Rico | Pro Forma Adjustment | Pro Forma Combined |
|---|---|---|---|---|
| Revenues | $95,616,770 | $376,909 | | $95,993,679 |
| Costs and operating expenses | 89,947,685 | 192,494 | | 90,140,179 |
| Interest expense and amortization of debt expense | 1,907,002 | | | 1,907,002 |
| | 91,854,687 | 192,494 | | 92,047,181 |
| Income before income taxes and extraordinary credit | 3,762,083 | 184,415 | | 3,946,498 |
| Income taxes | 1,837,000 | | $ 49,500(1) | 1,787,500 |
| Income before extraordinary credit | 1,925,083 | 184,415 | 49,500 | 2,158,998 |
| Extraordinary credit — benefit from net operating loss carryforward | 1,430,000 | | (49,500)(1) | 1,380,500 |
| Net income | $ 3,355,083 | $184,415 | $ — | $ 3,539,498 |
| Earnings per share: | | | | |
| Primary — | | | | |
| Income before extraordinary credit | $1.10 | $0.19 | | $ .84 |
| Extraordinary credit | .96 | — | | .62 |
| Net income | $2.06 | $0.19 | | $1.46 |
| Fully diluted — | | | | |
| Income before extraordinary credit | $ .98 | | | $ .63 |
| Extraordinary credit | .64 | | | .46 |
| Net income | $1.62 | | | $1.09 |

Note 1 — Pro forma adjustment has been made to reflect adjustment to income taxes for dividends received credit related to dividends ($339,931) included in Rico's revenues.

Note 2 — The proposed merger is being accounted for on the purchase method because the Plan of Merger, as amended, provides for the issuance of contingency shares under certain conditions (see "Summary of Proposed Merger — The Plan of Merger").

Note 3 — Pro forma combined earnings per share is computed assuming the 739,127 shares (to be issued and contingently issuable in connection with the Merger) were outstanding as of January 1, 1973.

Note 4 — In connection with the acquisition of Rico-Argentine Mining Company, the Plan of Merger, as amended, provides for the issuance of up to 89,000 additional shares of common stock depending on the market price of Crystal's Common Stock 12 months after the effective date of the Merger. The number of additional shares will be reduced if the market value of the Amax preferred stock is less than $116 per share 12 months after the effective date. The par value of the additional shares issued subsequent to the effective date, if any, will be charged to additional paid-in capital.

The following table reflects certain unaudited pro forma information for the three months ended March 31, 1974.

| | |
|---|---|
| Revenues | $42,265,000 |
| Net income before extraordinary credit | $ 1,231,000 |
| Net income | $ 1,924,000 |
| Net income per share | |
| Primary | $0.83 |
| Fully Diluted | $0.71 |

*Supplemental Information*

The pro forma combined net income and primary earnings per share assuming the 1973 acquisitions by Crystal Oil Company (see Note 1, Notes to Statement of Consolidated Operations — Crystal) had been consummated as of January 1, 1973 would be $4,731,000 and $1.99, respectively.



RAM01616

## CRYSTAL OIL COMPANY AND SUBSIDIARIES
## AND
## RICO-ARGENTINE MINING COMPANY

### PRO FORMA CONDENSED COMBINED BALANCE SHEET
### (Unaudited)

The following pro forma condensed combined balance sheet represents a combination of the consolidated balance sheets as of December 31, 1973, of Crystal and its consolidated subsidiaries and of Rico to reflect the proposed merger of Rico into a subsidiary of Crystal in a transaction to be accounted for as a purchase with pro forma adjustments as explained in Note A below.

ASSETS

| | Crystal | Rico | Pro Forma Adjustments | Pro Forma Combined |
|---|---|---|---|---|
| Current assets | $20,748,954 | $ 256,873 | | $21,005,827 |
| Investments | | 737,528 | $8,445,689 (1)<br>711,885 (3) | 9,895,102 |
| Property, plant and equipment — net | 35,248,190 | 476,989 | 2,222,141 (1) | 37,947,320 |
| Other assets | 3,324,229 | 17,745 | (711,885)(3) | 2,630,089 |
| | $59,321,373 | $1,489,135 | $10,667,830 | $71,478,338 |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | | | |
|---|---|---|---|---|
| Current liabilities | $20,700,638 | $ 54,665 | $ 400,000 (1) | $21,155,303 |
| Advances from customers on product sales — noncurrent | 521,822 | | | 521,822 |
| Mortgage and other notes | 19,879,098 | | | 19,879,098 |
| Convertible subordinated debentures | 2,292,000 | | | 2,292,000 |
| Stockholders' equity | | | | |
| Preferred stock | 968,250 | | | 968,250 |
| Common stock | 1,547,131 | 485,170 | 650,127 (1)<br>(485,170)(2) | 2,197,258 |
| Additional paid-in capital | 10,279,307 | 516,901 | 11,052,173 (1)<br>(516,901)(2) | 21,331,480 |
| Retained earnings | 3,133,127 | 432,399 | (432,399)(2) | 3,133,127 |
| | 15,927,815 | 1,434,470 | 10,267,830 | 27,630,115 |
| | $59,321,373 | $1,489,135 | $10,667,830 | $71,478,338 |

Note A — Explanation of Pro Forma adjustments

(1) Issuance of 650,127 shares of Crystal Oil Company Common Stock, $1 par value, valued at $18 per share based upon Crystal's warranty price (see "Summary of Proposed Merger — The Plan of Merger"). Accrual of acquisition costs ($400,000), including a finder's fee.

Purchase consideration in excess of the net book value of Rico has been allocated first to Rico's investments based on quoted market value as of December 31, 1973, less estimated income taxes at capital gains rates, and the remainder to Rico's property, plant and equipment (principally items not subject to depreciation or amortization). Quoted market value has been used on Rico's investments as (1) the investment in American Metal Climax, Inc. carries certain registration rights and (2) other investments are not significant (see Note 2, Notes to Financial Statements — Rico). This allocation has been based on management's estimates of the fair value of these assets, and the final allocation upon acquisition will be based on appraisals of these assets which, in management's opinion, will not be significantly different.

(2) Elimination of stockholders' equity of Rico-Argentine Mining Company upon combination.

(3) Reclassification of investment in bank stock (Crystal Oil Company).



RAM01617

## BUSINESS AND PROPERTIES OF CRYSTAL

Crystal was incorporated under the laws of the State of Maryland in 1926. The principal offices of Crystal are located at 600 Oden Building, Shreveport, Louisiana 71163, and its telephone number is (318) 424-7791. Crystal and its subsidiaries are principally engaged in acquisition and development of oil and gas properties, the production and sale of crude oil, condensate and gas, and the refining and marketing at wholesale and retail of petroleum products.

### LINES OF BUSINESS

The following table sets forth for the past five fiscal years, the approximate relative contribution to consolidated revenues (operating revenues and other income) and consolidated income (before taxes, general and administrative costs, amortization of debt expense, interest expense and extraordinary items) of Crystal's lines of business:

| Oil & Gas Exploration and Production | 1969 | 1970 | 1971 | 1972 | 1973 |
|---|---|---|---|---|---|
| Revenues | 66% | 50% | 17% | 9% | 6% |
| Income (Loss) | (66%) | 88% | 73% | 64% | 8%* |
| **Marketing of Petroleum Products** | | | | | |
| Revenues | 34% | 41% | 63% | 76% | 70% |
| Income (Loss) | (34%) | 9% | 16% | 10% | 68% |
| **Refining & Processing** | | | | | |
| Revenues | 0% | 9% | 20% | 15% | 24% |
| Income (Loss) | 0% | 3% | 11% | 26% | 24% |

*Producing lease abandonments not included.

## OIL AND GAS EXPLORATION AND PRODUCTION

As of December 31, 1973, Crystal owned 110 gross (67 net) producing gas wells and 404 gross (310 net) producing oil wells, on approximately 67,288 gross (45,134 net) acres located in 4 states in southern and southwestern United States. Crystal's working and royalty interests in non-producing or undeveloped oil and gas properties at the same date aggregated approximately 103,324 gross (70,539 net) acres located in 6 states, of which approximately 6,008 gross (4,732 net) acres located in 2 states were held by production by others.

Crystal acquires oil and gas exploration rights in areas of interest, conducts geophysical and geological exploration and, where appropriate, drills exploratory wells. After Crystal makes a discovery, it completes the exploratory test as a producing well and thereafter drills such additional wells as may be desirable to develop the discovered reserves.

### DEVELOPED OIL AND GAS PROPERTIES

The following table sets forth information as of December 31, 1973, concerning Crystal's leasehold interests in those properties which were developed (i.e. producing oil and/or gas in commercial quantities):

| | Producing Acreage | | Producing Wells | |
|---|---|---|---|---|
| | Gross(1) | Net(1) | Gross(2) | Net(2) |
| Arkansas | 399 | 279 | 37 | 28 |
| Louisiana | 30,172 | 21,046 | 208 | 115 |
| Mississippi | 2,671 | 1,782 | 5 | 3 |
| Texas | 34,046 | 22,027 | 264 | 231 |
| Total Leasehold Interests | 67,288 | 45,134 | 514 | 377 |

(1) The oil and gas interests owned by Crystal are in some instances fractional parts of the total acreage covered. Gross acreage refers to all acreage in which Crystal has any interest and net acreage reflects Crystal's proportionate leasehold interest in the gross acreage.

(2) Crystal owns only a fractional part of many of the wells. The gross wells refer to all wells located on the properties, and the net wells reflect Crystal's proportionate working interest in the gross wells.

**Royalty Interests**

Crystal also owns fractional royalty interests in approximately 4,432 gross (3,408 net) acres in Arkansas, Louisiana and Texas. Crystal's revenues from these interests amounted to approximately $87,658 for the fiscal year ended December 31, 1973.

**Sales of Crude Oil and Natural Gas**

Crystal's net working interest and royalty interest in volume of sales of oil, condensate and gas for the past five years ending December 31, 1973, were as follows:

| | Net Working Interest | | Royalty Interest | | Total | |
|---|---|---|---|---|---|---|
| | Barrels of Oil and Condensate | MCF of Gas | Barrels of Oil and Condensate | MCF of Gas | Barrels of Oil and Condensate | MCF of Gas |
| 1973 ..... | 983,184 | 5,686,674 | 22,206 | 54,606 | 1,005,390 | 5,741,280 |
| 1972 ..... | 1,197,809 | 7,072,686 | 15,291 | 41,381 | 1,213,100 | 7,114,067 |
| 1971 ..... | 1,172,940 | 5,802,009 | 20,367 | 56,123 | 1,193,307 | 5,858,132 |
| 1970 ..... | 1,143,799 | 6,290,557 | 18,778 | 38,494 | 1,161,577 | 6,329,051 |
| 1969 ..... | 954,804 | 6,587,230 | 17,412 | 31,802 | 972,216 | 6,619,032 |

Crystal's crude oil and condensate are sold to various purchasers located throughout Crystal's operating area at posted prices. These posted prices change from time to time and are affected by market conditions and competition among purchasers and producers and are presently limited by price control regulations. The weighted average posted price received by Crystal for oil and condensate during the year ended December 31, 1973, was $4.19 per barrel. During 1973 Crystal's four largest purchasers accounted for approximately 29.3%, 21.2%, 19.6% and 13.1% of Crystal's revenues from crude oil and condensate sales.

At present Crystal's crude oil is sold at prices ranging from $4.71 to $10.15 per barrel. Pursuant to recent Federal regulations, crude oil produced and sold is classified as "old", "new", "released" and "stripper" in accordance with defined production history. In December 1973, Crystal produced 45,950 barrels of "old" oil at prices ranging from $4.71 to $5.35; 5,112 barrels of "new" and "released" oil at prices ranging from $9.51 to $10.15; and 25,463 barrels of "stripper" oil at prices ranging from $9.51 to $10.15. The quantities of "old", "new", "released" and "stripper" oil will change from month to month. See "Competition and Regulation".

Of Crystal's total gas production, approximately 56% is sold for resale in interstate commerce. During 1973 five purchasers accounted for about 19.3%, 18.1%, 17%, 13.8% and 10.5% of Crystal's revenues from sales of natural gas. Sales to these purchasers are made under long-term contracts expiring at various dates from 1974 to 1992 at prices which range from 13.55¢ to 45¢ per Mcf. The remainder of the gas produced by Crystal is purchased by various gas companies at varying, and in some instances lower, prices. The weighted average price presently being received under all gas contracts is 20.6¢ per Mcf.

Under Crystal's sale arrangements for natural gas, it has the right to take in kind its share of refined liquids at various processing facilities, which permits Crystal to supply, through exchanges, approximately 20% of its southeastern United States gasoline marketing requirements at approximately 2¢ below normal wholesale contract purchase prices.

**Principal Producing Properties**

The following is a brief description of each of Crystal's principal producing properties which contributed more than 10% of Crystal's oil and gas sales during the year ended December 31, 1973.

*Shongaloo Field:* The Shongaloo Field is located in Webster Parish, Louisiana. Crystal owns an interest in and operates 43 wells in this field area. Of these, 14 produce primarily from the Pettet zone at approximately 5,600 feet and are unitized into two secondary recovery units for carrying on water flood operations. Crystal is the operator of each unit. Crystal's interest is approximately 89% of the working interest (about a 72% revenue interest) in these water flood properties. In addition to these shallow oil producing zones, shallow gas production is also obtained in the Kilpatrick formation at 4,600 feet in two wells in the field.



RAM01619

Development beginning early in 1972 resulted in completion of 5 deep wells in the Cotton Valley formation with 3 dual Sexton-Taylor completions, one single Taylor completion and one single Sexton completion by year-end 1973. These formations occur at depths of approximately 8,900 to 9,300 feet.

Crystal's interest in these properties yielded $823,140 of revenues during 1973, which represented 16% of total oil and gas revenues for the year.

*Lisbon Field Area:* Within this field Crystal operates one water flood unit having 69 wells and owns interests in 10 completed gas wells and 5 other completed oil wells. The water flood operation is confined to the Pettet zone at 5,500 feet depth. Much of the gas production is from the prolific deep Smackover formation which is rich in condensate, while the other gas completions are in the Hosston and Cotton Valley formations at depths varying from 6,000 to 9,000 feet. Crystal's interest in these properties yielded $580,831 of revenues during 1973, constituting 11% of the oil and gas revenues for the year.

**Drilling Activities**

As a result of a shortage of working capital the drilling activities of Crystal during 1973 were on a limited basis. Crystal plans to substantially expand both its development and exploratory drilling activities during 1974 out of funds generated from internal operations. Since Crystal owns no drilling rigs and conducts its drilling activities through independent drilling contractors, Crystal's drilling activities are subject to the availability of rigs and tubular goods which are presently in short supply. No assurance can be given that Crystal will generate the necessary funds or obtain the equipment necessary to complete its 1974 drilling program, or that, if complete, such drilling activities will be successful. Crystal participated in the following drilling activities during the periods set forth below:

| Development Wells | Number Wells Participated In By Crystal | | Working Interest Completions | | | | | | Drilled on Crystal's Minerals or Leases By Others* | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Oil | | Gas | | Dry | | | | |
| Period | Gross | Net | Gross | Net | Gross | Net | Gross | Net | Oil | Gas | Dry |
| 1969 | 30 | 23.3 | 21 | 19.7 | 3 | 1.4 | 6 | 2.2 | — | — | — |
| 1970 | 12 | 4.6 | 9 | 3.6 | 1 | .1 | 2 | .9 | — | — | — |
| 1971 | 14 | 9.3 | 9 | 5.4 | 1 | 1.0 | 4 | 2.9 | 2 | — | — |
| 1972 | 31 | 17.3 | 25 | 13.6 | 5 | 3.5 | 1 | .2 | — | — | 1 |
| 1973 | 2 | 1.0 | 1 | .8 | 1 | .2 | — | — | — | — | — |

| Exploratory Wells | Number Wells Participated In By Crystal | | Working Interest Completions | | | | | | Drilled on Crystal's Minerals or Leases By Others* | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Oil | | Gas | | Dry | | | | |
| Period | Gross | Net | Gross | Net | Gross | Net | Gross | Net | Oil | Gas | Dry |
| 1969 | 29 | 16.5 | 3 | 1.9 | — | — | 26 | 14.6 | — | — | 3 |
| 1970 | 8 | 4.2 | — | — | 1 | .5 | 7 | 3.7 | — | — | 2 |
| 1971 | 1 | .8 | — | — | — | — | 1 | .8 | — | — | 2 |
| 1972 | 7 | 3.3 | 1 | .7 | 1 | .7 | 5 | 1.9 | — | 1 | 2 |
| 1973 | 6 | 3.4 | — | — | 2 | 1.4 | 4 | 2.0 | — | 1 | 1 |

* No net wells are shown under this category since Crystal held only overriding royalty or royalty interests and owned no working interest in the wells.



RAM01620

## UNDEVELOPED PROPERTIES

As of December 31, 1973, Crystal owned or held under lease the following undeveloped oil and gas properties (i.e., properties on which there was no production):

| | Non-Producing Acreage | |
|---|---|---|
| | Gross | Net |
| Leasehold Interests: | | |
| Arkansas | 3,172 | 1,933 |
| Kentucky | 3,434 | 1,702 |
| Louisiana | 18,418 | 13,334 |
| Montana | 640 | 310 |
| Texas | 61,093 | 36,749 |
| Wyoming | 16,567 | 16,511 |
| Total Leasehold Interests(1) | 103,324 | 70,539 |
| Mineral Interests (all in Louisiana): | | |
| Total Mineral Interests(2) | 28,603 | 15,196 |

(1) The leases related to the leasehold interests listed above provide for specific terms and as long thereafter as oil or gas is produced therefrom in paying quantities. In the absence of production these leases will expire at various dates from 1974 through 1980.

(2) In Louisiana mineral interests revert to the surface owner ten years after date of their severance from the ownership of the surface, which period is subject to extension by drilling and/or production. Crystal's ownership of the bulk of its minerals in Louisiana, if not extended, will terminate at various dates from 1974 through 1977. During the past five years there has been no significant income attributable to these minerals.

## INTERNATIONAL OPERATIONS

On January 8, 1974, Crystal entered into a concession agreement with The Ruler of Sharjah granting to Crystal certain rights for exploration, production, refining and selling of oil and gas in the Emirate of Sharjah, which borders on the East end of the Arabian Gulf. Sharjah did not participate in the recent embargo on exports of crude oil to the United States. The concession consists of a 100% working interest in 541,000 on-shore acres and the agreement provides for a ⅛ royalty interest to the government of Sharjah as well as certain expenditure requirements and acreage relinquishment provisions. Crystal is actively seeking a participant in this project and is conducting geophysical work to determine the oil potential of the area.

During 1973 Crystal forfeited an option for an exploration concession covering approximately 1,000,000 acres in the offshore area of the Republic of Liberia, after extensive geological and geophysical studies determined that no further development was warranted.

## OIL AND GAS RESERVES

TerraMar Consultants, Independent Petroleum Engineers of Dallas, Texas, a division of SEDCO, has estimated the future net revenue, present worth of future net revenue (discounted at 8% over



RAM01621

the 15-year estimated life of the reserves) and the reserves of crude oil and condensate and of natural gas as of December 31, 1973 attributable to Crystal's producing properties to be as follows:

| | Net Future Recoverable Hydrocarbons | | Future Net Revenue(3) | Discounted Future Net Revenue |
|---|---|---|---|---|
| | Oil/Con.-Bbls. | Gas-MMcf | | |
| Proved(1) | 4,213,014 | 27,181 | $29,648,227 | $18,908,164 |
| Probable(2) | 1,916,302 | 3,194 | 6,903,903 | 5,263,145 |
| Total | 6,129,316 | 30,375 | $36,552,130 | $24,171,309 |

(1) Proven recoverable reserves are the quantity of hydrocarbons which analysis of engineering and geological data assures to a high degree of certainty to be recoverable for commercial production under existing economic and operating conditions from oil and gas reservoirs determined by reason of actual completion, successful testing or secondary recovery operations. Net proven recoverable reserves are that portion of the proven reserves attributable to Crystal's interest in the properties.

(2) Probable recoverable reserves are defined by less well control than proven reserves but are based upon evidence of producible oil or gas within the limits of a structure or reservoir above known or inferred water saturation. Included in this category are certain reserves which may be recovered by secondary recovery operations to be instituted in the future or the successful reworking of temporarily abandoned wells.

(3) The prices used in determining future net revenue over the estimated life of the properties were $6.88 per barrel for oil and $.21 per Mcf for gas, which were Crystal's average selling prices as of December 31, 1973. The costs of production used were $1.41 per barrel for oil and $.07 per Mcf for gas, which were Crystal's average costs of production, excluding drilling costs and general and administrative expenses as of December 31, 1973. The determination of future net revenues based upon such prices is not a projection of expected revenues at prices which may be obtained over the estimated life of the reserves, but is an estimate of the present value of such reserves. The price received is a very significant factor in the determination of reserves and future net revenue from the Crystal properties, and is subject to fluctuation over the estimated life of the reserves.

The TerraMar report has been filed by Crystal as an exhibit to its Registration Statement (see "Registration Statement") and copies of the report will be furnished to stockholders of Rico or Crystal upon written request to Rico or Crystal, respectively.

**Character of Ownership of Properties**

Crystal believes that it has generally satisfactory title to its properties. Its oil and gas properties are subject to customary interests and burdens, including overriding royalties and a production payment. Substantially all of property, plant and equipment of Crystal are mortgaged to secure indebtedness. Crystal's properties are also subject to liens and other provisions of operating agreements, and minor encumbrances, easements and restrictions, and in certain instances liens for current taxes, none of which materially detracts from the value of such properties and Crystal's interest therein, or materially interferes with their use in the operation of Crystal's business. Crystal believes that it uses methods of investigating title to its producing properties which are consistent with good practices, that it engages in practices customary in the oil and gas business in connection with the acquisition of such properties and that such practices are adequately designed to enable it to acquire good title to such properties. As is customary in the oil and gas industry, in the case of nonproducing properties, little or no investigation of title is made at the time of acquisition; however, normally investigation is made and title is determined to be satisfactory before drilling is commenced.



RAM01622

## MARKETING OF PETROLEUM PRODUCTS

As of December 31, 1973 Crystal and its subsidiaries operated directly or through independent contractors an aggregate of approximately 230 retail gasoline or service stations, including 82 stations under the "Crystal" name in Louisiana, Alabama, Mississippi, Georgia and Florida; 76 stations under the "Tulsa" name in Michigan and Ohio; 46 stations under the "Stone" name in Georgia; and 26 stations under the "Mo Jo" name in Florida, Alabama and Georgia. Approximately 40 of the Tulsa stations are located in the Detroit area, and accordingly, market conditions in that city have a significant impact upon Crystal's marketing activities. During 1973, Crystal closed 77 marginal or unprofitable stations and diverted the gasoline supplies to more profitable stations. It is anticipated that, in view of increased demand and higher gasoline prices, many of such stations can be profitably re-opened or sub-leased during 1974 or otherwise utilized without significant economic loss to Crystal.

Crystal owns in fee, directly or through its subsidiaries, approximately 109 of its service stations. The remainder are located on leased premises. Except for one month-to-month lease, these leases have terms expiring at various dates from 1974 to 1984, and many of them grant the lessee an option to renew for additional periods.

Crystal's policy is to sell gasoline, diesel, motor oil and, in some cases, small automotive accessories at prices intended (under normal conditions) to be lower than those charged by competing major brand service stations which offer a wider range of products and services. However, as a result of current conditions in the petroleum industry, Crystal is able to sell all petroleum products at higher but regulated prices allowed by the Federal Energy Office, in most instances equal to or higher than the prices being charged by the majors. (See "Competition and Regulation").

Crystal purchases approximately 50% of its sales volume requirements for gasoline and diesel from various independent and major oil companies, while the remaining 50% is supplied by Crystal primarily through exchanges of its crude, liquified petroleum gas production, and a limited amount of refined products from Crystal's refineries. This arrangement is the result of the Federal Energy Office refinery allocation regulations requiring Crystal to supply refined products to its 1972 customers; otherwise, Crystal could probably utilize its refinery production to meet its own marketing requirements at present sales volumes.

No single customer or group of customers accounts for a significant portion of Crystal's retail marketing operation.

The following table sets forth information concerning gasoline sales by service stations operated by Crystal during each of the last five fiscal years, reflecting sales only from respective dates of acquisitions (see Note 1 — Notes to Statement of Consolidated Operations — Crystal).

| Year Ended December 31 | Gallons of Gasoline Sold | Average Gallons Per Station Per Month(1) | Number of Stations Operating at Year-End |
|---|---|---|---|
| 1969 | 4,645,636 | 16,474 | 26 |
| 1970 | 8,404,259 | 24,046 | 34 |
| 1971 | 46,303,577 | 42,440 | 219 |
| 1972 | 119,783,557 | 36,631 | 331 |
| 1973 | 134,209,468 | 36,453 | 230 |

(1) Based upon the weighted average number of stations operated by Crystal during each year.



RAM01623

Crystal also began selling gasoline in significant quantities on a wholesale basis after the acquisition of two subsidiaries during 1972. The total number of gallons of gasoline and other petroleum fuel sold on a wholesale basis by Crystal is as follows:

| | Gallons of Gasoline Sold |
|---|---|
| 1972 (6 months) | 31,026,212 |
| 1973 | 75,032,040 |
| 1974 (1st Quarter) | 15,497,263 |

The environmental regulations affecting the lead content of gasoline products have been relaxed due to the energy crisis and it is anticipated that no-lead or low-lead requirements will be further delayed. However, should Environmental Protection Agency requirements become effective it is the opinion of Crystal's management that adequate supplies meeting such requirements can be obtained through presently available sources of supply.

## REFINING AND PROCESSING OF PETROLEUM PRODUCTS

### Refining and Gasoline Blending

Crystal owns and presently operates three refineries in the United States, presently capable of processing a total of 16,000 barrels of crude oil per day. These refineries and their present daily capacities and refinery runs, expressed as percentages of rated daily capacity were as follows for the periods indicated:

| Location | Capacity | 1973 | 1974 (1st Quarter) |
|---|---|---|---|
| Stephens, Arkansas | 3,500 | 76% | 85% |
| Longview, Texas | 7,500 | 68% (1) | 68% |
| LaBlanca, Texas | 5,000 | 74% (2) | 77% |

(1) Includes only figures for November and December, the period since acquisition by Crystal.

(2) Includes only figures for December, the period since acquisition by Crystal.

The following table shows in barrels crude oil processed and refined products manufactured at Crystal's refineries during 1973 (including only the periods since acquisition with respect to the refineries located at Longview and LaBlanca, Texas) and for the first quarter of 1974:

| | 1973 | 1974 (1st Quarter) |
|---|---|---|
| Crude Oil Run | 1,384,447 | 1,056,384 |
| Refined Products | | |
| Gasoline(1) | 1,019,388 | 592,657 |
| Light Naphtha | 51,891 | 40,687 |
| Jet Fuel (Military grade) | 150,328 | 255,762 |
| Pilot Oil | 53,493 | 3,120 |
| Diesel Fuel | 252,654 | 143,817 |
| Kerosene | 3,058 | 3,578 |
| Fuel Oil | 7,950 | — |
| Propane-butane mix | 797 | 3,332 |
| Residual Fuel | 45,017 | 95,236 |
| Wax Distillate | 291,573 | 71,625 |
| Asphalt(2) | 323,601 | 74,806 |

(1) Includes production from the blending plant owned and operated by Crystal at Panama City, Florida and purchased blending agents for refineries and the blending plant.

(2) Includes asphalt specialties manufactured at a plant owned and operated by Crystal located in Memphis, Tennessee.



RAM01624

In December 1973, Crystal acquired the refinery and related assets of R. J. Oil & Refining Company in Princeton, Indiana. This refinery has not been operated for approximately the past three years; however, the refinery is presently being reworked at an estimated cost of approximately $700,000, and it is anticipated that it will be operational in June 1974, having a capacity of 4,300 barrels per day. In addition, the Princeton refinery is being expanded to 7,700 barrels per day at an estimated cost of $500,000.

Crystal is presently expanding the Longview refinery to 11,500 barrels per day at an estimated cost of $2,400,000 and is considering the expansion of the LaBlanca refinery to 7,000 barrels per day at an estimated cost of $1,300,000. Upon completion of the current and planned expansion, the four refineries would be capable of processing a total of 29,700 barrels per day.

Crystal is presently able to supply approximately 30% of its requirements for crude oil and blend stocks from its own production of crude oil and natural gas liquids or exchange of its own production for the crude oil and petroleum products of others. The remaining 70% of its requirements are being purchased from other sources. The Permian Corporation supplies 5,000 barrels of crude oil per day to the Longview refinery under a ten-year contract which expires in 1979, and a minimum of 2,000 barrels per day to the LaBlanca refinery under a month-to-month contract, with a provision for additional crude, if available. Currently, the LaBlanca refinery is receiving approximately 4,000 barrels per day under the contract. Crystal has been granted federal offshore royalty oil in the amounts of 1,060 barrels per day to supply the refinery at Longview, 1,060 barrels per day to supply the refinery at LaBlanca and 835 barrels per day to supply the refinery at Stephens. All grants provide for 30-month periods commencing as of March 1, 1974, with respect to the Longview and LaBlanca refineries, and July 12, 1973, with respect to the Stephens refinery. Crystal has applied for federal royalty oil for its refinery at Princeton. Additionally, application has been made for an import quota amounting to 1,836,550 barrels in the year from May 1974, through April 1975, inclusive.

The asphalt from the Stephens refinery is sold primarily under a firm contract to one purchaser. The jet fuel is being sold to the United States Armed Forces under a conventional six-month contract and as directed pursuant to Federal Energy Office orders and allocation regulations. Some of the gasoline produced at the refineries in Longview and LaBlanca is exchanged with others, under contract, to provide gasoline and diesel in other areas for marketing facilities of Crystal.

In January 1973, Crystal completed a gasoline blending plant at Panama City, Florida. This plant blends raw materials consisting of natural gasoline, reformates and other high-octane components, butane and lead to obtain motor vehicle gasoline of both "premium" and "regular" grades. The daily capacity of this plant is approximately 6,000 barrels and during 1973 and the first quarter of 1974 it processed an average of 2,400 barrels and 3,520 barrels, respectively, per day. By utilizing gasoline from the blending plant, Crystal is able to supply a major portion of its requirements for retail and wholesale marketing in the southeastern United States.

**Natural Gas Processing**

Crystal also processes natural gas to recover hydrocarbon components at a plant in Cameron Parish, Louisiana, which was constructed in April 1972. The plant has a daily capacity of approximately 80 million cubic feet (MMcf) and during 1973 and the first two months of 1974 processed an average of 72.5 and 58 MMcf, respectively, per day.

Crystal extracts liquid hydrocarbons from natural gas streams obtained primarily from five unaffiliated suppliers under contracts expiring in various years from 1987 to 1990. Approximately 65% of the liquid hydrocarbons are retained by Crystal as its processing fee and sold under annual contracts expiring in April of each year based upon the highest bid obtainable. The most recent contract expired in April 1974, and a new one-year contract has been negotiated for the ensuing year, taking into account requirements of the Federal Energy Office allocation and price program. (See "Competition and Regulation").



RAM01625

## COMPETITION AND REGULATION

The oil and gas industry is highly competitive both in the search for and acquisition of additional reserves and in the refining and marketing of oil and gas. Competitors of Crystal include the major oil companies, independent oil and gas concerns, and individual producers and operators, as well as major pipeline companies. There is also competition with other industries in supplying the energy and fuel needs of consumers.

### Industry

Crystal is one of a number of petroleum companies known as "independents". This is a loosely defined category which generally refers to companies not included by size in the first 20 to 25 oil companies, which are known as "majors". Because of their greater financial resources and sources of supply, major oil companies can better sustain their operations in the face of supply shortages, governmental restrictions of prices and profits and other adverse economic conditions. Most independents confine their operations to production or gasoline marketing or refining. However, unlike most independents, Crystal is an integrated company, producing some of its own crude oil and refined gasoline and other petroleum products, as well as conducting substantial marketing activities.

It is estimated that approximately 25% of all gasoline sold at the retail level in the U.S. during the first half of 1972 was by independents. However, only about 10% of the total U.S. refining capacity is controlled by independents; thus most independents rely to a large extent on outside purchases from the majors. The independents' market share increased to approximately 25% from between 12% to 15% a decade ago with the greatest increase having occurred during the five years ending December 31, 1972, when there was substantial excess refining capacity in the U.S. Excess capacity caused the majors to sell refined product to independents at low prices in order to gain economies of scale for their refineries by maximizing utilization. Low prices gave the independents wide margins with which to enter retail markets and discount heavily against the majors' own sales networks at a time when consumers were becoming more cost conscious and were paying less attention to brand names. Thus independents were able to increase their volume of sales relative to sales by the majors.

### The Energy Crisis

Since late in the first quarter of 1973 the situation has changed in several important respects. Crude oil is in short supply and most independent refiners are experiencing difficulty in purchasing crude oil unless the refined products are dedicated to the seller; and all independents are experiencing difficulty in purchasing refined petrolum products. Moreover, many refiners are reluctant to sell refined products for cash (except to retailers or at retail), preferring instead to exchange finished products for crude oil or other products. This has already caused severe shortages of gasoline and other products for a number of independents who do not have their own supplies, and some observers expect the situation to worsen for both the majors and independents. To the extent permitted by current regulations and contractual supply arrangements major oil companies will seek to dedicate crude oil production to their own refineries and distribute refined products to their own marketing facilities before making any sales to independents. As an independent oil company, Crystal experienced some shortages of crude during 1973 and in the first quarter of 1974, but is now running its refineries nearer capacity due to increased supplies and the operation of the federal crude oil allocation program.

As a result of the shortages of crude, the volume of sales of gasoline and other petroleum products for independents and majors has fallen substantially over the last twelve months. Many independents have substantially curtailed their marketing activities in many states. While many independents' sales volumes have decreased, Crystal's sales volumes have increased in the last year notwithstanding that Crystal closed a number of its marginal or unprofitable retail service stations in 1973. Crystal does not contemplate substantial additional curtailment of its marketing operations, and in the last two months has increased its sales to retail marketers as supplies have increased.



RAM01626

The result of the petroleum product shortages, which was to be expected, has been a continued rise in crude oil prices and retail and wholesale gasoline prices which should benefit the majors as well as those independents which can obtain product supply.

**Petroleum Allocation**

Under the Emergency Petroleum Allocation Act of 1973, the Federal Energy Office ("FEO"), in response to the national energy shortage, issued mandatory allocation regulations which are intended to allocate equitably both domestic and imported crude oil, residual fuel oil and refined petroleum products among all refiners, independent marketers and all other users on a modified pro rata basis. Crystal expects the mandatory petroleum allocation regulations may have the effect of providing an assured but inadequate supply of crude oil to its refinery operations, although the amount of such crude oil will be dependent on the estimated supply of crude oil to the nation as well as the capacity of its refineries. At present Crystal does not rely on substantial FEO allocations to supply its refineries; however, the regulation perpetuating supply arrangements in effect on December 1, 1973, is important in assuring continuance of existing supply. Since Crystal's refineries are currently undergoing an expansion program, Crystal believes this expansion, when completed, will also have the effect of providing increased supply of crude to the refineries for so long as the allocation regulations are in effect in their present form. Crystal does not produce sufficient crude oil to meet its refinery requirements and therefore supplements its own production through purchases and exchanges of substantial quantities of crude oil from other producers. See "Business and Properties of Crystal — Refining and Processing of Petroleum Products".

The FEO regulations also govern the allocation of gasoline by refiners and suppliers at the wholesale level. Suppliers are required to allocate gasoline at the wholesale level to those purchasers supplied during calendar 1972 on a system of priorities which puts operators of service stations last. Under the FEO allocation and contractual arrangements most of Crystal's refined products are sold to others. Due to crude oil shortages and FEO allocation regulations during the first part of 1974 Crystal's refineries and blending plant were able to supply only 65% of the purchases of some purchasers. However, presently Crystal is supplying close to 100% of those purchase requirements.

New regulations to become effective June 1, 1974 are not expected to have any substantial impact upon the present operations of Crystal. Proposed revisions to the crude oil allocations, if adopted, would not increase crude oil allocations with increases in capacity. However, there has been a substantial delay in the issuance of these regulations and Crystal is unable to predict the nature of such changes or the effect thereof upon its operations.

**Allocation and Price Stabilization**

Prior to enactment of the Emergency Petroleum Allocation Act of 1973 in November 1973, oil companies were subject to regulation under the Economic Stabilization Act of 1970, as amended. Effective December 26, 1973, regulation of the prices of petroleum products was delegated to the FEO. Presently effective FEO regulations restrict the prices which Crystal may charge for sales of crude oil and refined products at wholesale and retail and the persons to whom sales may be made at wholesale. Wages and salaries paid by Crystal to certain of its employees were subject to regulation under the Stabiliziation Act until it expired on April 30, 1974. Voluntary restraints were also in effect until April 30, 1974, with respect to compensation payable to other employees and dividends paid to its stockholders.

Rules for crude oil producers adopted by the FEO established a "ceiling price" of a maximum of $1.35 per barrel over the May 15, 1973 posted price from a given field which can be received upon the sale of "old crude". In addition, "new crude", "released crude", and "stripper crude" as defined in the FEO's regulations, can be sold at the free market price. See "Business and Properties of Crystal — Oil and Gas Exploration and Production."



RAM01627

As a part of a national audit of cost, price, profit and supply records of refineries, regulatory authorities have been conducting an investigation of U. S. refineries including refineries operated by subsidiaries of Crystal in order to determine the degree of compliance with price control regulations. Such investigations have not revealed any material violations for any period prior to December 31, 1973.

Preliminary investigations by Crystal have indicated that a refining subsidiary of Crystal may have received revenues on some products in January 1974 in excess of those allowable under the price control regulations. On the other hand, other refining subsidiaries of Crystal may have undercharged for some products during the same period. No administrative determination has yet been made. However, Crystal believes that the aggregate overcharges for January 1974 should not be determined to be more than $400,000 and the undercharges for the same period should be at least $100,000. Accordingly, assuming that competitive conditions will permit future prices to be raised sufficiently to recover the undercharges, the net excessive revenues should not be more than $300,000, for the month of January 1974.

In determining its prices Crystal has matched current costs each month with anticipated current revenues, in accordance with generally accepted accounting principles. Regulations in effect since late 1973 have, however, directed that prices be determined by comparing expected revenues with costs incurred for the previous month. On February 22, 1974, Crystal requested an exception to permit it to follow its present method of determining prices. On May 6, 1974, the FEO denied the exception request without prejudice. Crystal is presently preparing an appeal to the FEO ruling and plans to submit additional evidence that the regulations, as thus interpreted, result in serious hardship and inequity to Crystal. It is anticipated that the appeal will be filed on or about June 7, 1974. The FEO interpretation, if sustained, however, could result in the determination of substantial overcharges for prior periods in addition to those set forth above. However, no such determination has been made, and Crystal cannot presently predict the effect which such ruling may have on its pricing practices. In any event under present regulations, it would appear that a determination that revenues were excessive for any prior period would result only in a corresponding reduction in revenues allowable in future periods.

Crystal's retail gasoline marketing outlets are permitted to increase prices above the price charged on May 15, 1973 only on a dollar-for-dollar basis to reflect increased costs of refined products with the exception of a $.02 and $.01 increase per gallon in the retail pump price of gasoline which were allowed effective March 1, 1974, and April 1, 1974, respectively. Because of their lower product costs the major oil companies have not raised their pump prices as rapidly as the independents. As a result, under the competitive conditions existing in some marketing areas Crystal's stations are unable to raise gasoline prices as much as would otherwise be permitted under the regulations; and accordingly Crystal cannot raise its wholesale prices to these stations to maintain the profit margin that would be permitted under the regulations.

Crystal believes that it is either in compliance or in the process of complying with all applicable price control regulations without any material cost or significant impact upon its operations, except as noted above. However, regulation in this area is in the process of development and changes in standards of enforcement of existing regulations as well as the enactment and enforcement of new legislation may impose upon Crystal restrictions which could have a significant impact upon its operations or profitability.

**Environmental and Other Regulation**

Most jurisdictions in which Crystal conducts or may conduct oil and gas activities regulate the production of oil and natural gas, including the method of developing new fields, the fixing of maximum daily production allowable from both oil and gas wells on a market demand or conservation basis, and the operation of wells. As a result of present domestic crude oil shortages, there has been no limit on allowable daily production on the basis of market demand since mid-1972, although at some locations production continues to be regulated for conservation purposes.



RAM01628

Crystal and its operating subsidiaries are subject to local, state and Federal regulation with regard to air pollution, water quality and other conservation and environmental matters. Crystal believes that it is in substantial compliance or will be able to comply with such regulations without any material cost or significant impact upon its operations.

The production, sale and processing of natural gas by Crystal is subject to regulations by the Federal Power Commission ("FPC") under the Natural Gas Act. The principal impact of such regulation upon Crystal is the regulation of the price that Crystal may receive for natural gas produced and sold for resale in interstate commerce.

Numerous other proposals have been introduced in Congress which, if adopted, might have an effect on Crystal's operations. Such bills propose, among other things, the imposition of a "windfall profit" tax or price rollback on "new," "released" and "stripper" crude, Federal regulation of all gas (including that sold in intrastate commerce), creation of a Federal gas exploration company and total or partial deregulation of gas sold in interstate commerce. Crystal cannot determine if any proposed legislation will be adopted, or the effect on Crystal's operations of any legislation which might be adopted.

## LITIGATION

On March 14, 1973, there was filed in the United States District Court for the Middle District of Georgia, Albany Division, the cause styled *Patrick A. Malcolm d/b/a Spar Oil Company and Spar Oil Company of Georgia* v. *Stone's Independent Oil Company, et al.* Crystal and two of its subsidiaries, Stone's Independent Oil Company and Hi-Octane Terminal Company, are three of thirteen major and independent oil companies named as defendants in the petition, which alleges (i) conspiracy to fix or affect the retail price of gasoline sold by "independent" dealers, (ii) a concerted refusal to supply gasoline to the plaintiffs and (iii) attempts to monopolize the "independent" retail marketing of gasoline in certain of the southeastern United States. Damages of $288,000, exclusive of interest, cost and attorneys' fees, subject to being trebled if the suit is successful, have been alleged. A Motion to Dismiss for lack of venue has been filed on behalf of Crystal but has not been ruled upon. Depositions and other discovery procedures are currently being conducted, and based upon investigation to date, Butler, Binion, Rice, Cook & Knapp, Houston, Texas, counsel to Crystal, is of the opinion that the plaintiffs cannot successfully prove damages in an amount which would have a material effect upon Crystal or its subsidiaries. Moreover, in March 1974, consent judgments in the aggregate amount of approximately $113,000.00 were entered in favor of two Crystal subsidiaries in two separate suits filed by Crystal subsidiaries against the plaintiffs in the above described action, for gasoline products sold to the plaintiffs on account. In connection with settlement of such suit, Patrick A. Malcolm, d/b/a, Spar Oil Company and Spar Oil Company of Georgia have delivered promissory notes payable to Crystal's subsidiaries aggregating approximately $113,000.00 and secured by certain real property.

Crystal is a defendant in a suit styled *Roger D. Stewart & Lawrence G. Edwards* v. *Crystal Oil Company*, filed in May 1972, in the District Court of Jim Wells County, Texas. The plaintiffs allege that Crystal converted gas being produced from certain subsurface horizons of one well alleged to be owned by the plaintiffs. Damages of in excess of $75,000 are alleged; however, the amount of damages in suits such as this would be based upon the amount and value of gas produced. Negotiations are currently being conducted toward settlement of this case but Crystal cannot predict the probable outcome of the settlement negotiations.

On December 27, 1973, a cause styled *W. R. (Bill) Shore d/b/a Shore Oil Products, et al.* v. *Longview Refining Company, Crystal Oil Company and Atlantic Richfield Company* was filed in the United States District Court for the Eastern District of Texas, Tyler Division, seeking a temporary injunction enjoining the defendants from curtailing the amount of sales to the plaintiffs, from making more than one price increase in any one month, from passing on increases in the price of crude, and from establishing certain credit terms. The complaint also seeks recovery of an unspecified amount of monetary damages. The complaint alleges certain violations of the Cost of Living Council's Phase IV price regulations and



RAM01629

the FEO's price and allocation regulations and certain anti-trust violations. Although the investigation of these allegations by Crystal's counsel is in the preliminary stages, it is counsel's opinion that, based upon information it has at the present time, this suit can be successfully defended, without any material adverse effect on Crystal or its subsidiary.

## MANAGEMENT AND EMPLOYEES OF CRYSTAL

### Directors

The present directors of Crystal together with two persons designated by Rico have been nominated by Crystal management for election to the Board of Directors at the forthcoming Annual Meeting of Stockholders of Crystal, and if elected, will constitute the Board of Directors of Crystal after the Merger. Certain information concerning such persons is set forth below:

| Present Directors | Director Since | Shares of Stock of Crystal Beneficially Owned as of March 1, 1974 | | Principal Occupation and All Present Positions with Crystal |
|---|---|---|---|---|
| | | Common | Preferred | |
| Robert F. Roberts ..... | 1963 | 530,628 | None | President of Crystal |
| E. M. Knight ..... | 1970 | 5,000 | None | Executive Vice President of Crystal |
| T. C. Davis ..... | 1966 | None | None | Senior Vice President of Crystal |
| R. I. Sewell ..... | 1966 | 250 | None | Vice President of Crystal |
| L. D. Morgan ..... | 1972 | 1,000 | None | Senior Vice President of Crystal |
| Frederick Lichtman .... | 1971 | 13,845 | 9,000 | Vice President of Crystal and President of Tulsa Oil Corporation, a subsidiary of Crystal |
| L. G. Caskey, Jr. ..... | 1965 | 130 | None | Secretary of Crystal |
| Richard H. Sucher .... | 1971 | None | 93,930 | Chairman of the Board of Directors of Pikes Peak Air Service, Inc., Colorado Springs, Colorado, a holding company whose operating subsidiary manufactures precision products |

| Rico Designees | Shares of Stock of Crystal to be Beneficially Owned Upon Consummation of the Merger (1) | | Principal Occupation |
|---|---|---|---|
| | Common | Preferred | |
| R. Gordon Bader ..... | 1,943 | None | President of Bonneville-On-The-Hill Company, Salt Lake City, Utah, a close corporation, holding investments in real estate and securities |
| James E. Hogle, Jr. .... | 9,004(2) | None | Vice President and Director of Bonneville-On-The-Hill Company |

(1) Does not include the 99,139 shares to be held by Bonneville-On-The-Hill Company, of which Messrs. Bader and Hogle are officers and directors.

(2) Does not include the 12,733 shares to be held by James E. Hogle, Jr. as custodian for his minor children and a niece.



RAM01630

Messrs. Roberts, Davis, Sewell and Caskey have held the above offices and have been directors of Crystal for more than five years.

E. M. Knight became Executive Vice President and Director of Crystal on February 1, 1970. For more than twenty years prior to joining Crystal, he was employed by Pan American Petroleum Corporation, the domestic producing and exploration affiliate of Standard Oil Company (Indiana). His last position with Pan American, which he held from 1955 until his affiliation with Crystal, was that of District Engineer.

L. D. Morgan became Vice President of Crystal in June 1972, and was elected to the Board of Directors in September 1972. Prior to his assuming office with Crystal, Mr. Morgan was Manager of Wholesale Marketing for Toro Petroleum Company, Baton Rouge, Louisiana, for one year, and from 1968 to 1971, was Vice President and General Manager of Howell Refining Company, San Antonio, Texas.

Frederick Lichtman was elected as a Director of Crystal in August 1971, and was elected as a Vice President during 1973. He is serving as President of Tulsa Oil Corporation, a subsidiary of Crystal, and as President of the Society of Independent Gasoline Marketers of America. For more than five years prior to 1971, he was principally employed as Vice President and general manager of Tulsa Oil Corporation.

Richard H. Sucher became a Director of Crystal in August 1971, following the acquisition of Tulsa Oil Corporation by Crystal. Since such time, he has been principally employed as Chairman of the Board of Directors of Pikes Peak Air Service, Inc., Colorado Springs, Colorado. For more than five years prior to 1971, he was principally employed as President of Tulsa Oil Corporation.

R. Gordon Bader has served as President and a director of Bonneville-On-The-Hill Company since November 1970. For several years prior to such time, Mr. Bader acted as a financial consultant to the Hogle family.

James E. Hogle, Jr. is presently serving as a Vice President and a director of both Rico and Bonneville-On-The-Hill Company, positions which he has held since November 1970. Mr. Hogle was a special partner and employee of Goodbody & Company for more than 2 years prior to November 1970.

**Other Officers**

Bryce Crider is the Treasurer of Crystal. Mr. Crider became associated with Crystal in January 1973. Prior to such time, Mr. Crider served as President of Berry Petroleum Company, a subsidiary of Crystal, from 1970 until 1972, and before that was Assistant Treasurer of Commonwealth United Corporation for several years.

**Employees**

As of December 31, 1973, Crystal and its subsidiaries employed 790 persons, including 9 officers, 34 persons engaged in general office work, 42 persons engaged in the exploration and production of oil and gas, 147 persons engaged in the refining and processing of petroleum products and 558 persons engaged in the marketing of petroleum products. In addition, approximately 143 independent dealers or licensees manage certain of the retail service stations. With the exception of 24 employees who belong to a labor union affiliated with the AFL-CIO and whose current contract expires in June 1974, and 7 employees of the Memphis, Tennessee, asphalt processing plant who are represented by the Oil, Chemical and Atomic Workers Union and whose contract expires in October 1974, no other employees are represented by a union.

Crystal considers its employee relations to be good; however, Crystal's employment practices have been the subject of a routine investigation recently conducted by the Federal Equal Employment



RAM01631

Opportunity Commission. As a result of that investigation a number of Crystal's hiring and employment practices will be changed, although the management of Crystal does not expect that such changes will have any material adverse effect upon its employee relations.

## REMUNERATION AND TRANSACTIONS WITH MANAGEMENT

### Direct Remuneration

The following tabulation shows, on an accrual basis, the aggregate direct remuneration paid for services in all capacities by Crystal and its subsidiaries during the fiscal year ended December 31, 1973, (i) to each director or officer of Crystal whose aggregate direct remuneration exceeded $40,000 and (ii) to all directors and officers of Crystal as a group:

| Name of Individual or Identity of Group | Capacities in Which Remuneration was Received | Direct Remuneration for 1973 |
|---|---|---|
| Robert F. Roberts | President and Director | $ 68,790 |
| E. M. Knight | Executive Vice President and Director | 45,910 |
| Frederick Lichtman | President of Tulsa Oil Corporation, a subsidiary of Crystal, and Director | 52,976 |
| Directors and Officers as a Group (9 persons) | | $314,774 |

Crystal is the beneficiary of two life insurance policies dated May 11, 1971 and April 13, 1972, respectively, in the face amount of $500,000 each, insuring the life of Robert F. Roberts. Crystal owns both policies and pays the premiums thereon aggregating $26,156 per year.

On February 8, 1974, Crystal entered into an agreement with Robert F. Roberts agreeing to pay the premiums on a life insurance policy in the face amount of $1,000,000 insuring the life of Mr. Roberts. A portion of each premium paid is treated as a non-interest bearing loan to Mr. Roberts and a portion is treated as compensation to him. Upon the death of Mr. Roberts, Crystal shall receive from the proceeds of such policy the full amount of Crystal's loans on the policy; the balance of the proceeds shall be paid to the beneficiary or beneficiaries designated by Mr. Roberts, or, if none is designated, to his estate. The annual premium is $36,242, of which approximately $8,292 will be treated as compensation to Mr. Roberts during the first policy year and the balance of $27,950 will constitute a non-interest bearing loan to Mr. Roberts.

Crystal also entered into an Employment and Deferred Compensation Agreement with Robert F. Roberts on February 8, 1974, providing that Mr. Roberts will continue to be employed with Crystal for a period of at least five years at an annual salary of $90,000 and restricting him from engaging in any other activities in competition with Crystal. In addition, upon retirement of Mr. Roberts, Crystal has agreed to make certain retirement payments to Mr. Roberts, or in the event of his death, to his widow for life, in an annual amount equal to one-half of the annual salary received by Mr. Roberts immediately prior to his retirement. The retirement payments may be funded in part from the cash values or proceeds of the insurance policies described above.

### Retirement Plan

Crystal adopted a Retirement Plan effective as of April 1, 1971. Participation in the Retirement Plan is optional, but is available to all full-time employees of Crystal who are at least thirty (but not more than sixty-five) years old and have been employees of Crystal for at least three years. The Retirement Plan provides for monthly payments at the "normal" retirement age of sixty-five, and



RAM01632

for early or late retirement under specified circumstances. There are also provisions for the payment of death benefits to the designated beneficiaries of participating employees who die prior to retirement. Benefits under the Retirement Plan are calculated under a formula set out therein which takes into account length of participation under the Retirement Plan and earnings during the participation period. There is no minimum level of benefits under the Retirement Plan. Participating employees contribute to the Retirement Plan a portion of their earnings determined as provided therein, and these contributions are matched by Crystal's contributions. Commencing in April 1974, Crystal will pay all contributions to the Retirement Plan, including the portion previously paid by the employee. During 1973, Crystal employes contributed an aggregate of $15,360 to the Retirement Plan with a matching contribution by Crystal.

The following table provides information concerning (A) contributions by Crystal during 1973 and (B) estimated annual retirement benefits payable under the Retirement Plan to (i) certain officers and directors named in the table under "Direct Remuneration" above and (ii) all officers and directors as a group:

| Name of Individual or Identity of Group | Crystal Contributions During 1973 | Estimated Annual Retirement Benefits (1) |
|---|---|---|
| Robert F. Roberts | $ 3,288 | $19,230 |
| E. M. Knight | $ 1,567 | $ 7,193 |
| Directors and Officers as a Group (5 persons) | $ 8,299 | $42,017 |

(1) Assuming retirement at age 65.

Tulsa Oil Corporation, a subsidiary of Crystal ("Tulsa"), maintains for its eligible employees a "Salaried Employees' Profit Sharing Plan" (the "Tulsa Plan") into which it pays a portion of its earnings in excess of $35,000 a year. Benefits are payable to a participating employee upon his death, retirement at age sixty or permanent disability. Mr. Frederick Lichtman, a director of Crystal, has been a participant in the Tulsa Plan for more than ten years. As of February 1, 1973 (the end of Tulsa's fiscal year 1972), the aggregate amount credited to his account was $74,031.53. Mr. Lichtman's account as of February 1, 1974, has not been determined. Likewise, benefits payable to Mr. Lichtman upon retirement cannot now be calculated, since future contributions by Tulsa, if any, cannot be predicted. No director of Crystal other than Mr. Lichtman is eligible to participate in the Tulsa Plan.

**Options to Purchase Crystal Common Stock**

The 1969 Qualified Stock Option Plan, as amended, of Crystal (the "Plan") as presently in effect provides for the granting from time to time to key employees and officers of Crystal and its subsidiaries of options to purchase an aggregate of 100,000 shares of Crystal Common Stock. Options granted under the Plan are intended to be "qualified stock options" as defined in Section 422 of the Internal Revenue Code of 1954, as amended. At March 1, 1974, options to purchase 70,150 shares of Crystal Common Stock at prices ranging from $6.1875 to $15.75 per share had been granted of which options covering 17,700 shares of Crystal Common Stock at prices ranging from $6.1875 to $7.0625 had been exercised.

The following table sets forth information concerning (A) unexercised options held by (i) any officer and director named in the table under "Direct Remuneration" above (Robert F. Roberts is ineligible to participate in the granting of options pursuant to the Plan because of the percentage of his ownership of the Common Stock of Crystal) and (ii) all directors and officers as a group as of



RAM01633

March 1, 1974, and (B) options exercised by such persons during 1973. All of such options were granted pursuant to the Plan.

| | E. M. Knight | All Officers and Directors as a Group |
|---|---|---|
| Unexercised as of March 1, 1974: | | |
| Number of Shares | 5,500 | 21,100 |
| Average option price per share | $6.44 | $10.26 |
| Exercised during 1973 through March 1, 1974: | | |
| Number of Shares | 4,000 | 5,000 |
| Average option price per share | $7.0625 | $7.025 |
| Aggregate market value of shares on date of exercise(1) | $64,750 | $81,625 |
| Granted during 1973 to March 1, 1974: | | |
| Number of Shares | 2,000 | 9,000 |
| Average option price per share | $6.875 | $6.375 |

(1) Based on the mean price on the American Stock Exchange on the date of exercise.

**Interest of Management in Certain Transactions**

During 1973, Mr. Roberts received royalties amounting to $5,898 from a 1/32 overriding royalty interest, owned by him for several years, in certain oil and gas properties in which Crystal now owns the working interest.

Prior to the acquisition of Tulsa Oil Corporation ("Tulsa") by Crystal in 1971, Tulsa entered into agreements pursuant to which it leases an aggregate of thirty-eight service stations from corporations or joint ventures in which Messrs. Sucher and Lichtman, former Tulsa stockholders and present directors of Crystal, have ownership interests. These arrangements have continued since Crystal's acquisition of Tulsa. The amount of rental payments by Tulsa under such leases during 1973 attributable to the interests of Mr. Sucher amounted to $121,778.98, and the amount of such payments during such period attributable to Mr. Lichtman amounted to $45,273. Crystal believes that the terms under which the foregoing stations are leased are not less favorable to Tulsa than Tulsa could negotiate with unaffiliated lessors, and it deems these leases to be in the normal course of business.

Crystal participates jointly with others in the purchase of oil properties and in drilling wells thereon and has so participated in the Texas Panhandle and in Webster Parish, Louisiana, with a trust (the "Mark A. Roberts Trust") of which Mark A. Roberts, a minor son of Mr. Robert F. Roberts, is beneficiary. There are presently an aggregate of five completed oil wells on the leaseholds in the Webster Parish, Louisiana, area and twenty-four oil wells on the property located in the Texas Panhandle, two of which have been shut-in and two of which have been plugged. The percentage interest of the Mark A. Roberts Trust and Crystal in each of such properties is as follows:

| Property | Wells | Mark A. Roberts Trust% | Crystal% |
|---|---|---|---|
| Texas Panhandle | 24 Oil Wells | 4.6875 | 75.000 |
| Webster Parish, Louisiana | Adkins CV | 3.12500 | 76.56250 |
| | Cortez #1 | 3.07928 | 75.44231 |
| | Sexton #2 | 1.61866 | 72.62591 |
| | Wells #1 | 3.10597 | 76.09615 |
| | Wells A-1 | 3.12500 | 76.56250 |

In each of the foregoing transactions, the terms on which the Mark A. Roberts Trust participated were the same as those involving other parties not affiliated with Crystal. Crystal may from time to time engage in additional joint acquisitions involving the Mark A. Roberts Trust or other affiliates.



RAM01634

In connection with drilling activities on tracts in which the Mark A. Roberts Trust has an interest, Crystal and other participants in the drilling ventures have been billed by third-party suppliers and drilling contractors. Crystal has from time to time paid these creditors of the Mark A. Roberts Trust and then is repaid by this associate. The following table sets forth information concerning this indebtedness to Crystal.

| Name of Person Indebted | Nature of Indebtedness and Transaction in which Incurred | Largest Aggregate of Indebtedness During Fiscal 1973 | Amount of Indebtedness as of 12-31-73 | Interest Rate Charged |
|---|---|---|---|---|
| Mark A. Roberts Trust ..... | Oil and Gas | $41,516.00(1) | $24,865.00 | None |

(1) As of April 30, 1973

## COMMON STOCK AND OTHER SECURITIES OF CRYSTAL

### Common Stock

Each share of Common Stock of Crystal entitles the holder thereof to one vote on all matters voted upon by stockholders, and, in the event of liquidation, dissolution, or winding up of Crystal, holders of the Common Stock are entitled to share ratably in all assets remaining after the payment of liabilities and payment of $25 per share to the holders of the $1.50 Convertible Cumulative Preferred Stock, Series A (the "Series A Preferred Stock"). Holders of Common Stock do not have preemptive rights to purchase or subscribe for additional shares of any class of stock. Shares of Common Stock are not subject to redemption, conversion or to liability for further calls or assessments. All outstanding shares of Common Stock are and the shares of Common Stock to be issued to the stockholders of Rico upon consummation of the merger will be fully paid and non-assessable. The rights of holders of Common Stock may not be modified except by vote of a majority or more of the shares of such stock outstanding.

*Dividends.* Holders of Common Stock are entitled to receive such dividends as are from time to time declared by the Board of Directors of Crystal after full cumulative dividends for the current dividend period have been paid or declared and set aside for payment on the Series A Preferred Stock. So long as any shares of the Series A Preferred Stock are outstanding, no dividends other than (i) dividends on the Common Stock payable in Common Stock, (ii) dividends payable in stock junior to the Series A Preferred Stock both as to dividends and upon liquidation and (iii) cash in lieu of fractional shares in connection with any such dividend, shall be paid or declared on the Common Stock unless there are no arrearages in dividends on the Series A Preferred Stock and Crystal is not in default on its obligation to redeem any of the shares of the Series A Preferred Stock called for redemption. The payment of dividends is also restricted as described under "Debentures" and "Loan Agreement" below.

*Non-Cumulative Voting.* The Common Stock and the Series A Preferred Stock do not have cumulative voting rights, which means that the holders of more than 50% of the shares voting for the election of directors can elect 100% of the directors if they choose to do so, in which event the holders of the remaining shares will not be able to elect any person or persons to the Board of Directors.

*Transfer Agents and Registrars.* The Mercantile National Bank at Dallas, Texas, and The Bank of New York, New York, N.Y., each acts as Transfer Agent and Registrar of Crystal's Common Stock and the Series A Preferred Stock.

### Series A Preferred Stock

The holder of each share of the Series A Preferred Stock, $5.00 par value per share, is entitled to one vote on all matters voted upon by stockholders and entitled to certain rights and preferences as more fully described below.



RAM01635

*Dividends.* Holders of the Series A Preferred Stock are entitled to receive, when and as declared by the Board of Directors, preferential cumulative dividends in cash at the annual rate of $1.50 per share payable quarterly.

*Liquidation Rights.* Upon any liquidation, dissolution or winding up of Crystal, whether voluntary or involuntary, the holders of the Series A Preferred Stock are entitled to receive an amount equal to $25 per share plus an amount equal to all arrearages in dividends thereon.

*Redemption.* The Series A Preferred Stock is redeemable, at the option of the Board of Directors of Crystal, in whole or in part at any time on or after two years from the date of issuance at a redemption price of $27.50 per share plus all arrearages in dividends on the shares to be redeemed.

*Conversion.* Each share of Series A Preferred Stock is convertible into 2.029 shares (subject to adjustment in certain events) of Crystal Common Stock.

*Special Rights.* In the event that four quarterly dividends (whether or not consecutive) payable on the Series A Preferred Stock are in default, the holders are entitled at the next annual meeting of stockholders or special meeting held in place thereof, voting separately as a class, to elect two directors until all arrearages in dividends and dividends in full for the current quarterly period shall have been paid or declared and set aside, whereupon the Series A Preferred Stock shall be divested of its right to elect directors.

**Debentures**

The 7% Convertible Subordinated Debentures due April 15, 1984 (the "Debentures"), issued under an Indenture dated as of April 15, 1969, are limited to $6,000,000 principal amount and bear interest from April 15, 1969, at 7% per annum. The Debentures are unsecured.

*Conversion.* The holder of each Debenture is entitled to convert the principal amount of any Debenture (or any part thereof which is a multiple of $1,000) into such number of shares of Common Stock as the principal amount of such Debenture (or part thereof) is a multiple of the conversion price which is, subject to adjustment in certain events, $11.55 per share.

*Restriction on Payment of Dividends.* The Indenture provides among other restrictions that Crystal will not pay or declare any dividend or make any distribution upon any of its capital stock (except a dividend or distribution payable in shares of its capital stock) if, after giving effect thereto, the aggregate of all such dividends and distributions paid or declared shall exceed the then Accumulated Consolidated Net Income available for capital stock (defined as the consolidated net income accumulated subsequent to December 31, 1968, plus $500,000) less the excess, if any, of all payments made by Crystal or any subsidiary subsequent to December 31, 1968, for the purchase, redemption or retirement of any capital stock over the aggregate net consideration received by Crystal subsequent to December 31, 1968, with respect to the issue of any of its capital stock. See Note D of Crystal Oil Company and Subsidiaries — Notes to Consolidated Financial Statements.

**Loan Agreement**

Pursuant to a Term Loan Agreement dated March 28, 1972, as amended by letter agreement dated April 3, 1972 and a Supplemental Term Loan Agreement dated October 31, 1973, Crystal has borrowed the sum of $17,000,000 from the Louisiana Bank & Trust Company payable in monthly installments through November 30, 1979 at 3% over the prime interest rate of Chase Manhattan Bank, New York, New York. The agreement provides, among other things, that Crystal (i) will make additional sinking fund prepayments equal to one-half of Crystal's annual cash flow as defined in the agreement in excess of $8,000,000, (ii) maintain working capital of at least $400,000, (iii) generate annual cash flow of at least $4,000,000, (iv) not incur any additional indebtedness or mortgage its properties except as permitted by the agreement, (v) not pay any cash dividends on capital stock (except preferred stock) in excess of net income realized since December 31, 1972, and (vi) apply 75% of



RAM01636

the net cash proceeds of any public offering of any interest or dividend bearing security against the remaining balance of indebtedness owed to such bank. However, the bank has agreed that the restrictive provisions of the loan agreement will not apply to the Merger or the assets or business of Rico after the Merger.

Crystal obtains written waivers from the bank as to any transaction which might be considered to be a default or prohibited by the terms of the loan agreement. In addition, the independent accountants employed by Crystal annually examine Crystal's compliance with the terms of the loan agreement and have determined that no event of default has occurred by Crystal which has not been waived by the bank.

## BUSINESS AND PROPERTIES OF RICO

Rico was incorporated in Utah in 1911 and has its principal executive offices at 604 Kearns Building, 136 South Main Street, Salt Lake City, Utah 84101, telephone (801) 328-4961. Rico was organized to engage in mining, milling and processing ores, and throughout its history has acquired and developed mineral properties in the vicinity of Rico, Colorado. Since 1971, however, Rico's mining operations have been curtailed. Its principal asset is 102,034 shares of Series A Convertible Preferred Stock ("Amax Stock") of American Metal Climax, Inc. ("Amax").

Prior to the Merger Rico intends to pay a cash dividend of $.10 per share to its shareholders, constituting a partial distribution of funds received from dividends on Amax Stock. Rico has not paid a dividend to shareholders within the last five years.

### Real Properties

Rico's properties are situated in the Pioneer Mining District, in and about the small town of Rico, Dolores County, Colorado. The town of Rico is located in the mountainous area of southwest Colorado at an elevation of 8,800 feet. It is located approximately 225 air miles southwest of Denver, Colorado, and is accessible over paved roads. The nature of Rico's interests in real property is described by the following table:

| Nature of Interest | Net Acres |
|---|---|
| Patented Mining Claims (248) | 1,906 |
| Unpatented Mining Claims (195) | 1,210 |
| Patented Forest Tracts | 807 |
| Unplatted Tracts in Rico, Colorado | 106 |

In addition, Rico owns 357½ town lots located in the town of Rico, some of which are improved with small dwellings and commercial buildings. Most of such structures were built for the use of Rico employees. In addition, there is a crushing plant, and a 150-ton per day selective flotation mill situated on Rico's property. The mill would require certain minor repairs to place it in working condition.

Rico's management has investigated the potential of developing its real estate holdings as recreational properties, but no action with respect to such investigations has been taken and the results of the investigations, while generally encouraging, have been inconclusive. Moreover, recent gasoline shortages may make such development less attractive.

Historically, Rico's properties' principal value has resulted from mining. The following table summarizes the tonnage milled and the contents of concentrates of ores recovered from Rico's property during the periods indicated:

| | | Content of Concentrates | | | |
|---|---|---|---|---|---|
| Year | Tons of Ore Milled | Lead Lbs. | Zinc Lbs. | Silver Oz. | Gold Oz. |
| 1939-1966 | 717,623 | 87,971,846 | 122,193,748 | 2,558,407 | 2,341 |
| 1967 | 32,901 | 2,833,619 | 2,909,464 | 56,518 | 62 |
| 1968 | 28,065 | 3,073,566 | 3,706,375 | 70,621 | 62 |
| 1969 | 29,766 | 2,317,949 | 2,760,455 | 86,827 | 73 |
| 1970 | 38,068 | 2,960,539 | 3,709,049 | 83,769 | 68 |
| 1971 | 24,328 | 1,076,381 | 1,439,290 | 31,303 | 32 |



RAM01637

In addition to these metals, small amounts of cadmium and copper have been recovered and pyrite ores utilized in the manufacture of sulphuric acid were mined prior to 1965. Rico's mines and mill have been generally inactive since May of 1971, however, because mining operations had not been profitable for several years.

Past experience in the Rico area has indicated a need for a sustained exploration program to provide adequate reserves of developed ore. Limited exploratory drilling conducted by Rico since May of 1971 has indicated additional mineralization on Rico's properties, but major expenditures are required to determine the extent of such mineralization and to develop additional reserves.

Rico has recently commenced the treatment of stockpiled ores utilizing a leaching process to recover gold and silver. Management believes this process is feasible because of recent increases in gold and silver prices. Because Rico has a limited quantity of such ores, the treatment will continue only for the period required to process approximately 400,000 tons of ore that are presently available.

Rico is essentially a non-operating company, and believes it is in compliance with current applicable environmental requirements. Management does not anticipate that a continuation of its present business operations will be in violation of such requirements in the future or that any material capital expenditures would be required to assure such compliance.

**Investments in Other Companies**

Rico's principal asset is the 102,034 shares of Amax Stock acquired by Rico upon the merger of Banner Mining Company ("Banner") with a wholly-owned subsidiary of Amax in June 1973. Prior to the merger, Rico owned 731,532 common shares, or approximately 10.5% of Banner. Under the terms of this merger each share of Banner common stock was converted into 0.139479 of a share of Amax Stock. On the effective date of the Banner-Amax merger, Rico's 731,532 Banner shares had an approximate market value, based upon the last reported sale on the Intermountain Stock Exchange, of $8,050,000, and the 102,034 shares of Amax Stock had an approximate aggregate market value, based upon the last reported sale on the New York Stock Exchange, of $8,825,000.

The Amax Stock is listed on the New York Stock Exchange and at May 7, 1974, had an aggregate value of $11,581,000 based upon a quoted market price of $113½ per share. Rico's basis for tax purposes in the Amax Stock is $280,478. The Amax Stock is restricted stock and may not be sold to the public without registration under the Securities Act of 1933 (the "1933 Act") or in accordance with regulations promulgated under the 1933 Act. The agreements relating to the Banner-Amax merger provide that the principal shareholders in Banner, including Rico, have certain registration rights with respect to the Amax Stock, which are described in further detail below.

On April 30, 1974, Rico's Amax Stock constituted approximately 5.7% of the total issued and outstanding shares of the Series A Convertible Preferred Stock of Amax. In the third and fourth quarters of calendar 1973, Rico received dividends from its Amax Stock totaling $267,839 and received dividends totaling $133,920 in the first quarter of 1974 and anticipates similar dividends in each succeeding quarter.

The following is a summary description of the Amax Stock and certain registration rights relating to it. References to the Amax Stock are to the preferred stock of the series owned by Rico and are not necessarily applicable to other capital shares issued by Amax.

*Dividends.* Cumulative dividends of $5.25 per share per annum are payable quarterly on the first day of March, June, September and December. The Amax Stock is senior to Amax common stock with respect to payment of dividends (other than dividends in common stock) and distribution of assets upon liquidation. Agreements entered into in connection with certain of Amax's outstanding notes impose restrictions on the payments of cash dividends.

*Conversion Rights.* Each share of the Amax Stock is convertible into 2.43351 shares of Amax common stock. This conversion ratio is subject to adjustment from time to time upon the occurrence



RAM01638

of specified events in order to prevent dilution of the conversion privilege by such events. No fractional shares of Amax common stock are issuable upon conversion but Amax has agreed to pay cash equal to the market value of any fraction.

*Liquidation Rights.* Upon voluntary liquidation the holders of Amax Stock are entitled to receive, before any distribution to holders of common stock, the amount which such holders would have been entitled to receive if the shares had been redeemed on the payment date plus any accrued and unpaid dividends or, if redemption is not provided for, $105 per share plus accrued dividends. Upon involuntary liquidation, such holders are entitled to receive, before any distribution to holders of common stock, $100 per share, plus accrued and unpaid dividends.

*Redemption Provisions.* The Amax Stock may not be redeemed before September 1, 1976; thereafter shares may be redeemed at the option of the Board of Directors of Amax, at any time on and after September 1, 1976 to and including August 31, 1978 at $105 per share, on and after September 1, 1978 to and including August 31, 1980 at $103.75 per share, on and after September 1, 1980 to and including August 31, 1982 at $102.50 per share, on and after September 1, 1982 to and including August 31, 1984 at $101.25 per share, and thereafter at $100 per share, all plus accrued dividends to the date of the redemption.

*Voting and Special Rights.* The Amax Stock is entitled to vote, one vote per share, on all matters submitted to the shareholders of Amax. In addition, in the event that four quarterly dividends (whether or not consecutive) payable on the Amax Stock are in default, the holders are entitled at the next annual meeting of shareholders, voting separately as a class regardless of series, to elect one Director of the class of Directors then being elected. If such default continues to exist at succeeding annual meetings, the holders of the outstanding stock are entitled in like manner to elect one Director of the class of Directors being elected at such meetings. Thus, in the event of such default, Amax Stock as a class may elect a maximum of three Directors, each to hold office for a term of three years. If, after any such default in the payment of dividends on Amax Stock, all such dividends shall be paid in full, the Amax Stock shall then be divested of its right as a class to elect Directors. So long as the Amax Stock is outstanding, the affirmative vote of the holders of at least two-thirds of the Amax Stock, voting as a class, is required to modify the Certificate of Incorporation so as to affect adversely the rights, preferences and limitations of the Amax Stock or to create or enlarge any class ranking on a parity with the Amax Stock, or to authorize certain mergers of Amax or sales, leases or conveyances of all or substantially all of its property and business.

*Pre-emptive Rights and Non-Cumulative Voting Rights.* The holders of Amax Stock are not entitled to any pre-emptive rights to acquire additional shares. Further, holders of Amax Stock are not entitled to cumulative voting rights.

*Registration Rights.* Pursuant to the agreement relating to the Banner/Amax merger, the Amax Stock acquired by Rico is restricted and may not be sold to the public without registration under the 1933 Act or in accordance with regulations promulgated under the 1933 Act. Rico presently has the following rights regarding registration of its Amax Stock under the above agreement: (i) If, prior to September 30, 1976, Amax files a Registration Statement under the 1933 Act, under certain conditions holders of Amax Stock which is restricted may request that all or part of such stock be included in the Registration Statement in order to allow disposition of the stock; and (ii) the holders of the greater of 15% of restricted Amax Stock issued as a result of the Banner-Amax merger or 25,000 shares of restricted Amax common stock (either after conversion of Amax Stock or the equivalent number of common shares into which Amax Stock may be converted prior to conversion) may request Amax to file two Registration Statements under the 1933 Act, providing such requests are made as to one such Statement between January 1 and April 1 of 1974 or 1975 and as to one such Statement between January 1 and April 1 of 1976. At the present time, Rico has not requested registration of its Amax Stock under the foregoing registration rights



RAM01639

relating to the Amax Stock. Rico owns sufficient shares of Amax Stock to require registration under the description of rights in (ii) above.

Rico also owns equity securities in various other companies, which securities had an aggregate quoted market value on December 31, 1973 of $256,000. See Rico's Financial Statements.

**Employees**

Rico presently employs approximately 15 persons, none of whom are represented by labor unions. Rico considers its relations with such employees to be satisfactory.

**Investment Company Act Status**

The Investment Company Act of 1940 (the "1940 Act") generally provides that any company which owns investment securities having a value exceeding 40% of its assets is presumed to be an investment company. Because of steady increases in the value of its stock in Banner which Rico acquired in 1953, Rico may have become subject to the 1940 Act as early as 1960 or 1961. In 1970, Rico made application to the Securities and Exchange Commission for an order declaring that Rico was exempt from all provisions of the 1940 Act and was at that time granted a temporary exemption from the registration and certain other provisions of the 1940 Act.

Rico's principal assertion in support of its application was its belief that it was in control of Banner and thereby exempt from the 1940 Act under section 3(b)(2). With the merger of Banner with a subsidiary of Amax in June 1973, however, the basis for exemption under section 3(b)(2) was no longer available. Because Rico's Amax Stock comprises substantially more than 40% of its assets, the Securities and Exchange Commission may terminate Rico's temporary exemption from the 1940 Act's registration requirements if Rico does not otherwise change its status. Rico's management has never intended Rico to be an investment company and believes that investment company regulation would severely restrict its business activities. The Merger would, of course, terminate Rico's existence and enable its shareholders to participate in the business carried on by Crystal without being subjected to the 1940 Act.

## PRINCIPAL SHAREHOLDERS

As of April 22, 1974, the following shareholders owned of record or beneficially more than 10% of Rico's outstanding common stock:

| Name | Type of Ownership | Amount Owned | Percent |
|---|---|---|---|
| Bonneville-On-The-Hill Company(1) | Beneficial and of Record | 147,969 | 15.25 |
| Dr. George H. Hogle(2) | Beneficial | 95,705 | 9.80 |
| | Record Only(3) | 2,100 | .20 |

(1) Members of the Hogle family own 83% of the stock of this corporation and the Hogle Foundation owns the remaining 17%. The two largest individual shareholders are Dr. George H. Hogle with 34% and James E. Hogle with 24%. James E. Hogle is Chairman of the Board of Rico and he and his wife own 78,072 shares of Rico Common Stock.

(2) Does not include the 147,969 shares held by Bonneville-On-The-Hill Company, of which Dr. Hogle is a director and principal shareholder, and the 16,835 shares held beneficially by his wife or by his wife as custodian for her minor children.

(3) Dr. Hogle disclaims beneficial ownership in these shares which are held by him of record only as co-trustee under the Will of James A. Hogle.

## DESCRIPTION OF RICO COMMON SHARES

The authorized capital of Rico consists of 1,250,000 common shares, par value $.50 per share. The outstanding common shares are fully paid and nonassessable. There is no provision for cumulative voting and each holder of common shares is entitled to one vote per share for election of directors and on all



RAM01640

other matters submitted to a vote of shareholders. Shareholders have pre-emptive rights to purchase authorized but unissued shares of Rico Common Stock. There are no conversion rights, redemption rights or sinking fund provisions applicable to the common shares. The holders of common shares are entitled to receive such dividends as may be declared from time to time by the Board of Directors out of funds legally available and will share ratably in the event of liquidation or dissolution of Rico.

Rico's outstanding common shares are listed on the American Stock Exchange, which has recently questioned whether Rico continues to meet that Exchange's listing requirements principally because of Rico's suspension of mining activities and recent lack of profitability. The Exchange has not instituted formal delisting proceedings, however, and Rico's management is unable to predict whether such proceedings will be instituted.

The transfer agents of Rico are D. Milton Moon, 604 Kearns Building, Salt Lake City, Utah and Guaranty Trust Company of New York, 140 Broadway, New York, New York. The Continental Bank and Trust Company, Salt Lake City, Utah, and Guaranty Trust Company of New York are the registrars.

## FINANCIAL STATEMENTS

This Proxy Statement includes the financial statements listed in the Index to Financial Statements.

## EXPERTS

The consolidated financial statements of Crystal included herein, to the extent and for the periods indicated in their report, have been examined by Ernst & Ernst, independent accountants, and have been so included in reliance upon such report given upon the authority of that firm as experts in accounting and auditing.

The financial statements of Rico included herein, to the extent and for the periods indicated in their opinion, have been examined by Haskins & Sells, independent certified public accountants, and have been so included in reliance upon such opinion given upon the authority of that firm as experts in accounting and auditing.

The statements as to the oil and gas reserves of Crystal in the section "Business and Properties of Crystal — Oil and Gas Reserves" have been prepared or reviewed by TerraMar Consultants, independent petroleum engineers and geologists of Dallas, Texas, and are included herein upon the authority of said firm as experts.

## LEGAL OPINION

The legality of the Common Stock of Crystal issuable upon the Merger will be passed upon by Butler, Binion, Rice, Cook & Knapp, Houston, Texas.

## REGISTRATION STATEMENT

Crystal has filed a Registration Statement with the Securities and Exchange Commission under the Securities Act of 1933, as amended, with respect to its Common Stock offered hereby. This proxy statement, which also constitutes Crystal's prospectus relating to those shares, does not contain all the information set forth in the Registration Statement, certain items of which are contained in exhibits to the Registration Statement as permitted by the rules and regulations of the Securities and Exchange Commission. For further information, reference is made to the Registration Statement including the exhibits thereto filed as a part thereof.

Statements contained herein as to the contents of agreements and other documents represent condensations of relevant portions thereof and where such agreements or documents are annexed hereto or are filed as exhibits to the Registration Statement, reference is made to such annexes or exhibits and each such statement is deemed to be qualified in all respects by such reference.



RAM01641

## ELECTION OF DIRECTORS

The Board of Directors has amended the bylaws of Crystal to increase from nine to ten the number of Directors which constitutes the entire Board. Accordingly, at the meeting ten Directors will be nominated and elected, with each Director to hold office until the next annual meeting and until his successor is elected and qualified. The persons named as proxies in the enclosed proxy have been designated by management and intend to vote for the election to the Board of Directors of Messrs. Roberts, Knight, Davis, Sewell, Morgan, Lichtman, Caskey, Sucher, Bader and Hogle. Certain information concerning the Director nominees is set forth under "Management and Employees of Crystal". Management has no reason to believe that any of the nominees will be unable to serve as a Director, except that in the event that the Merger is not consummated, Messrs. Bader and Hogle may withdraw or resign. If any nominee withdraws or otherwise becomes unavailable to serve, the persons named as proxies will vote for any substitute nominee designated by management. The affirmative vote of the holders of a majority of the Crystal Common Stock and Series A Preferred Stock of Crystal represented and voting at the meeting, voting together as a single class, is required in order to elect each respective nominee for Director.

## AMENDMENT OF CERTIFICATE OF INCORPORATION TO INCREASE THE NUMBER OF SHARES OF AUTHORIZED COMMON STOCK FROM 5,000,000 TO 10,000,000

On January 23, 1974, the Board of Directors adopted resolutions declaring it advisable that Crystal's Certificate of Incorporation be amended and submitting the proposed amendment to the stockholders at their 1974 annual meeting. The proposed amendment would increase the authorized Common Stock from 5,000,000 to 10,000,000 shares.

The additional shares of authorized Common Stock resulting from adoption of the proposed amendment will be available for issuance in connection with possible future acquisitions of other companies or properties and possible future public or private sales. However, Crystal is not currently engaged in any negotiations providing for the issuance of its Common Stock and has not entered into any agreements to issue additional shares of its Common Stock other than the shares of Common Stock to be issued upon consummation of the Merger. The holders of outstanding shares of Common Stock will have no pre-emptive right to subscribe for any of the shares which will be authorized by the proposed amendment.

Such shares of Common Stock may be issued by action of the Board of Directors for purposes determined by the Board without further approval by the stockholders. The issuance of such shares may be made at such times and in other circumstances as may result in the dilution of equity and earnings attributable to shares owned by present Common Stockholders.

If the proposed amendment is approved, there will be 8,400,256 authorized and unissued shares of Common Stock, with 1,599,744 shares outstanding, excluding the shares of Crystal Common Stock to be issued upon the consummation of the Merger.

The proposed amendment will be adopted only if it is approved by the holders of at least two-thirds of the shares of Common Stock and Series A Preferred Stock entitled to vote, which will vote together as one class. It is intended that the shares represented by properly executed proxies will be voted, in the absence of any contrary specifications, in favor of the following resolution:

> "RESOLVED, that Article "Sixth" of the Certificate of Incorporation of Crystal Oil Company is amended to read in its entirety as follows:
>
> > 'SIXTH: *Authorized Shares.* The aggregate number of shares of stock which the Corporation shall have authority to issue is Eleven Million (11,000,000), consisting of Ten Million (10,000,000) shares of Common Stock of the par value of One Dollar ($1.00) per share and One Million (1,000,000) shares of Preferred Stock of the par value of Five Dollars ($5.00) per share.' "



RAM01642

## SELECTION OF AUDITORS

The Board of Directors has appointed Ernst & Ernst as independent auditors of Crystal for 1974, it having been intended that such appointment would be presented for ratification by the stockholders. It is intended that, in the absence of contrary specifications, the shares represented by the proxies will be voted for the following resolution ratifying the appointment of Ernst & Ernst:

> "RESOLVED, that the stockholders hereby ratify and approve the appointment of Ernst & Ernst as the independent auditors of Crystal for 1974."

The affirmative vote of the holders of a majority of the Crystal Common Stock and Series A Preferred Stock of Crystal represented and voting at the meeting, voting together as a single class, is required in order to approve the foregoing resolution.



RAM01643

THIS AGREEMENT AND PLAN OF REORGANIZATION (the "Agreement"), dated February 2, 1974, by and among RICO-ARGENTINE MINING COMPANY, a Utah corporation ("Rico"), CRYSTAL OIL COMPANY, a Maryland corporation ("Crystal"), and CRYSTAL-RICO COMPANY, a Texas corporation ("CRC"), for the merger of Rico into CRC (the "Constituent Corporations");

W I T N E S S E T H :

WHEREAS, the Boards of Directors of Rico, Crystal and CRC have approved and adopted, and Rico and CRC have executed, a Plan of Merger (the "Merger Agreement") pursuant to which Rico is to be merged into CRC, a wholly owned subsidiary of Crystal, on the terms and conditions set forth in the Merger Agreement and in accordance with the applicable laws of the State of Utah and the State of Texas (the "Merger"); and

WHEREAS, Rico, Crystal and CRC deem it advisable to provide for certain matters in respect of the conduct of their businesses prior to the "Effective Date of the Merger" (as defined in the Merger Agreement), the representations and warranties of each party, and certain other understandings in connection with the Merger;

NOW, THEREFORE, in consideration of the premises, the parties hereto agree that, subject to the terms hereof, they will consummate the Merger in accordance with the applicable laws of the State of Utah and the State of Texas.

## ARTICLE I

### Representations and Warranties by Rico

Rico hereby represents and warrants to Crystal and CRC as follows:

1.1 *Organization, Capitalization, Etc.* Rico is a corporation duly organized, validly existing and in good standing under the laws of Utah, has full power and lawful authority to carry on the business which it is now conducting and to own and operate the assets, properties and business now owned or operated by it, and is duly qualified to do business and is in good standing in the State of Colorado and is not required to be qualified to do business in any other jurisdiction. Rico's authorized capital stock consists of 1,250,000 common shares, par value $.50 per share, of which 970,340 shares are duly and validly issued and outstanding, fully paid and nonassessable. There are no existing or outstanding options, calls or commitments of any character obligating Rico to issue any capital shares. Rico's common shares are duly listed on the American Stock Exchange and the Intermountain Stock Exchange.

1.2 *Subsidiaries and Affiliates.* Rico has no subsidiaries but owns shares in certain other corporations as set forth in Rico's current audited financial statements.

1.3 *Authority.* The execution, delivery and performance of this Agreement by Rico have been authorized by its Board of Directors; and Rico has the legal power, right and authority to enter into and perform this Agreement and to consummate the Merger pursuant to the Merger Agreement, subject only to the approval of the holders of a majority of Rico's outstanding common shares; upon such approval, the Merger Agreement will have been duly and validly authorized by all necessary corporate action of Rico. The execution of this Agreement and the Merger Agreement and the consummation of the transaction contemplated hereby and thereby will not result in any conflict with or breach or violation

income, excise, property and other tax returns which are required to have been filed, which returns are complete and correct in all material respects, and Rico has paid all taxes which have become due pursuant to such returns or pursuant to any assessments received by it, and Rico is not delinquent in payment of any material tax, tax assessment, or other governmental charge. The Internal Revenue Service has not audited Rico's federal income tax returns for any of the years for which the statute of limitations has not run.

1.7 *Title to Properties.* Except as disclosed in writing to Crystal contemporaneously herewith, Rico has good and marketable title to all real property and interests in real property reflected as owned by Rico in the most recent audited financial statements, and owns and is in or is entitled to possession of all other properties and assets reflected in such financial statements, and all real and other property and assets thereafter acquired by Rico, except to the extent thereafter disposed of for fair value in the ordinary course of business. Crystal has received contemporaneously herewith an accurate schedule listing Rico's material real property and all items of personal property with a book value greater than $2,500; such list shall describe the nature of Rico's ownership as to each interest in real property. All of the aforesaid property is not subject to any liens, mortgages, pledges, security interests, encumbrances or charges of any kind except:

(a) As set forth in Rico's audited financial statements;

(b) Liens for taxes and assessments not yet due or payable;

(c) Defects in title which are not material or substantial in character, amount or extent and which do not materially detract from the value or interfere with the present or proposed use of the property or assets subject thereto or affected thereby or otherwise materially impair business operations; or

(d) Defects in title to unpatented mining properties: Rico is not aware of any material defects in title to its unpatented mining claims or challenges thereto, and warrants that it has not previously transferred or encumbered any material portion of its interest therein and has used reasonable efforts to maintain and preserve its title and possessory rights to such properties. To the best of Rico's knowledge, it has performed, in all material respects, all location and assessment work with respect to such properties in accordance with requirements of applicable laws, but Rico makes no warranty that it has good and marketable title thereto or as to the existence of valuable mineralization or that such mining claims were located on land open to location.

1.8 *Material Contracts and Agreements.*

(a) *In General.* Copies of all material contracts, agreements, leases or similar documents that affect or are binding upon Rico or its business or assets have been delivered contemporaneously herewith to Crystal. All of such contracts are valid and binding and Rico has performed all material obligations required to be performed by it thereunder and is not in default in any material respect under any such material contracts, agreements, leases or similar documents. No party with whom Rico has such an agreement is, to Rico's knowledge, in material default thereunder.

(b) *Contracts.* Except for items shown on its financial statements, disclosed in writing to Crystal contemporaneously herewith or otherwise contemplated by this Agreement, Rico:

(i) is not a party to any contract or agreement with any labor union or any local or subdivision thereof;

(ii) is not a party to any oral or written employment contract with any officer, employee or consultant which is not terminable without liability, premium or penalty upon thirty (30) days' (or less) notice;

(iii) has no profit-sharing, bonus, deferred compensation, stock option, severance pay, pension or retirement plan or agreement;

(iv) has no agreement or arrangement for the sale of any of its assets except in the ordinary course of business, or for granting any preferential rights to purchase any of its assets, property or rights;

(v) has no agreement, indenture or contract relating to the borrowing of money;

(vi) has no leases of equipment, machinery or facilities that involve rental payments in the aggregate greater than $10,000 per year that are not terminable upon sixty (60) days' (or less) notice without premium or penalty;

(vii) has no sales or purchase contracts for a term in excess of one year (including periods covered by any option to renew by any party thereto) that require payments that aggregate more than $2,500 per year;

(viii) is not subject to any legal or other restrictions which materially affect the conduct of its business.

1.9 *Appraisal Report.* Rico has furnished Crystal a copy of "Appraisal Report of Surface Rights for Rico Argentine Mining Company" dated March 1, 1973, and prepared by Dale L. Jackman, M.A.I., Bountiful, Utah, regarding property owned by Rico in Dolores County, Colorado. To the best knowledge of Rico, all material information and data in such report is complete and accurate as of the date thereof and there have been no material changes regarding such property or its value since the date of the report, other than as a result of changes in local or general economic conditions.

1.10 *Litigation.* Except as disclosed in Rico's financial statements, there are no actions, suits or proceedings pending, or to the knowledge of Rico, threatened against Rico at law or in equity or before or by any governmental agency or instrumentality, which, if determined adversely to Rico, would materially affect the business, properties, assets or condition, financial or otherwise, of Rico.

1.11 *Consents to Transfer.* Rico has no contracts, agreements, leases, arrangements or commitments, material to its business, properties or assets, which are not assignable without the consent of, or which are subject to the right of first refusal in, another party.

1.12 *Brokers.* Other than as specified in Section 2.9 below, all negotiations relative to this Agreement and the transactions contemplated hereby have been carried on by Rico directly with Crystal in such manner as not to give rise by any action of Rico to any valid claim against any of the parties hereto for a broker's commission, finder's fee or other like payment.

1.13 *Interest of Associates.* On or about January 30, 1974, Rico delivered to Crystal a schedule showing all persons who are "affiliates" of Rico (within the meaning of Rule 145 of the General Rules and Regulations under the Securities Act of 1933, as amended) (the "affiliates"). No affiliate of Rico (nor any member of his family, or any corporation, partnership or trust in which he has a substantial interest or is an officer, director, partner or trustee), is directly or indirectly a party to any contract, agreement or other arrangement with Rico providing for employment of, furnishing services by, rental of real or personal property from or otherwise requiring payments to the same except as disclosed in writing to Crystal contemporaneously herewith.

1.14 *Insurance.* Rico has contemporaneously herewith furnished a schedule which completely and correctly describes all policies of liability, theft, fidelity, life, fire and other forms (other than title) of insurance held by Rico. Rico has not failed to give any notice or present any material claim under any insurance policy in due and timely fashion. Policies of life insurance, if any, covering officers or



RAM01646

employees of Rico and all medical and hospitalization insurance policies, if any, are terminable without further liability, premium or penalty upon not more than thirty (30) days' notice.

1.15 *Patents and Other Rights.* Rico does not own or have any proprietary rights and is not a licensee in respect of or under any material patents, trademarks, trade names, copyrights or applications therefor, and the operations of Rico do not require or involve infringement or claimed infringement thereof.

1.16 *Compliance with Laws.* To Rico's best knowledge, the operation of the business and properties of Rico does not violate any law or regulation relating thereto, except for violations which could not be expected to materially affect the business of Rico.

1.17 *Proxy Statement.* Rico's proxy statement referred to in Article VII herein shall meet all applicable requirements of Utah law, of the Securities Act of 1933, as amended, and of the Securities Exchange Act of 1934, as amended, and rules and regulations thereunder.

## ARTICLE II

### Representations and Warranties by Crystal and CRC

Crystal and CRC hereby represent and warrant to Rico as follows:

2.1 *Crystal's Organization, Capitalization, Etc.* Crystal is a corporation duly organized, validly existing and in good standing under the laws of the State of Maryland, has full power and lawful authority to carry on the business which it is now conducting and to own and operate the assets, properties and businesses owned or operated by it and is duly qualified to do business and is in good standing in all jurisdictions in which Crystal is required to be qualified in order to conduct its businesses in their present form. Crystal's authorized capital shares consist of 5,000,000 common shares, par value $1.00 per share, and 1,000,000 preferred shares, par value $5.00 per share. As of December 31, 1973, 1,547,131 common shares of Crystal were validly issued and outstanding, fully paid and nonassessable; 198,547 common shares were reserved for issuance upon conversion of Crystal's outstanding seven percent (7%) Convertible Subordinated Debentures, due 1984; 15,000 common shares were reserved for issuance upon the exercise of warrants to purchase Crystal's common shares; 87,300 common shares were reserved for issuance to employees of Crystal under its Qualified Stock Option Plan; and 493,476 common shares were reserved for issuance upon conversion of outstanding and reserved preferred shares. As of December 31, 1973, 193,650 preferred shares were issued and outstanding; 27,159 preferred shares were reserved for issuance in connection with a market value warranty given to certain holders of preferred shares, which warranty expired in January, 1974; and 22,400 preferred shares were reserved for issuance upon conversion of certain outstanding convertible notes.

2.2 *Crystal's Subsidiaries.* Crystal owns all of the outstanding capital shares of each of its subsidiaries. Each subsidiary of Crystal is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation and has full corporate power to carry on its business as it is now being conducted, to own or lease the properties and assets it now owns or leases, and is duly qualified in all jurisdictions in which each subsidiary is required to be qualified in order to conduct its business in its present form.

2.3 *Authority.* Except as set forth below, Crystal and CRC each have the legal authority to enter into and perform this Agreement. The execution, delivery and performance of this Agreement by Crystal and of this Agreement and the Merger Agreement by CRC have been authorized, respectively, by Crystal's and CRC's Boards of Directors. Crystal and CRC have the legal authority to execute, deliver and to consummate the Merger pursuant to the Merger Agreement, subject only to the approval of the holders of a majority of Crystal's outstanding shares; upon such approval, the Merger Agreement will have been duly and validly authorized by all necessary corporate action of CRC and Crystal.



RAM01647

The execution of this Agreement and the Merger Agreement and the consummation of the transactions contemplated hereby and thereby will not result in any conflict with or breach or violation of, or default under, any charter, by-law, judgment, agreement or other instrument applicable to Crystal or to CRC and no governmental approvals of the Merger are required other than those specifically contemplated by this Agreement.

2.4 *Financial Statements.* Crystal has furnished to Rico audited consolidated balance sheets of Crystal and its consolidated subsidiaries as of December 31, 1970, 1971 and 1972, and related statements of income and retained earnings (deficit) for the periods then ended. Such financial statements, together with the notes thereto, are in accordance with the respective books and records of Crystal and its consolidated subsidiaries, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods covered by such statements, and fairly present the financial conditions of Crystal and its consolidated subsidiaries as of such dates and the results of their operations for such periods. Crystal has also furnished an unaudited consolidated balance sheet of Crystal as of November 30, 1973, and a related statement of income for the period then ended. Such November 30, 1973 statements were not prepared in accordance with generally accepted accounting principles and do not reflect normal year end audit adjustments (none of which are believed to be material), but such November 30, 1973 statements are in accordance with the respective books and records of Crystal and its consolidated subsidiaries and are complete and fairly present the financial condition and results of operations of Crystal and its consolidated subsidiaries as at and for the period then ended. There are no undisclosed changes in accounting methods and practices with respect to the business of Crystal and its subsidiaries or to any of their assets, properties or rights applicable thereto.

2.5 *Tax Matters.* Except as shown on Crystal's balance sheet as of November 30, 1973, as of such date there were no material unpaid federal, state, county or local taxes of Crystal and its subsidiaries, whether or not disputed, accrued with respect to the period then ended and all periods prior thereto and for which Crystal and its subsidiaries may at November 30, 1973 have been liable. Crystal and its subsidiaries have filed all federal, state, county and local income, excise, property and other tax returns which are required to have been filed, which returns are complete and correct in all material respects, and Crystal and its subsidiaries have paid all taxes which have become due pursuant to such returns or pursuant to any assessment received by them, and Crystal and its subsidiaries are not delinquent in payment of any material tax, tax assessment, or other governmental charge. The Internal Revenue Service has not audited the federal income tax returns of Crystal and its subsidiaries for any of the years for which the statute of limitations has not run and neither Crystal nor its subsidiaries have executed any waiver that presently tolls the statute of limitations.

2.6 *Litigation.* Except as disclosed in Crystal's financial statements or in writing at least two days prior to the date hereof, there is not pending or threatened any litigation, proceeding or governmental investigation against Crystal, CRC or any subsidiary of Crystal which if determined adversely to it could reasonably be expected to materially affect the business, property, assets or financial condition of Crystal and its subsidiaries.

2.7 *No Material Adverse Change.* Since November 30, 1973, there has been no material adverse change in the condition (financial or otherwise), properties, business or prospects of Crystal and its subsidiaries. It is understood, however, that Crystal has been and is negotiating and consummating: (i) the acquisition of certain oil, gas and other mineral interests and other related businesses and facilities; (ii) the public and private offering of participating interests in drilling fund programs and other securities; (iii) certain financial arrangements; and (iv) an increase in authorized capital shares to 10,000,000 common shares. Crystal has and will continue to keep Rico fully informed as to developments respecting such negotiations, and Rico will keep confidential all information so



RAM01648

received from Crystal. The matters referred to in (i), (ii), (iii) or (iv) above will not, either severally or in the aggregate, result in a material adverse change in the condition (financial or otherwise), capitalization, business or prospects of Crystal and its subsidiaries.

2.8 *CRC's Organization.* CRC is a corporation duly organized, validly existing and in good standing under the laws of Texas and has full power and lawful authority to carry on the business which it is now conducting and on the Closing Date will be duly qualified to conduct business in the State of Colorado. Crystal owns all of the outstanding capital shares of CRC.

2.9 *Brokers.* Except for Mr. Hugh Bradford (and any companies controlled by him), whose fee will be paid by Crystal, all negotiations relative to this Agreement and the transactions contemplated hereby have been carried on by Crystal and CRC directly with Rico in such manner as not to give rise by any action of Crystal or CRC to any valid claim against any of the parties hereto for a brokerage commission, finder's fee or other like payment.

2.10 *Common Shares.* The common shares deliverable pursuant to the Merger Agreement (the "Common Shares"), when delivered as provided therein, will accord and comply with the terms and provisions of the Charter of Crystal, as amended, on file with the Office of the Maryland State Department of Assessments and Taxation, a certified copy of which has been furnished by Crystal to Rico contemporaneously with the execution of this Agreement, and the Common Shares will be duly authorized, validly issued and outstanding, fully paid and nonassessable voting shares of Crystal.

2.11 *Compliance with Laws.* To Crystal's best knowledge, the operation of the business and properties of Crystal and its subsidiaries does not violate any law or regulation applicable thereto, except for violations which could not be expected to materially affect the business of Crystal.

2.12 *Proxy Statement.* Crystal's proxy statement referred to in Article VII herein shall meet all applicable requirements of Maryland law, of the Securities Act of 1933, as amended, and of the Securities Exchange Act of 1934, as amended, and rules and regulations thereunder.

## ARTICLE III

### Closing

Upon the adoption of the Merger Agreement by the shareholders of Rico and Crystal, a meeting (the "Closing") will take place at which the parties to this Agreement will exchange opinions, letters and other documents in order to satisfy the conditions of this Agreement. Then, unless sooner terminated pursuant to this Agreement, the parties shall thereupon execute Articles of Merger and any other documents required by the Utah and Texas Business Corporation Acts and shall cause the Articles of Merger, Merger Agreement and any such other documents to be filed in accordance with the laws of Texas and Utah. It is presently contemplated that the Closing will take place at the offices of Rico's counsel, at 10:00 o'clock a.m., on May 15, 1974, but the place, time and date of the Closing may be changed by the mutual consent of CRC and Rico. The date and time of the Closing is referred to in this Agreement as the "Closing Date".

## ARTICLE IV

### Covenants to Merger

4.1 *Covenants of Rico.* From and after the date hereof to the Effective Date of the Merger, Rico agrees to:

(a) Conduct its business only in the ordinary course and will not do, or cause to be done, anything which is represented and warranted not to have been done since June 30, 1973, in Article I except as otherwise permitted in this Agreement or consented to by Crystal in writing.

(b) Use its best efforts, consistent with conducting its business in accordance with its own business judgment, to preserve its business organization intact; to keep available to Crystal the services of Rico's present officers and employees; and to preserve for Crystal goodwill of persons having business relations with Rico.

(c) Permit Crystal, through its representatives, to make such investigation of the property, plants, records and the financial condition of Rico as it deems necessary or advisable. Such investigation shall be done at reasonable times and under reasonable circumstances. Crystal shall keep confidential any information so obtained which is not otherwise publicly available or ascertainable and which has been provided to it by Rico and, in the event of the termination of this Agreement, shall return to Rico within sixty (60) days all statements, documents or other materials obtained in connection therewith. Rico will provide to Crystal all such records of its shareholders and their addresses as Crystal may require in order to meet its obligations under the Securities Act of 1933 in respect to the Merger.

(d) Perform in all material respects its obligations under contracts, leases, mortgages and other agreements affecting its business or properties and shall not make any material modifications of any of such agreements or enter into any other material agreements without the written consent of Crystal.

(e) Take all necessary action and use its best efforts to obtain all consents, approvals and agreements required to carry out the transactions contemplated hereby and to satisfy or cause to be satisfied the conditions set forth herein.

4.2 *Covenants of Crystal.* From and after the date hereof to the Effective Date, Crystal agrees to:

(a) Not declare or pay a share dividend on its common shares or approve or adopt a share split in respect of such common shares or reclassify its common shares without a proportionate adjustment in the number of common shares issuable pursuant to the Merger Agreement.

(b) Permit Rico, through its representatives, to make such investigation of the property, plants, records and the financial condition of Crystal as it deems necessary or advisable. Such investigation shall be done at reasonable times and under reasonable circumstances. Rico shall keep confidential any information so obtained which is not otherwise publicly available or ascertainable and which has been provided to it by Crystal and, in the event of the termination of this Agreement, shall return to Crystal within sixty (60) days all statements, documents and other materials obtained in connection with the investigation.

(c) Take all necessary action and use its best efforts to obtain all consents, approvals and agreements required to carry out the transactions contemplated hereby and to satisfy or cause to be satisfied the conditions set forth herein.

## ARTICLE V

### Conditions to Merger

5.1 *By Rico.* The obligations of Crystal and CRC under this Agreement are subject to the fulfillment and satisfaction of each of the following conditions precedent prior to or on the Closing Date:

(a) The representations and warranties made herein by Rico shall be true in all material respects on and as of the Closing Date, and Rico shall have performed in all material respects all covenants, obligations and agreements undertaken by it herein to be performed at or prior to the Closing Date.

(b) There shall have been no material adverse change in the financial condition or business of Rico.

(c) Rico shall have received by the time of the Closing any authorizations and approvals of federal and state regulatory bodies necessary for the consummation of this Agreement, the Merger or related matters.

(d) Sherman B. Hinckley, as President of Rico, shall deliver to Crystal and CRC a certificate dated as of the Closing Date, stating that all representations and warranties made herein by Rico are true and correct in all material respects on the date of this Agreement and (except as contemplated by this Agreement) on the Closing Date and that Rico has performed in all material respects all obligations and agreements undertaken by it herein to be performed at or prior to the Closing Date.

(e) Crystal shall receive from Prince, Yeates, Ward, Miller & Geldzahler, counsel for Rico, written opinion or opinions satisfactory to Crystal, dated the Closing Date, to the effect that:

(i) Such counsel confirms the representations set forth in paragraph 1.1 hereof; and

(ii) Rico has taken all requisite corporate action to authorize, approve and carry out this Agreement and the transactions contemplated hereby, and that nothing has come to the attention of such counsel that causes it to believe that any condition to Crystal's and CRC's obligations hereunder has not been satisfied, it being understood that such counsel will make no inquiry or factual investigation to determine whether any such condition has been satisfied. This Agreement and the Merger Agreement have been duly adopted by the Board of Directors and shareholders of Rico in accordance with applicable law, and all such documents have been duly executed and delivered by Rico and constitute valid and binding obligations of Rico; and

(iii) The consummation of the transactions contemplated by this Agreement and the Merger Agreement and the execution, delivery and performance of this Agreement and the Merger Agreement by Rico will not result in any conflict with or breach or violation of or default under any charter, by-law, agreement or other instrument applicable to Rico of which such counsel is aware, and no governmental approvals for the Merger which have not been obtained by Rico are required to be obtained for purposes of the Merger under federal or applicable state law; and

(iv) By reason of Section 16-10-75 of the Utah Business Corporation Act, Rico shareholders will have no rights of appraisal with respect to the Merger; and

(v) Except for suits, if any, of a character incident to the normal conduct of Rico's businesses and involving a potential recovery of not more than $25,000 in the aggregate, such counsel is not aware of any litigation, proceeding, or governmental investigation pending or threatened against or relating to Rico, or its properties and business, which might materially and adversely affect the financial condition or business of Rico, or against or relating to the transactions contemplated by this Agreement and the Merger Agreement; and

(vi) The proxy statements (including the registration statement filed by Crystal on Form S-14 in connection therewith) sent to the shareholders of Rico and Crystal for purposes of the meetings of shareholders convened by them, conform as to matters of form with all applicable requirements of Utah law, the Securities Act of 1933 and the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder, and such counsel does not believe that the proxy statements insofar as they describe the business and properties of Rico, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading. It is understood that such counsel may say that no opinion is expressed as to the financial statements or other financial data contained in the proxy statements, and that such opinion is furnished as counsel for Rico to Crystal and is solely for the benefit of Crystal; and

(vii) Such counsel shall identify the "affiliates" of Rico within the meaning of Rule 145 under the Securities Act.

(f) Crystal shall have received on or prior to the Closing Date from Rico the written undertakings described in Section 6.2 hereof.

5.2 *By Crystal and CRC.* The obligations of Rico under this Agreement are subject to the fulfillment and satisfaction of each of the following conditions precedent on or prior to the Closing Date:

(a) The representations and warranties made herein by Crystal and CRC shall be true in all material respects on and as of the Closing Date, and Crystal and CRC shall have performed in all material respects all covenants, obligations and agreements undertaken by them herein to be performed at or prior to the Closing Date.

(b) There shall be no material adverse change in the financial condition of Crystal or any of its consolidated subsidiaries from that shown on its financial statements as at November 30, 1973, referred to in Section 2.4 herein and there shall be no change in any laws or regulations directly applicable to the business of Crystal or its subsidiaries which could be expected to materially and adversely affect the business of any of them.

(c) Crystal shall have received by the time of the Closing any authorizations and approvals of federal and state regulatory bodies necessary for the consummation of this Agreement, the Merger or related matters.

(d) Robert F. Roberts, as President of Crystal, shall deliver to Rico a certificate dated as of the Closing Date, stating that all representations and warranties made herein by Crystal and CRC are true and correct in all material respects on the date of this Agreement and (except as contemplated by this Agreement) on the Closing Date and that Crystal and CRC have performed in all material respects all obligations and agreements undertaken by them herein to be performed at or prior to the Closing Date.

(e) Rico shall receive from Butler, Binion, Rice, Cook & Knapp, counsel for Crystal and CRC, written opinion or opinions, dated the Closing Date, to the effect that:

(i) Such counsel confirms the representations set forth in paragraph 2.1, 2.2, 2.8 and 2.10 hereof; and

(ii) Crystal and CRC have taken all requisite corporate action to authorize, approve and carry out this Agreement and the transactions contemplated hereby, and that nothing has come to the attention of such counsel that causes it to believe that any condition to Rico's obligations hereunder has not been satisfied, it being understood that such counsel will make no inquiry or factual investigation to determine whether any such condition has been satisfied. This Agreement and the Merger Agreement have been duly adopted by the Board of Directors of Crystal and CRC and by the shareholders of Crystal in accordance with applicable law and all such documents have been duly executed and delivered by Crystal and CRC and constitute valid and binding obligations of Crystal and CRC; and

(iii) The consummation of the transaction contemplated by this Agreement and the Merger Agreement and the execution, delivery and performance of this Agreement and the Merger Agreement by Crystal and CRC will not result in any conflict with or breach or violation of or default under any charter, by-law, agreement or other instrument applicable to Crystal or CRC of which such counsel is aware, and no governmental approvals for the Merger which have not been obtained are required to be obtained by Crystal or CRC for purposes of the Merger under federal or applicable state law; and



RAM01652

(iv) Except as described in such opinion and suits, if any, of a character incident to the normal conduct of Crystal's and its subsidiaries' businesses and involving a potential recovery of not more than $25,000 in the aggregate, such counsel is not aware of any litigation, proceeding or governmental investigation pending or threatened against or relating to Crystal and its subsidiaries, or their properties and businesses, which might materially and adversely affect the financial conditions or businesses of Crystal and its subsidiaries, or against or relating to the transactions contemplated by this Agreement and the Merger Agreement; and

(v) The proxy statements (including the registration statement filed by Crystal on Form S-14 in connection therewith) sent to the shareholders of Rico and Crystal for purposes of the meetings of shareholders convened by them, conform as to matters of form with all applicable requirements of Maryland law, the Securities Act of 1933 and the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder and such counsel does not believe that the proxy statements, insofar as they describe the business and properties of Crystal and its subsidiaries, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein in order to make the proxy statements not misleading. It is understood that such counsel may say that no opinion is expressed as to the financial statements or other financial data contained in the proxy statements, and that such opinion is furnished as counsel for Crystal to Rico and is solely for the benefit of Rico; and

(vi) The shareholders of Crystal are not entitled to any preemptive or other rights to subscribe to Crystal Common Shares issued pursuant to the Merger Agreement.

(f) (i) The audited financial statements of Crystal for the calendar year 1973 shall be available to Rico without opinion for inspection no later than March 10, 1974, and Rico shall receive the opinion of Ernst and Ernst, independent certified public accountants, certifying such financial statements as soon thereafter as available. Such financial statements shall show that as of December 31, 1973, Crystal had a stockholder's equity of not less than $15,000,000, that Crystal's income before income taxes (exclusive of extraordinary items) for the twelve months ended December 31, 1973, was at least $3,000,000 and that Crystal's revenues for such period were at least $90,000,000;

(ii) Crystal's income (or loss) before taxes on income and extraordinary items for the quarter ended March 31, 1974 (as shown on its Form 10-Q for such quarter) was at least $1,500,000;

(iii) At the Closing, Rico shall receive a letter from Ernst and Ernst dated as of the Closing Date to the effect that, at a specified date not more than five (5) days prior to the Closing Date based on their reading of unaudited financial statements, inquiries of officers and employees of Crystal responsible for financial matters and other procedures and inquiries to be specified by Rico, including reading of minutes and reading of internal financial statements through the latest date available, nothing has come to their attention which causes them to believe (1) that there was any decrease in the stockholder's equity of Crystal and its subsidiaries on a consolidated basis from the amounts shown in the November 30, 1973, unaudited balance sheet referred to in this Agreement or from the amounts shown in the December 31, 1973, audited consolidated balance sheet; (2) that for the period from January 1, 1974, to such specified date there was any decrease in "net income" (on a total or per share basis), "revenues", or "income before income taxes" of Crystal and its consolidated subsidiaries, as compared with the corresponding period in the preceding year.

(g) Crystal shall deliver to Rico a written statement from the Louisiana Bank and Trust Company to the effect that such bank consents to the transactions contemplated hereby and confirms that paragraphs 4(a), 7(g), 8(f), 8(g), 8(h) and 8(k) of the agreement between Crystal and the Louisiana Bank and Trust Company as amended by the $17,000,000 Supplemental Term Loan



RAM01653

Agreement dated October 31, 1973 will not apply to the business and assets presently owned by Rico. At the Closing Crystal shall deliver to Rico a copy of the letter, addressed to Rico, referred to in paragraph 7(c)(iii) of such agreement.

5.3 *Mutual Conditions to Merger.* The obligations of Crystal, CRC and Rico under this Agreement are subject to the fulfillment and satisfaction of each of the following conditions precedent prior to or on the Closing Date:

(a) Crystal shall have obtained American Stock Exchange approval for listing on the American Stock Exchange the Common Shares to be issued under the terms of the Merger Agreement, subject in each instance to notice of issuance.

(b) There shall be no suit, action, claim, demand, or other proceeding pending or threatened, before any court or before or by any governmental agency, in which it is sought to restrain, prohibit, invalidate or set aside in whole or in significant part, the consummation of this Agreement or the transactions contemplated hereby or in which it is sought to obtain substantial damages in connection with the consummation of this Agreement, unless either party shall have agreed to assume all responsibility of defending such suit, action, or other proceeding and shall have made arrangements satisfactory to the other party to indemnify and hold the other party harmless with respect thereto.

(c) Rico shall have received a report of an independent consultant confirming that Crystal and its subsidiaries on December 31, 1973, had aggregate recoverable reserves of either (i) not less than five million barrels (5,000,000) of crude oil and condensate and forty million mcf (40,000,000) of natural gas, or (ii) crude oil and condensate at an average of $6.88 per barrel and natural gas at $.21 per mcf having an aggregate present value (discounted at 8% per annum) of not less than $18,000,000. The reserves of crude oil and condensate referred to are not subject to any long-term sales agreements or other contracts, and, considering all available sources, including open market purchases, it appears there will be available to Crystal sufficient crude oil for the efficient operation of its refineries.

(d) Counsel for Rico shall have furnished its opinion that the Merger constitutes a "reorganization" as defined by Section 368(a)(1)(A) of the Internal Revenue Code of 1954, as amended, and that the consummation of the Merger will not result in the recognition of taxable gain or loss to either Rico or its shareholders, other than cash payments with respect to fractional shares.

(e) Rico or any one of its "affiliates" as that term is defined by the Investment Company Act of 1940 shall have received such authorizations or approvals from the Securities and Exchange Commission as are required in the opinion of counsel for Rico and Crystal for the consummation of the Merger. In obtaining such approvals, however, no party hereto will discuss with the Commission any matter concerning any other party hereto without first receiving the written consent of such other party or its counsel, which consent will not be unreasonably withheld.

(f) Crystal shall receive certificates dated as of the Closing Date executed by James E. Hogle, Sherman B. Hinckley, James E. Hogle, Jr., and Bonneville-On-The-Hill Company confirming to the best knowledge of each person executing such certificate (or its officers in the case of Bonneville-On-The-Hill Company):

(i) that the financial statements of Rico referred to in this Agreement are accurate and complete; and

(ii) the warranties and representations of Rico in this Agreement respecting title to properties; and



RAM01654

(iii) that the information to be furnished for the use of Crystal for its registration statement on Form S-14 and the proxy statement will be accurate and complete in all material respects.

## ARTICLE VI

### Registration Rights

6.1 *Restricted Shares.* As used herein, "Restricted Shares" refers to Common Shares of Crystal which are subject to an undertaking described in Section 6.2 of this Agreement, which has not been terminated by Crystal by notice to the holder thereof.

6.2 *Restriction on Transfer.*

(a) Each holder of Restricted Shares shall deliver a written undertaking to the effect that (i) the Restricted Shares which the holder received will be held subject to all applicable provisions of the Securities Act of 1933 and the rules and regulations promulgated thereunder (the "Act") and that he will not make an illegal "distribution" of the Restricted Shares; and (ii) that he will not attempt to resell or otherwise dispose of the Restricted Shares except as provided in this Agreement.

(b) The undertaking shall provide: (i) that Crystal may place appropriate stop-transfer orders or instructions with its share transfer agent(s) or registrar(s) against transfer of any of the Restricted Shares; and (ii) that the following legend shall be placed on any certificates representing any of the Restricted Shares:

"The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended, and may not be transferred unless covered by an effective registration statement under said Act or an opinion of counsel satisfactory to the Company that registration under said Act is not required or in accordance with the limitations and provisions of paragraphs (c), (e), (f) and (g) of Rule 144 promulgated under said Act, if, in the opinion of counsel to the Company, such exemption afforded by Rule 144 is available with respect to such transfer."

6.3 *Exempt Transfers.* Any holder may transfer the Restricted Shares in compliance with the limitations and provisions of paragraphs (c), (e), (f) and (g) of Rule 144, promulgated under the Act, or other available exemption from registration, if and only if:

(a) Prior to the effective date or completion of such proposed transfer or disposition, the holder of the Restricted Shares shall give written notice to Crystal and its counsel of the nature and manner of the proposed transfer or disposition and containing such other information as shall be necessary to determine whether registration under the Act is required in connection with such proposed distribution; and

(b) Crystal shall be furnished with an opinion of securities counsel satisfactory to Crystal (it being understood that a written opinion of Prince, Yeates, Ward, Miller & Geldzahler shall be deemed satisfactory) to the effect that such proposed transfer or disposition may be effected without registration; and

(c) Counsel to Crystal shall not have notified such holder (or such counsel) within five (5) trading days after receipt of such notice and such opinion that it is not satisfied that the proposed transfer may be made without registration.

Unless subsequent dispositions by the proposed transferee might violate, or require registration under, the Act, Crystal shall cause the restrictive legend to be removed from the Restricted Shares to be transferred in accordance with the notice. If, however, a subsequent disposition by the proposed trans-

feree would be subject to Rule 144 or require registration under the Act, then the proposed transfer may be effected only upon the written agreement of the proposed transferee to be bound and subject to all of the transfer restrictions contained in this Article VI.

Crystal presently files or discloses to the Securities and Exchange Commission or to the public the information required by subparagraph (c) of Rule 144, but there is no assurance that Rule 144 will be available at any time, or with the passage of time, in the future with respect to any proposed transfer of the Restricted Shares. However, Crystal agrees to use its best efforts from the date of delivery of the Restricted Shares and at all times thereafter while any of the Restricted Shares are subject to the transfer restrictions provided in this Article VI to timely comply with the Current Public Information requirement of Rule 144(c) and take such other action as may be reasonably necessary to enable the holders of the Restricted Shares to comply with the provisions of Rule 144.

6.4 *Registration Rights of Holders of Restricted Shares.* The exclusive registration rights of holders of Restricted Shares shall be as follows:

(a) If at any time for a period of three (3) years after the Closing Date Crystal files a Registration Statement under the Act on Form S-1, Form S-7 or any other form of general applicability, it will each such time give written notice to each holder of Restricted Shares (including transferees thereof if such shares are subject to the transfer restrictions of this Article VI) of the filing of such Registration Statement and upon receipt of a written request (which request shall state the intended method of disposition) from such holder to register all or part of such holder's Restricted Shares given within thirty (30) days after receipt of such notice, Crystal will use its best efforts to register under the Act such Restricted Shares to the extent requisite to permit the disposition thereof according to the intended method of disposition during the period which Crystal is required to keep the Registration Statement effective pursuant to this Section 6.4(a). Crystal will have no obligation to update, amend or supplement any Registration Statement (or any prospectus included therein) after it becomes effective, except as may be required to keep such Registration Statement and prospectus up to date and such Registration Statement in effect for a period of not more than thirty (30) trading days on the American Stock Exchange if requested to do so by a holder selling shares pursuant thereto. The foregoing registration rights shall not apply to any post-effective amendment to a Registration Statement under the Act. Crystal shall not be required to include in any such Registration Statement less than 10,000 Restricted Shares.

(b) Anything herein to the contrary notwithstanding, (i) if the Board of Directors of Crystal, in good faith, determines that the sale of such Restricted Shares under any registration would be adverse or detrimental to the best interests of Crystal, then Crystal shall have the right to prevent any sales by the holders of such Restricted Shares pursuant to such Registration Statement for a period not to exceed 30 days from the day on which such Registration Statement becomes effective, (ii) Crystal may delay the filing or effectiveness of a Registration Statement if Crystal's Board of Directors in good faith determines that it is advisable to do so because of a special or unusual situation, such as a pending merger or acquisition, which could in light of the circumstances then prevailing cause such filing or effectiveness at such time to be materially harmful to Crystal or which might have an adverse effect on the primary offering, and (iii) Crystal may decide not to file or may withdraw prior to effectiveness any Registration Statement without the consent of or any liability to holders of Restricted Shares whose shares are or were to be included therein pursuant to their registration rights. If Crystal delays the sale of Restricted Shares pursuant to Subdivisions (i) or (ii) of the preceding sentence, then Crystal shall be obligated to keep such Registration Statement effective and up to date for a period not to exceed 30 trading days on the American Stock Exchange after the end of the period during which it shall have prevented sales pursuant to such Registration Statement, during which the Restricted Shares may be sold by such holder, if requested to do so by him, and, in the event that the offering of the Restricted Shares is underwritten, to file an appropriate price amendment at the beginning of or



RAM01656

during such period during which such shares may be sold, provided, however, that if sales of Restricted Shares under such Registration Statement have been delayed in order to permit an underwritten offering of equity securities of Crystal (including convertible debt), such 30-day period shall instead be a period of 90 calendar days at the termination of such equity offering.

(c) In connection with any registration hereunder, each holder of Restricted Shares requesting the registration thereof shall furnish Crystal with such information concerning such holder and the proposed sale or distribution and shall execute such documents as shall reasonably be required in connection with the registration to assure compliance with the Act and other applicable securities laws. Crystal shall indemnify each holder of Restricted Shares against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based upon any untrue statement (or alleged untrue statement) of a material fact contained in the Registration Statement or related prospectus or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading except that Crystal shall not be liable hereunder with respect to written information furnished to Crystal by the holders. Each holder of Restricted Shares who requests the registration thereof shall correspondingly indemnify Crystal, each of its directors, officers and any other person who signed the Registration Statement and each person, if any, who controls Crystal within the meaning of the Act, against all similar claims, losses, damages and liabilities (or actions in respect thereof) to the exact same degree as stated above, but in each case to the extent and only to the extent that such untrue statement (or alleged untrue statement) or omission (or alleged omission) was made in such Registration Statement or prospectus in reliance upon and in conformity with information furnished in writing to Crystal by such holder of Restricted Shares for use in the Registration Statement or that such claim, loss, damage or liability arises out of or is based upon the use by such holders of Restricted Shares of a prospectus after such time as Crystal has notified such holder of Restricted Shares in writing that such prospectus is out of date or no longer accurate and its use should be discontinued.

(d) All expenses, disbursements and fees in connection with any registration shall be borne by Crystal, including, without limitation, all expenses of preparing and filing the Registration Statement, the expenses of printing the Registration Statement and related prospectus, and furnishing one copy of the Registration Statement with the exhibits filed therewith and a reasonable quantity of prospectuses to each holder of Restricted Shares, all accounting and legal expenses of Crystal, all expenses relating to any supplements and post-effective amendments to the Registration Statement and the related prospectus which Crystal may file, and all expenses (if any) of registration or qualification of the Restricted Shares under any applicable state securities laws and regulations (unless such holder requests Crystal to register or qualify its shares in a state in addition to those in which Crystal registers the shares sold by it). Each holder of Restricted Shares shall bear all of his own expenses incident to any registration and sale of Restricted Shares thereunder including, without limitation, fees of his counsel, any underwriting or sales fees and expenses or commissions.

## ARTICLE VII

### Proxy Solicitation and Registration

7.1 *Information for Proxy Statements.* All parties will furnish to the other parties such information concerning them as shall be requested and which is appropriate for inclusion in the proxy statements to be used in connection with the meetings of shareholders referred to herein, including such supplemental information as may be appropriate for purposes of supplementing such proxy statements after the mailing thereof. All such information so furnished will be accurate and complete in all material respects and will not omit any information necessary to prevent the information furnished from being misleading.



RAM01657

7.2 *Proxy Statement.* Both Rico and Crystal will prepare and send to their shareholders for purposes of the shareholders' meetings proxy statements meeting all applicable requirements of Utah and Maryland law, respectively, and of the Securities Exchange Act of 1934, as amended, and rules and regulations promulgated thereunder. The proxy statement mailed to Rico's shareholders shall be in the form of the prospectus included in the registration statement referred to in the next succeeding section, in which event Rico shall not mail or otherwise furnish to its shareholders any proxy statements prior to advice by Crystal that such registration statement has become effective and will promptly mail to all such Rico shareholders any supplemental and amended prospectus or any other material furnished to it by Crystal for such purpose.

7.3 *Registration Statement.* Crystal will as promptly as is practicable prepare and file with the Securities and Exchange Commission a registration statement on Form S-14 or such other applicable form selected by Crystal and will use all reasonable and best efforts to cause such registration statement to become effective under the Act at the earliest practicable date. Crystal will advise Rico promptly when such registration statement has become effective and of any supplements and amendments thereto or to the prospectus forming part of such registration statement, and Crystal will furnish Rico with copies of all such documents.

7.4 *Accuracy of Information and Indemnity.* The information contained in the proxy and registration statements will be accurate and complete in all material respects and will omit no information necessary to prevent such statements from being misleading, and each party will send to its shareholders such supplementary proxy material as may be necessary, in light of developments occurring subsequent to the mailing of such proxy statement, to make the proxy statement, as so supplemented, accurate and complete in all material respects on the dates of the shareholders' meetings, omitting no information necessary to prevent such proxy statements from being misleading. Each party hereby agrees to indemnify the other parties, each of their directors, officers and all other persons who control them within the meaning of the Act against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based upon any untrue statement (or alleged untrue statement) of a material fact contained in a proxy or registration statement referred to in this Article or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, insofar as any such untrue statement or omission was made in reliance upon, and in conformity with, written information furnished by or on behalf of some party hereto, to any other party, for use in the preparation of a proxy or registration statement by such other party. Each party further agrees that it will not utilize its proxy or registration statements until such statements have been approved by counsel for Rico (in the case of Crystal or CRC) and Crystal (in the case of Rico). Each party further agrees that any factual statements contained in the proxy or registration statements concerning either party, respectively, shall be deemed to be written information furnished by such party for use in such statements.

7.5 *Inclusion in Registration Statement.* In addition to according the holders of Restricted Shares the registration rights set forth in this Agreement, Crystal will, upon timely notice from persons who are affiliates of Rico (as defined herein) include in the prospectus forming a part of the registration statement on Form S-14 referred to in this Article VII such information concerning them and their proposed resales of Restricted Shares as will enable them to sell promptly following the Merger the Restricted Shares they have indicated that they intend to sell. Crystal will keep the registration statement and related prospectus up to date for a period of no more than 30 trading days after issuance and listing of the shares on the American Stock Exchange so as to permit the disposition within such period of the Restricted Shares in accordance with the proposed method of disposition described in the request for registration. Crystal will provide to such affiliates the number of copies of the prospectus (and of any supplements thereto) as they shall reasonably require for purposes of such sales of Restricted Shares within such period. All expenses of such registration statement shall be borne by Crystal, provided that the persons requesting the registration shall bear their own legal fees and any underwriting or sales fees, expenses or commissions. Crystal, the persons requesting the registration and the underwriters, if any,



RAM01658

of the shares covered by the registration statement will enter into an indemnification agreement in respect thereof substantially identical or similar to that provided for in Section 7.4.

## ARTICLE VIII

### Miscellaneous

8.1 *Termination of Agreement.* Anything contained in this Agreement to the contrary notwithstanding, this Agreement may be terminated and the transactions contemplated hereby abandoned at any time (whether before or after the approval and adoption thereof by the shareholders of Rico or Crystal, respectively) prior to the Effective Date:

(i) By mutual consent of the Boards of Directors of Rico and Crystal; or

(ii) By the Board of Directors of either Rico or Crystal if the merger of Rico into CRC shall not have been effective on or before June 30, 1974; or

(iii) By Crystal if any of the conditions to its obligations set forth in Article V hereof have not been met at the time when such condition is to be met pursuant to said Article V and have not been waived by it; or

(iv) By Rico if any of the conditions to its obligations set forth in Article V hereof have not been met at the time when such condition is to be met pursuant to said Article V and have not been waived by it.

In the event of the termination and abandonment of this Agreement pursuant to the provisions of this Section 8.1, the same shall become void and have no effect without any liability on the part of either party hereto or its directors or officers or shareholders in respect of this Agreement, except the liabilities of each of the parties hereto to pay the expenses incurred by it or on its behalf and the obligations of the parties under Sections 4.1(c) and 4.2(b).

8.2 *Expenses.* All expenses of complying with the terms of this Agreement including but not limited to legal and accounting fees, will be paid by the party incurring them.

8.3 *Cooperation.* From time to time prior to the Effective Date, each of the parties hereto will permit any other party hereto to make, and will cooperate and assist the others in making, such investigations as may be appropriate to enable such party to determine compliance with the terms of this Agreement and will execute all documents, certificates, consents and orders and shall cooperate in every way with the other in connection with any investigation, suit, action or proceeding brought or commenced in connection with this Agreement or the consummation of the transactions contemplated hereby.

8.4 *Definition of Subsidiary.* As used in this Agreement, the term "subsidiary" shall mean any corporation of which over 50 percent of the capital shares having ordinary voting power for the election of directors shall be owned by a parent corporation, including direct ownership or indirect ownership, by one or more of its subsidiaries, or by such parent corporation and one or more subsidiaries.

8.5 *Execution in Counterparts.* For the convenience of the parties this Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document.

8.6 *Notices.* All notices which are required or may be given pursuant to the terms of this Agreement shall be in writing and shall be sufficient in all respects if given in writing and delivered personally or by registered or certified mail, postage prepaid, as follows:



RAM01659

If to Crystal or CRC, to:

Robert F. Roberts, President
Crystal Oil Company
P.O. Box 1101
Shreveport, Louisiana 71102

with copies to

J. Rolfe Johnson, Esq.
Butler, Binion, Rice, Cook & Knapp
1100 Esperson Building
Houston, Texas 77002

If to Rico, to:

Sherman B. Hinckley, President
Rico-Argentine Mining Company
605 Kearns Building
Salt Lake City, Utah 84101, and

with copies to

J. Gordon Hansen, Esq.
Prince, Yeates, Ward, Miller & Geldzahler
455 South Third East
Salt Lake City, Utah 84111

or to such other addresses as such party may from time to time designate by notice to the other parties.

8.7 *Waivers.* Any failure of any party hereto to comply with any of its obligations, agreements or conditions as set forth herein may be expressly waived in writing by the President or Vice President of the other party or parties.

8.8 *Confidential Information.* Unless and until the Effective Date each party and its representatives will hold in strict confidence all data and information obtained in confidence from the others and will not use such data and information for any purpose other than the consummation of the transactions contemplated by this Agreement, and if the transactions herein provided for are not consummated as contemplated herein, each party will return to the other parties all such data which the other party may reasonably request. After the Closing Date, each party shall make available to the other parties at any reasonable time during business hours for any proper purpose any books, records and other data delivered by the other party.

8.9 *Indemnity.* The representations and warranties provided for herein and in any document or certification referred to herein shall survive for a period of three (3) years from and after the Closing Date. Each party or person with respect to such representations or warranties made by such party or person (the "indemnifying party") shall indemnify, defend and hold harmless the party or parties hereto in whose favor such representations and warranties have been made from and against all loss, liability, or damage, or claims therefor, together with reasonable expenses relating thereto, including legal and accounting fees and expenses, arising out of any misrepresentation or breach of warranty of the indemnifying party; provided, however, that the indemnity from certifications referred to herein shall be limited in amount to the value of the Crystal shares beneficially owned by the indemnifying party immediately subsequent to the consummation of the Merger of Rico into CRC. This indemnity shall inure to the benefit of and may be enforced by any party hereto or any person who is a shareholder of Rico on the Closing Date.



RAM01660

8.10 *Publicity.* Each party hereto agrees that it will not release any publicity with respect to the transactions provided for herein or make any announcement with respect thereto without the prior approval of the other party.

8.11 *Amendment.* This Agreement may be amended, modified or supplemented in whole or in part, at any time before or after the approval hereof by the shareholders of Rico, Crystal or CRC or all of them, by an agreement in writing executed in the same manner as this Agreement and authorized by the Board of Directors of Rico, Crystal and CRC; provided, however, that no amendment, modification or supplement after such approval shall in the judgment of the Board of Directors of such corporation materially and adversely affect the rights of such corporation's shareholders.

8.12 *Integration.* This Agreement, including any exhibits hereto and all documents and writings expressly referred to herein, embodies the entire agreement and understanding between the parties hereto relating to the subject matter hereof and supersedes any prior agreements and understanding between such parties which relate to such subject matter.

8.13 *Headings.* The headings of the various Articles and Sections herein have been included for convenience of reference only and shall not affect in any way the express provisions of this Agreement.

8.14 *Governing Law.* This Agreement and all matters in connection herewith shall be construed and enforced in accordance with the laws of the State of Utah.

IN WITNESS WHEREOF, this Agreement has been duly made, executed and signed by the respective parties effective as of the above date.

ATTEST:

/s/ L. G. CASKEY, JR.
Secretary

CRYSTAL-RICO COMPANY

By /s/ ROBERT F. ROBERTS
Robert F. Roberts, President

ATTEST:

/s/ L. J. LERWILL
Secretary

RICO-ARGENTINE MINING COMPANY

By /s/ SHERMAN B. HINCKLEY
Sherman B. Hinckley, President

ATTEST:

/s/ L. G. CASKEY, JR.
Secretary

CRYSTAL OIL COMPANY

By /s/ ROBERT F. ROBERTS
Robert F. Roberts, President
*For itself and as sole shareholder of Crystal-Rico Company.*

## AMENDMENT TO REORGANIZATION AGREEMENT

This Amendment dated May 8, 1974, amends certain provisions of an Agreement and Plan of Reorganization dated February 2, 1974 (the "Reorganization Agreement") by and among Rico-Argentine Mining Company, a Utah corporation ("Rico"), Crystal Oil Company, a Maryland corporation ("Crystal"), and Crystal-Rico Company, a Texas corporation ("CRC");

WITNESSETH:

Whereas, the Boards of Directors of Rico, Crystal and CRC have determined to amend the Reorganization Agreement and to amend and restate the Plan of Merger of even date therewith described in the recitals to the Reorganization Agreement; and

Whereas, an amended and restated Plan of Merger dated May 8, 1974 has been executed by Rico and CRC;

Now, therefore, the parties hereto confirm and adopt the amended and restated Plan of Merger dated May 8, 1974 and agree that the Reorganization Agreement is hereby amended in the following respects:

1. Section 6.4 of the Reorganization Agreement is hereby amended to read in its entirety as follows:

6.4 *Registration Rights of Holders of Restricted Shares.* The exclusive registration rights of holders of Restricted Shares shall be as follows:

(a) If at any time for a period of three (3) years after the Closing Date Crystal files a Registration Statement under the Act on Form S-1, Form S-7 or any other form of general applicability, it will each time give written notice to each holder of Restricted Shares (including transferees thereof if such shares are subject to the transfer restrictions of this Article VI) of the filing of such Registration Statement and upon receipt of a written request (which request shall state the intended method of disposition) from such holder to register all or part of such holder's Restricted Shares given within thirty (30) days after receipt of such notice, Crystal will use its best efforts to register under the Act such Restricted Shares to the extent requisite to permit the disposition thereof according to the intended method of disposition during the period which Crystal is required to keep the Registration Statement effective pursuant to Section 6.4(c). The foregoing registration rights shall not apply to any post-effective amendment to a Registration Statement under the Act. Crystal shall not be required to include in any such Registration Statement less than 10,000 Restricted Shares. The registration rights referred to in this paragraph (a) are hereinafter referred to as "conjunctive registration."

(b) The holders of at least 50,000 of the Restricted Shares outstanding at any time shall have the right to request Crystal to file a Registration Statement under the Act by giving notice of such request to Crystal at any time within one year after the Closing Date, and Crystal will thereupon as promptly as practicable and as will permit the use by Crystal of its audited year end financial statements in such Registration Statement, file such a Registration Statement and use its best efforts to cause such Registration Statement to become effective. Any such request shall state the intended method of disposition, and Crystal will use its best efforts to register such Restricted Shares to the extent requisite to permit the disposition thereof according to the intended method of disposition during the period which Crystal is required to keep the Registration Statement effective pursuant to Section 6.4(c). Crystal may select and utilize any registration form promulgated by the Securities and Exchange Commission which will permit such disposition in accordance with the Act. The registration rights provided in this paragraph (b) are hereinafter referred to as "requested registration," are for one such registration only, and will terminate



RAM01662

once Crystal has registered an aggregate of 50,000 Restricted Shares pursuant to a conjunctive registration which has not been withdrawn by Crystal as to the Restricted Shares so registered.

(c) Crystal will have no obligation to update, amend or supplement any Registration Statement (or any prospectus included therein) after it becomes effective, except as may be required to keep such Registration Statement and prospectus up to date and such Registration Statement in effect for a period of not more than thirty (30) trading days on the American Stock Exchange if requested to do so by a holder selling shares pursuant thereto. Anything herein to the contrary notwithstanding, (i) if the Board of Directors of Crystal, in good faith, determines that the sale of such Restricted Shares under any conjunctive registration would be adverse or detrimental to the best interests of Crystal, then Crystal shall have the right to prevent any sales by the holders of such Restricted Shares pursuant to such Registration Statement for a period not to exceed 30 days from the day on which such Registration Statement becomes effective, (ii) Crystal may delay the filing or effectiveness of a Registration Statement if Crystal's Board of Directors in good faith determines that it is advisable to do so because of a special or unusual situation, such as a pending merger or acquisition, which could in light of the circumstances then prevailing cause such filing or effectiveness at such time to be materially harmful to Crystal or which might have an adverse effect on a primary offering, and (iii) Crystal may decide not to file or may withdraw prior to effectiveness any Registration Statement other than one involving a requested registration without the consent of or any liability to holders of Restricted Shares whose shares are or were to be included therein pursuant to their conjunctive registration rights. If Crystal delays the sale of Restricted Shares pursuant to Subdivisions (i) or (ii) of the preceding sentence, then Crystal shall be obligated to keep such Registration Statement effective and up to date for a period not to exceed 30 trading days on the American Stock Exchange after the end of the period during which it shall have prevented sales pursuant to such Registration Statement, during which the Restricted Shares may be sold by such holder, if requested to do so by him, and, in the event that the offering of the Restricted Shares is underwritten, to file an appropriate price amendment at the beginning of or during such period during which such shares may be sold, provided, however, that if sales of Restricted Shares under such Registration Statement have been delayed in order to permit an underwritten offering of equity securities of Crystal (including convertible debt), such 30-day period shall instead be a period of 90 calendar days at the termination of such equity offering.

(d) In connection with any registration hereunder, each holder of Restricted Shares requesting the registration thereof shall furnish Crystal with such information concerning such holder and the proposed sale or distribution and shall execute such documents as shall reasonably be required in connection with the registration to assure compliance with the Act and other applicable securities laws. Crystal shall indemnify each holder of Restricted Shares against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based upon any untrue statement (or alleged untrue statement) of a material fact contained in the Registration Statement or related prospectus or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading except that Crystal shall not be liable hereunder with respect to written information furnished to Crystal by the holders. Each holder of Restricted Shares who requests the registration thereof shall correspondingly indemnify Crystal, each of its directors, officers and any other person who signed the Registration Statement and each person, if any, who controls Crystal within the meaning of the Act, against all similar claims, losses, damages and liabilities (or actions in respect thereof) to the exact same degree as stated above, but in each case to the extent and only to the extent that such untrue statement (or alleged untrue statement) or omission (or alleged omission) was made in such Registration Statement or prospectus in reliance upon and in conformity with information furnished in writing to Crystal by such holder of Restricted Shares for use in the Registration Statement or that such claim, loss, damage or liability arises out of or is based upon the use by such holders of Restricted Shares of a prospectus after such time

as Crystal has notified such holder of Restricted Shares in writing that such prospectus is out of date or no longer accurate and its use should be discontinued.

(e) All expenses, disbursements and fees in connection with any conjunctive or requested registration shall be borne by Crystal, including, without limitation, all expenses of preparing and filing the Registration Statement, the expenses of printing the Registration Statement and related prospectus, and furnishing one copy of the Registration Statement with the exhibits filed therewith and a reasonable quantity of prospectuses to each holder of Restricted Shares, all accounting and legal expenses of Crystal, all expenses relating to any supplements and post-effective amendments to the Registration Statement and the related prospectus which Crystal may file, and (in the case of a conjunctive registration) all expenses (if any) of registration or qualification of the Restricted Shares under any applicable state securities laws and regulations (unless such holder requests Crystal to register or qualify its shares in a state in addition to those in which Crystal registers the shares sold by it) or (in the case of a requested registration) all such expenses of registration or qualification under the State Securities laws of New York. Each holder of Restricted Shares shall bear all of his own expenses incident to any registration and sale of Restricted Shares thereunder including, without limitation, fees of his counsel, any underwriting or sales fees and expenses or commissions and all expenses (if any) of registration or qualification of the Restricted Shares except as will be paid by Crystal as described above.

2. Section 7.5 of the Reorganization Agreement is hereby deleted.

3. Except as modified by this Amendment, the Reorganization Agreement shall remain in full force and effect in accordance with its terms.

In witness whereof, this Amendment has been duly made and executed by the respective parties as of the above date.

Attest:

Crystal-Rico Company

/s/ L. G. CASKEY, JR.
**L. G. Caskey, Jr., Secretary**

BY /s/ ROBERT F. ROBERTS
**Robert F. Roberts, President**

Attest:

Rico-Argentine Mining Company

/s/ L. J. LERWILL
**L. J. Lerwill, Secretary**

BY /s/ SHERMAN B. HINCKLEY
**Sherman B. Hinckley, President**

Attest:

Crystal Oil Company

/s/ L. G. CASKEY, JR.
**L. G. Caskey, Jr., Secretary**

BY /s/ ROBERT F. ROBERTS
**Robert F. Roberts, President**



RAM01664

# PLAN OF MERGER

THIS PLAN OF MERGER, as of May 8, 1974, between CRYSTAL-RICO COMPANY, a Texas corporation (herein sometimes referred to as "CRC" and sometimes referred to as the "Surviving Corporation"), and RICO-ARGENTINE MINING COMPANY, a Utah corporation (herein referred to as "Rico") (both CRC and Rico being the "Constituent Corporations");

WHEREAS, CRC is a corporation organized and existing under and by virtue of the laws of the State of Texas, with authorized capital of 1,000,000 common shares, par value $1.00 per share, all of which of the outstanding shares are owned by CRYSTAL OIL COMPANY, a Maryland corporation ("Crystal"); and

WHEREAS, Rico is a corporation organized and existing under and by virtue of the laws of the State of Utah with authorized capital of 1,250,000 common shares, par value $.50 per share, (herein referred to as "Rico Shares"); and

WHEREAS, the Boards of Directors of CRC and Rico deem it desirable and in the best interests of the Constituent Corporations and their shareholders that Rico be merged into CRC (the "Merger"); and

WHEREAS, Rico, CRC and Crystal have authorized the execution and delivery of an agreement providing certain representations, covenants, conditions and other understandings related to the Merger, styled the "Rico Agreement".

## ARTICLE I

### The Merger

1.1 *The Plan of Merger.* On the Effective Date of the Merger (as defined herein) the Constituent Corporations shall be merged into a single corporation by Rico merging with and into CRC, the Surviving Corporation, which shall survive the Merger, pursuant to the provisions of the Utah and Texas Business Corporation Acts. Upon such Merger, the separate corporate existence of Rico shall cease and the Surviving Corporation shall become the owner, without other transfer, of all rights and property of the Constituent Corporations, and the Surviving Corporation shall become subject to all the debts and liabilities of the Constituent Corporations in the same manner as if the Surviving Corporation had itself incurred them.

1.2 *Name, Articles of Incorporation, By-Laws and Jurisdiction.* The name of the Surviving Corporation shall be Rico-Argentine Mining Company. The Articles of Incorporation of CRC, as on the Effective Date, shall become the Articles of Incorporation of the Surviving Corporation except that upon the Effective Date, the Articles of Incorporation of CRC shall be amended as follows:

(a) Article I shall be amended to read in its entirety as follows: "The name of the Corporation shall be Rico-Argentine Mining Company".

The By-Laws, of CRC, as on the Effective Date, shall be the By-Laws of the Surviving Corporation, and the Surviving Corporation shall be governed by the laws of the State of Texas, with its registered office located at 811 Dallas Avenue, Houston, Texas.

1.3 *Board of Directors of Surviving Corporation.* The initial sole member of the Board of Directors of the Surviving Corporation upon the Effective Date shall be the person whose name and address is set forth below and who shall hold office until the next annual meeting of the shareholders of the Surviving Corporation and until his successor is elected and qualified:

| Name | Address |
|---|---|
| Robert F. Roberts | P. O. Box 1101<br>Shreveport, Louisiana 71163 |

## ARTICLE II

### Conversion of Shares on Merger

2.1 *Conversion of Shares on Merger.* The manner and basis of converting the 970,340 outstanding Rico Shares into 650,127 Common Shares, par value $1.00 per share, of Crystal (the "Crystal Shares") upon the Effective Date shall be as follows:

(a) *Conversion of Rico's Shares Into, and Distribution of, Crystal Shares.* Each Rico Share shall, subject to paragraph (b) of this Section, without further action on the part of Crystal, Rico or the holders of such shares, be converted into .670 Crystal Shares; provided that no holder of Rico Shares shall be entitled to receive any fractional Crystal Share, but any holder of Rico Shares entitled to such a fractional Crystal Share shall have the rights provided in Section (c) below. Any Rico Shares held in the treasury of Rico on the Effective Date shall be cancelled.

(b) *Manner of Exchange of Certificates for Rico Shares for Certificates for Crystal Shares.* After the Effective Date, each holder of an outstanding certificate or certificates theretofore representing Rico Shares shall surrender the same to an exchange agent designated by Crystal for such purpose and shall receive therefor a certificate representing the number of whole Crystal Shares into which Rico Shares have been converted. Until so surrendered and exchanged, each outstanding certificate which, prior to the Effective Date, represented Rico Shares, shall, upon and after such Effective Date, be deemed for all corporate purposes (other than to the extent provided in the following sentence) to evidence ownership of the number of Crystal Shares into which such Rico Shares have been converted by virtue of the Merger. Unless and until the outstanding certificates formerly representing Rico Shares are so surrendered and exchanged, no dividends payable to the holders of record of Crystal Shares shall be paid to the holders of outstanding certificates formerly representing Rico Shares that have not been exchanged for Crystal Shares. Upon surrender of such outstanding Rico certificates, however, there shall be paid to the record holder of the certificates of Crystal Shares issued in exchange therefor the amount of dividends, if any, which theretofore became payable in respect of such Crystal Shares. No interest shall be payable with respect to the payment of such dividends or surrender of such outstanding shares.

(c) *Treatment of Fractional Shares.* No fractional Crystal Shares or certificates for scrip therefor shall be issued in connection with the conversion of Rico Shares and the distribution of Crystal Shares in respect thereof, but in lieu thereof there shall be paid to each holder of Rico Shares otherwise entitled to a fraction of a Crystal Share an amount of cash equal to the value of such fraction determined by the average of the high and low price (regular way) of the Crystal Shares on the American Stock Exchange on the Effective Date, or if Crystal Shares were not traded on such date, then on the last date prior thereto on which the Crystal Shares were so traded.

2.2 *Contingent Shares.* Crystal agrees to issue and deliver to the record holders of Rico Shares as of the Effective Date certificates of contingent interest ("Certificates") evidencing the agreement of Crystal to issue and deliver and the right of each holder of certificates to receive additional Crystal Shares ("contingent shares") upon and subject to the following conditions and circumstances:

(a) In the event that the market price (as defined below) of the Crystal Shares shall be less than $18.00 per share ("warranty price") one year subsequent to the Effective Date ("warranty date"), Crystal agrees to issue the number of contingent shares determined as follows:

(i) The difference between the market price and the warranty price of the Crystal Shares shall be multiplied by 650,127 ("warranty differential").

(ii) If the market price (as defined below) of the Amax Stock (as defined in the Rico Agreement) is less than $116 per share, then the warranty differential shall be reduced



RAM01666

by the product of the difference between the market price of the Amax Stock and $116 multiplied by 102.034 ("adjusted warranty differential").

(iii) The number of contingent shares shall be determined by dividing the adjusted warranty differential by the market price of the Crystal Shares; provided that in any event the number of contingent shares shall not exceed 89,000.

(iv) The "market price" of the Crystal Shares or the Amax Stock, as the case may be, shall be the average of the closing prices of such shares on the American Stock Exchange and the New York Stock Exchange, respectively, for the 40 trading days prior to the warranty date. If either the Crystal Shares or the Amax Stock is not then listed or traded on such exchange, then market price shall be determined by reference to any other principal exchange on which such stock is then listed, or, if not listed, to the average daily bid and asked price quotations provided by NASDAQ.

(b) The number of contingent shares issuable hereunder shall be appropriately adjusted for any stock dividend, stock split, reverse split or similar change in the number of outstanding Crystal Shares.

(c) In the event that any contingent shares shall be issuable pursuant to these provisions, then within thirty (30) days after the warranty date, Crystal shall so notify the holders of outstanding Certificates. Each holder of a Certificate shall surrender the same to an exchange agent designated by Crystal for such purpose and shall receive therefor a certificate or certificates representing the number of whole Crystal Shares to which such holder may be entitled. If no contingent shares shall be issuable pursuant to these provisions, then, from and after the warranty date, the Certificates shall be null and void and of no further force and effect, whether or not surrendered for cancellation, and without any further action by Crystal or the holder thereof.

(d) No fractional Crystal Shares shall be issued and the holders of Certificates who would otherwise be entitled to fractional shares shall receive cash payments in lieu thereof equivalent to the corresponding fraction of the market price of the Crystal Shares on the warranty date.

(e) The Certificates shall not be transferable except by will or the laws of descent and distribution.

## ARTICLE III

### Effective Date

The Merger shall become effective upon the filing of executed Articles of Merger with the Secretaries of State of Utah and Texas. The Constituent Corporations shall do all other acts and things as shall be necessary or desirable in order to effectuate this Merger.

## ARTICLE IV

### Abandonment of Merger

This Plan of Merger may be abandoned at any time before or after approval or adoption thereof by the shareholders of Rico or CRC, but not later than the Effective Date of the Merger, as set forth in Article VIII of the Rico Agreement. In the event of termination of this Plan and abandonment of the Merger, this Plan shall forthwith become wholly void and of no effect and there shall be no liability on the part of either Constituent Corporation or their respective officers, directors or shareholders with respect to this Plan.

IN WITNESS WHEREOF, CRC and Rico, pursuant to the approval and authority duly given by resolutions adopted by the respective Boards of Directors, have each caused this Plan of Merger to be executed by its President and its Secretary and its corporate seal to be affixed as of the date first above written.

CRYSTAL-RICO COMPANY

By /s/ ROBERT F. ROBERTS
Robert F. Roberts, *Its President*

(seal)

By /s/ L. G. CASKEY, JR.
L. G. Caskey, Jr., *Its Secretary*

RICO-ARGENTINE MINING COMPANY

By /s/ SHERMAN B. HINCKLEY
Sherman B. Hinckley, *Its President*

(seal)

By /s/ L. J. LERWILL
L. J. Lerwill, *Its Secretary*



RAM01668

## INDEX TO FINANCIAL STATEMENTS


| | Page |
|---|---|
| **Crystal Oil Company and Consolidated Subsidiaries —** | |
| Statement of Consolidated Operations for the Five Years Ended December 31, 1973 | 10 |
| Notes to Statement of Consolidated Operations | 11 |
| Accountants' Report | F-2 |
| Consolidated Balance Sheet | F-3 |
| Statement of Consolidated Stockholders' Equity | F-4 |
| Statement of Consolidated Changes in Financial Position | F-5 |
| Notes to Consolidated Financial Statements | F-6 |
| **Rico-Argentine Mining Company —** | |
| Statement of Operations for the Five Years Ended June 30, 1973, and for the Six Months Ended December 31, 1973 | 14 |
| Notes to Statement of Operations | 15 |
| Auditors' Opinion | F-11 |
| Balance Sheet | F-12 |
| Statement of Changes in Stockholders' Equity | F-13 |
| Statement of Changes in Financial Position | F-14 |
| Notes to Financial Statements | F-15 |
| **Pro Forma Combined Statements —** | |
| Pro Forma Condensed Combined Statement of Operations (unaudited) | 17 |
| Pro Forma Condensed Combined Balance Sheet (unaudited) | 18 |




RAM01669

## ACCOUNTANTS' REPORT

Stockholders and Board of Directors
Crystal Oil Company
Shreveport, Louisiana

We have examined the consolidated balance sheet of Crystal Oil Company and Subsidiaries as of December 31, 1973, the related statements of consolidated operations and stockholders' equity for the five years then ended, and the related statement of consolidated changes in financial position for the three years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the aforementioned financial statements present fairly the consolidated financial position of Crystal Oil Company and Subsidiaries at December 31, 1973, the consolidated results of their operations and changes in stockholders' equity for the five years then ended, and the changes in financial position for the three years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

ERNST & ERNST

Dallas, Texas
February 22, 1974



RAM01670

# CRYSTAL OIL COMPANY AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET

**December 31, 1973**

### ASSETS

| | |
|---|---|
| **CURRENT ASSETS** | |
| Cash including certificates of deposits of $1,510,000 of which $1,300,000 is restricted under a letter of credit | $ 9,377,115 |
| Trade accounts receivable, less allowances of $340,349 — Note C | 6,750,659 |
| Crude oil, refined products and other inventories — Notes B and C | 4,320,770 |
| Prepaid expenses and other current assets | 300,410 |
| Total Current Assets | 20,748,954 |
| **PROPERTY, PLANT, AND EQUIPMENT — on the basis of cost — Note C** | |
| Producing oil and gas properties | 22,344,307 |
| Gas plant, pipelines and other equipment | 2,933,606 |
| Undeveloped leases and mineral rights | 2,665,193 |
| Petroleum marketing facilities | 11,257,744 |
| Refinery plants and equipment | 8,949,132 |
| Fee properties | 3,113,559 |
| Allowances for depletion and depreciation (deduction) | (16,015,351) |
| Total Property, Plant, and Equipment | 35,248,190 |
| **OTHER ASSETS** | |
| Investment in bank stock | 711,885 |
| Unamortized debt expense | 451,552 |
| Goodwill | 1,479,401 |
| Miscellaneous other assets | 681,391 |
| Total Other Assets | 3,324,229 |
| | $59,321,373 |

### LIABILITIES AND STOCKHOLDERS' EQUITY

| | |
|---|---|
| **CURRENT LIABILITIES** | |
| Notes payable to banks and others | $ 1,022,462 |
| Trade accounts payable | 10,470,599 |
| Accrued expenses | 3,030,998 |
| Advances from customers on product sales | 1,449,608 |
| Current installments on long-term debt | 4,726,971 |
| Total Current Liabilities | 20,700,638 |
| **ADVANCES FROM CUSTOMERS ON PRODUCT SALES — noncurrent** | 521,822 |
| **MORTGAGE AND OTHER NOTES — Note C** | 19,879,098 |
| **7% CONVERTIBLE SUBORDINATED DEBENTURES DUE 1984 — Note D** | 2,292,000 |
| **STOCKHOLDERS' EQUITY — Notes D, F, H, and K** | |
| Preferred stock, par value $5 per share: Authorized — 1,000,000 shares; issued and outstanding — $1.50 Convertible Cumulative Preferred Stock, Series A — 193,650 shares (liquidation value — $4,841,250) | 968,250 |
| Common stock, par value $1 per share: Authorized — 5,000,000 shares (a proposal to increase the number of authorized shares is pending, see Note K); issued and outstanding — 1,547,131 shares | 1,547,131 |
| Additional paid-in capital | 10,279,307 |
| Retained earnings | 3,133,127 |
| Total Stockholders' Equity | 15,927,815 |
| **CONTINGENCIES — Note J** | |
| | $59,321,373 |

See notes to consolidated financial statements.



RAM01671

# CRYSTAL OIL COMPANY AND SUBSIDIARIES

## STATEMENT OF CONSOLIDATED STOCKHOLDERS' EQUITY

### Five years ended December 31, 1973

| | Preferred Stock | | Common Stock | | Additional Paid-In Capital | Retained Earnings |
|---|---|---|---|---|---|---|
| | No. Shares | Amount | No. Shares | Amount | | |
| Balance at January 1, 1969 | | $ — | 1,189,993 | $1,189,993 | $ 3,000,831 | $2,529,382 |
| Conversion of convertible subordinated debentures into common stock, less applicable debt expense ($295,734) | | | 274,715 | 274,715 | 2,603,550 | |
| Net (loss) for the year | | | | | | (368,348) |
| Balance at December 31, 1969 | | — | 1,464,708 | 1,464,708 | 5,604,381 | 2,161,034 |
| Net (loss) for the year | | | | | | (180,829) |
| Balance at December 31, 1970 | | — | 1,464,708 | 1,464,708 | 5,604,381 | 1,980,205 |
| Net (loss) for the year | | | | | | (309,977) |
| Cash dividends on preferred stock | | | | | | (43,962) |
| Issuance of preferred stock in the acquisition of Tulsa Oil Corporation, Crystal Petroleum Company and Eastern Petroleum Company | 138,000 | 690,000 | | | 2,760,000 | |
| Issuance of common stock for the acquisition of a seismic exploration permit and an option for a foreign drilling concession | | | 9,000 | 9,000 | 94,500 | |
| Exercise of options to purchase common stock | | | 500 | 500 | 2,813 | |
| Balance at December 31, 1971 | 138,000 | 690,000 | 1,474,208 | 1,474,208 | 8,461,694 | 1,626,266 |
| Net (loss) for the year | | | | | | (1,323,918) |
| Cash dividends on preferred stock | | | | | | (223,292) |
| Issuance of preferred stock in the acquisition of the Stone and Hutchison Companies | 62,800 | 314,000 | | | 1,256,000 | |
| Exercise of options to purchase common stock | | | 1,830 | 1,830 | 10,731 | |
| Balance at December 31, 1972 | 200,800 | 1,004,000 | 1,476,038 | 1,476,038 | 9,728,425 | 79,056 |
| Net income for the year | | | | | | 3,355,083 |
| Cash dividends on preferred stock | | | | | | (301,012) |
| Conversion of convertible subordinated debentures into common stock, less applicable debt expense ($15,481) | | | 46,219 | 46,219 | 472,130 | |
| Conversion of preferred stock into common stock | (7,150) | (35,750) | 14,504 | 14,504 | 21,246 | |
| Exercise of options to purchase common stock | | | 10,370 | 10,370 | 57,506 | |
| Balance at December 31, 1973 | 193,650 | $ 968,250 | 1,547,131 | $1,547,131 | $10,279,307 | $3,133,127 |

See notes to consolidated financial statements.



RAM01672

# CRYSTAL OIL COMPANY AND SUBSIDIARIES

## STATEMENT OF CONSOLIDATED CHANGES IN FINANCIAL POSITION

| | Year ended December 31 | | |
|---|---|---|---|
| | 1971 | 1972 | 1973 |
| **SOURCE OF FUNDS** | | | |
| Income (loss) before extraordinary items | $ (309,977) | $ (139,073) | $ 1,925,083 |
| Depletion and depreciation | 1,878,939 | 2,444,741 | 2,804,503 |
| Exploration costs | 567,396 | 588,031 | 1,435,868 |
| Amortization of debt expense and goodwill | 37,416 | 62,201 | 61,697 |
| Equity in earnings of bank, less dividends | (40,736) | (54,822) | — |
| | 2,133,038 | 2,901,078 | 6,227,151 |
| Extraordinary item — benefit of operating loss carryforward | — | — | 1,430,000 |
| TOTAL FROM OPERATIONS | 2,133,038 | 2,901,078 | 7,657,151 |
| Increase in long-term debt, excluding refinancing in 1972—$9,703,600 | 4,432,698 | 7,186,495 | 11,081,728 |
| Advances from customers | — | — | 521,822 |
| Issuance of common stock | 106,813 | 12,561 | 67,876 |
| Issuance of preferred stock for acquisitions | 3,450,000 | 1,570,000 | — |
| Common stock issued upon conversion of debentures ($518,348) and preferred stock | — | — | 554,099 |
| Net carrying amount of equipment sold | 35,533 | 242,880 | 892,338 |
| Proceeds from sale of bank stock | — | 2,129,650 | 172,788 |
| Increase (decrease) in net current liabilities | 1,693,726 | (795,031) | — |
| | $11,851,808 | $13,247,633 | $20,947,802 |
| **APPLICATION OF FUNDS** | | | |
| Capital expenditures: | | | |
| Producing oil and gas properties | $ 1,560,436 | $ 2,443,691 | $ 1,820,265 |
| Undeveloped leases | 823,341 | 113,198 | 611,727 |
| Gas plant, pipelines and other equipment | 549,526 | 1,233,725 | 171,967 |
| Petroleum marketing facilities | 1,564,979 | 1,119,934 | 233,867 |
| Refinery plant and equipment | 42,148 | 436,934 | 275,012 |
| Fee properties | 326,818 | 98,284 | 8,428 |
| | 4,867,247 | 5,445,766 | 3,121,266 |
| Acquisition of companies (excluding net current assets (liabilities) of $1,115,807 in 1973, $1,660,234 in 1972, and $(574,071) in 1971(1) | 4,634,895 | 2,637,397 | 8,235,821 |
| Dry holes | 21,862 | 86,590 | 13,242 |
| Other exploration costs | 300,520 | 409,611 | 542,471 |
| Reduction of long-term debt | 1,876,632 | 4,232,150 | 5,605,016 |
| Debentures and preferred stock converted to common stock | — | — | 569,750 |
| Net increase in other assets | 106,689 | 212,827 | 8,725 |
| Payment of cash dividends on preferred stock | 43,962 | 223,292 | 301,012 |
| Increase in working capital | — | — | 2,550,499 |
| | $11,851,808 | $13,247,633 | $20,947,802 |
| **INCREASE IN WORKING CAPITAL BY COMPONENT** | | | |
| Cash | | | $ 5,984,387 |
| Trade accounts receivable | | | 3,070,241 |
| Inventories | | | 2,160,042 |
| Prepaid expenses and other current assets | | | (10,318) |
| Notes payable to banks and others | | | (489,350) |
| Trade accounts payable and accrued expenses | | | (4,517,696) |
| Advances from customers on product sales | | | (1,449,608) |
| Current installments on long-term debt | | | (2,197,199) |
| INCREASE IN WORKING CAPITAL | | | $ 2,550,499 |
| (1) Properties | $ 4,974,227 | $ 2,526,989 | $ 7,155,643 |
| Other assets | 493,733 | 303,692 | 19,241 |
| Goodwill | 203,687 | — | 1,249,335 |
| Long-term debt assumed | (1,036,752) | (193,284) | (188,398) |
| | $ 4,634,895 | $ 2,637,397 | $ 8,235,821 |

See notes to consolidated financial statements.



RAM01673

# CRYSTAL OIL COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**December 31, 1973**

**Note A — Significant accounting policies and practices**

Consolidation — The consolidated financial statements include the accounts of Crystal Oil Company and its subsidiaries. Intercompany accounts and transactions have been eliminated.

Inventories — Crude oil, refined products and other inventories are valued at the lower of cost (principally first-in, first-out method) or market.

Intangible Development Costs and Property, Plant and Equipment — Intangible development costs are capitalized with respect to producing wells and written off with respect to non-producing wells. Such costs are claimed as deductions for tax purposes as incurred. Costs to acquire interests in undeveloped leases are capitalized and either transferred to producing properties when the properties become productive or expensed when interests are surrendered. Maintenance and repairs are charged against operations and renewals and betterments are capitalized. The carrying amounts of major assets sold, retired, or otherwise disposed of and the related accumulated provisions for depletion and depreciation are eliminated from the accounts, and any resulting gain or loss is included in income.

Depletion and Depreciation — Depletion of producing oil and gas properties is computed by using the unit of production method based upon recoverable reserves reported by geological reports. A composite grouping by geographical areas is used for this computation. Depreciation of other depreciable property is provided on a straight-line basis over the estimated useful lives as follows: lease and well equipment 10 years; gas plant, pipelines, petroleum marketing facilities, refinery plant and equipment, and other equipment 4 to 25 years.

Goodwill — Goodwill incurred in connection with acquisitions after October 1970 ($1,453,000) is being amortized over a forty-year period.

**Note B — Inventories**

Crude oil, refined products and other inventories used in computing cost and operating expenses were as follows:

| | January 1, 1971 | December 31, 1971 | December 31, 1972 | December 31, 1973 |
|---|---|---|---|---|
| Crude Oil | $ 177,433 | $ 155,313 | $ 91,665 | $ 696,210 |
| Refined products and other merchandise | 449,646 | 1,816,785 | 2,007,551 | 3,477,466 |
| Materials and supplies | 274,095 | 48,415 | 61,512 | 147,094 |
| | $ 901,174 | $2,020,513 | $2,160,728 | $4,320,770 |

**Note C — Mortgage and other notes**

| | |
|---|---|
| Mortgage notes (prime rate plus 3%) to bank due $236,111 monthly until November 1979 | $16,763,889 |
| Mortgage notes (prime rate) due $900,000 in January 1974 with balance due in $250,000 semi-annual installments until January 1979 | 3,400,000 |
| 6% Promissory notes due $11,102 monthly including interest until July 1980 | 892,009 |
| 6% Convertible notes due $8,088 monthly including interest until August 1982 | 654,099 |
| 9¾ % Note to bank due February 1975 | 624,144 |
| Promissory note (prime rate plus 2%) due $184,500 January 1975 and $172,500 annually until January 1978 | 702,000 |
| Other notes due in monthly and annual installments amounting to $401,455 in 1974, with payments through 1982, at interest rates from 5% to 11¼ % | 1,569,928 |
| | 24,606,069 |
| Less current installments | 4,726,971 |
| | $19,879,098 |



RAM01674

Substantially all property, plant and equipment is mortgaged as collateral to the mortgage notes. All shares representing the investment in bank stock are pledged as collateral to the note to bank. Trade accounts receivable and inventories in the amount of $1,404,000 are pledged on the mortgage note due January 1979.

The 6% convertible notes are convertible into $1.50 Convertible Cumulative Preferred Stock, Series A, for a period of 30 days after August 15, 1974.

Maturities of long-term debt for the succeeding five years are as follows:

| | |
|---|---|
| 1974 | $4,727,000 |
| 1975 | $4,702,000 |
| 1976 | $3,964,000 |
| 1977 | $3,809,000 |
| 1978 | $3,568,000 |

**Note D — Convertible subordinated debentures**

The 7% convertible subordinated debentures are convertible until April 15, 1983 into common stock at the rate of $11.55 a share, and 198,457 shares of unissued common stock are reserved for such conversion. The indenture covering the debentures restricts, among other things, the payment of cash dividends on common stock, and at December 31, 1973, $1,187,500 of the retained earnings was available for dividends.

The indenture also requires payments to a sinking fund in 1982 and 1983, which payments may be reduced to the extent that debentures are converted into common stock.

**Note E — Federal income taxes**

Approximately $2,294,000 in tax return operating loss carryforwards from 1971 and 1972 remain available for application against future taxable income through 1976 and 1977. An investment credit carryforward of approximately $368,000, if not used, will expire in the years from 1974 through 1979.

A subsidiary is contingently liable for certain federal income taxes. (See Note J)

**Note F — Preferred stock and common stock**

The preferred stock has voting rights and each share is convertible into 2.029 shares of common stock. At December 31, 1973 there were 49,559 shares of preferred stock reserved for contingent issuance in connection with the acquisition of Tulsa during 1971 (27,159 shares) and for conversion of notes payable in connection with the Hutchison acquisition (22,400 shares). On January 21, 1974 the contingency with respect to the Tulsa acquisition expired and no additional shares were issued. The following shares of common stock were reserved at December 31, 1973 for the indicated purposes:

| | |
|---|---|
| Conversion of 6% convertible notes and preferred stock (including contingently issuable shares) | 493,474 shares |
| Convertible subordinated debentures | 198,457 |
| Stock options | 86,300 |
| Warrants | 15,000 |
| | 793,231 shares |

On May 25, 1973 the stockholders approved an increase in the authorized common stock to 5,000,000 shares.



RAM01675

**Note I — Leases**

Total rental expense for all leases amounted to:

| | 1973 | 1972 | 1971 |
|---|---|---|---|
| Financing leases (retail marketing facilities) | | | |
| Minimum rentals | $ 740,000 | $ 741,000 | $ 341,000 |
| Other leases | | | |
| Minimum rentals | 265,500 | 145,000 | 72,000 |
| | $1,005,500 | $ 886,000 | $ 413,000 |

Rental expense includes the following amounts relative to leases with two directors: 1973 — $167,000, 1972 — $214,000, 1971 — $78,000.

The future minimum rental commitments as of December 31, 1973 for all non-cancelable leases are as follows:

| | Total | Financing leases (Retail Marketing Facilities) | Other Leases |
|---|---|---|---|
| 1974 | $ 817,000 | $ 733,000 | $ 84,000 |
| 1975 | 802,000 | 722,000 | 80,000 |
| 1976 | 747,000 | 698,000 | 49,000 |
| 1977 | 676,000 | 676,000 | — |
| 1978 | 654,000 | 654,000 | — |
| 1979 - 1983 | 3,022,000 | 3,022,000 | — |
| 1984 - 1988 | 2,008,000 | 2,008,000 | — |
| 1989 - 1991 | 634,000 | 634,000 | — |

Most of the retail marketing facilities' leases may be renewed for one to fifteen years and for the above data such renewals are included.

Present value and effect on net income information is not presented as the present value represents less than 5% of the sum of long-term debt, stockholders' equity and the present value of the lease commitments; and, the effect on net income is less than 3% of net income.

**Note J — Contingent liabilities and closed service stations**

Berry Petroleum Company, a wholly-owned subsidiary, is contingently liable for federal income taxes that may be assessed against Iota Industries, Inc. (formerly, Commonwealth United Corporation) for periods prior to October 1970 during which Berry's operations were included in Iota's consolidated federal income tax return. Crystal has been informed that the returns for these years have not been examined and that Iota reported substantial losses for income tax purposes in these periods.

The Federal Energy Office has publicly announced that their intentions are to examine all refineries in the United States to determine if pricing policies are in accordance with the Economic Stabilization Program guidelines. All of Crystal's refineries are being examined, and, to date, no price adjustments have been proposed. It is legal counsel's opinion that any price adjustments will have no material effect on the December 31, 1973 financial statements.

There is currently a dispute with a gasoline supplier in which Crystal contends that it has been overcharged by approximately $200,000 for gasoline delivered to it. It is management's opinion that any settlement of the disputed pricing will not have a material effect on the December 31, 1973 financial statements.



RAM01676

Crystal and two wholly-owned subsidiaries are three of thirteen defendants in a lawsuit in which the plaintiffs seek damages of $288,000, subject to being trebled if the suit is successful. In the opinion of counsel at the present time, the plaintiffs cannot obtain a recovery of damages in any material amount against Crystal or its two subsidiaries.

At December 31, 1973, 77 retail marketing service stations, carried at approximately $1,700,000 were temporarily closed. It is management's opinion that most of these stations will be reopened, sub-leased or otherwise utilized by Crystal without significant economic loss. Nine of the 77 stations are owned and the remaining 68 are leased stations having an annual rental commitment of approximately $152,000 and total future minimum rentals aggregating approximately $762,000.

**Note K — Subsequent events**

On January 23, 1974, the Board of Directors approved an increase in the authorized common stock to 10,000,000 shares, subject to stockholders' approval.

On February 8, 1974, the Board of Directors approved the acquisition of Rico-Argentine Mining Company through the issuance of 650,127 shares of $1.00 par value Common Stock, subject to stockholders' approval.

**Note L — Supplementary profit and loss information**

The following have been charged to operating expenses:

| | Year ended December 31 | | |
|---|---|---|---|
| | 1973 | 1972 | 1971 |
| Maintenance and repairs | $1,011,200 | $ 779,500 | $ 652,000 |
| Depreciation and depletion of property and equipment | 2,804,500 | 2,445,000 | 1,879,000 |
| Depreciation and amortization of intangible assets(1) | — | — | — |
| Taxes, other than income taxes | 1,691,000 | 1,360,500 | 780,300 |
| Rents | 1,005,500 | 885,700 | 413,000 |
| Royalties(1) | — | — | — |
| Advertising cost(1) | — | — | — |
| Research and development cost(1) | — | — | — |

(1) Amounts not presented as such amounts are less than 1% of total revenues.

**Event subsequent to date of accountants' report**

On May 8, 1974, the Plan of Merger was amended to provide for the issuance of additional contingent consideration consisting of up to 89,000 shares of Crystal Common Stock. See "Summary of Proposed Merger — The Plan of Merger".

## AUDITORS' OPINION

Rico-Argentine Mining Company:

We have examined the balance sheet of Rico-Argentine Mining Company as of December 31, 1973, the related statements of operations and changes in stockholders' equity for the five years and six months then ended, and the statement of changes in financial position for the three years and six months then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, subject to (a) the ultimate recovery from future profitable operations of the cost of mine property described in Note 1, and (b) any liability which may result from the matter discussed in Note 4, the above mentioned financial statements present fairly the financial position of the Company at December 31, 1973, the results of its operations and the changes in its stockholders' equity for the five years and six months then ended, and the changes in its financial position for the three years and six months then ended, in conformity with generally accepted accounting principles applied on a consistent basis, after restatement for the change, with which we concur, in the method of accounting for the investment in a subsidiary company, as described in Note C to the statement of operations.

HASKINS & SELLS

Salt Lake City, Utah
February 7, 1974



RAM01678

## RICO-ARGENTINE MINING COMPANY

### BALANCE SHEET

**December 31, 1973**

### ASSETS

| | |
|---|---|
| CURRENT ASSETS: | |
| Cash on hand and in banks | $ 20,051 |
| Time certificates of deposit | 150,000 |
| Accounts receivable: | |
| Trade | 4,558 |
| Affiliate | 22,738 |
| Total receivables | 27,296 |
| Inventories (Note 1): | |
| Ore | 29,925 |
| Parts and supplies | 29,601 |
| Total inventories | 59,526 |
| Total current assets | 256,873 |
| INVESTMENTS — At cost: | |
| Stock of Consolidated Eureka Mining Company, an affiliate (quoted market value, $99,000) | 49,500 |
| Other stocks (quoted market value, $12,707,000) (Note 2) | 688,028 |
| Total investments | 737,528 |
| PROPERTY, PLANT, AND EQUIPMENT (Note 1): | |
| Land | 15,963 |
| Mine property and capitalized development costs | 239,446 |
| Plant and equipment | 706,282 |
| Construction in progress | 62,787 |
| Total | 1,024,478 |
| Less accumulated depreciation and amortization | 547,489 |
| Property, plant and equipment — net | 476,989 |
| DEFERRED CHARGES AND OTHER ASSETS: | |
| Prepaid insurance | 6,059 |
| Other assets | 11,686 |
| Total deferred charges and other assets | 17,745 |
| TOTAL | $1,489,135 |

### LIABILITIES

| | |
|---|---|
| CURRENT LIABILITIES: | |
| Accounts payable — principally trade | $ 36,008 |
| Accrued taxes other than income taxes | 18,657 |
| Total current liabilities | 54,665 |
| STOCKHOLDERS' EQUITY: | |
| Common stock (authorized, 1,250,000 shares of $.50 par value each; outstanding 970,340 shares) (Note 3) | 485,170 |
| Capital surplus | 516,901 |
| Retained earnings | 432,399 |
| Total stockholders' equity | 1,434,470 |
| TOTAL | $1,489,135 |

See Notes to Financial Statements of Rico.



RAM01679

## RICO-ARGENTINE MINING COMPANY

### STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

| | Common Stock | Capital Surplus | Retained Earnings (Deficit) |
|---|---|---|---|
| Balances, July 1, 1968, as originally reported | $478,170 | $498,561 | $(1,271,588) |
| Adjustment to the equity in losses of subsidiary (Note C to statement of operations) | — | — | (138,978) |
| Balances, July 1, 1968, as restated | 478,170 | 498,561 | (1,410,566) |
| Net loss for year ended June 30, 1969 | — | — | (226,458) |
| Balances, June 30, 1969 | 478,170 | 498,561 | (1,637,024) |
| Net income for year ended June 30, 1970 | — | — | 267,862 |
| Balances, June 30, 1970 | 478,170 | 498,561 | (1,369,162) |
| Net income for year ended June 30, 1971 | — | — | 1,818,400 |
| Balances, June 30, 1971 | 478,170 | 498,561 | 449,238 |
| Net loss for year ended June 30, 1972 | — | — | (127,416) |
| Balances, June 30, 1972 | 478,170 | 498,561 | 321,822 |
| 14,000 shares of stock issued | 7,000 | — | — |
| Premium on stock issued | — | 18,340 | — |
| Net loss for year ended June 30, 1973 | — | — | (83,976) |
| Balances, June 30, 1973 | 485,170 | 516,901 | 237,846 |
| Net income for six months ended December 31, 1973 | — | — | 194,553 |
| Balances, December 31, 1973 | $485,170 | $516,901 | $ 432,399 |

No dividends were paid during the five years and six months ended December 31, 1973.

See Notes to Financial Statements of Rico.

## RICO-ARGENTINE MINING COMPANY

### STATEMENT OF CHANGES IN FINANCIAL POSITION

| | Year Ended June 30 | | | Six Months Ended December 31, |
|---|---|---|---|---|
| | 1971 | 1972 | 1973 | 1973 |
| SOURCE OF FUNDS: | | | | |
| Net income (loss) excluding discontinued operations and extraordinary items | $ (483,138) | $(127,416) | $(83,976) | $194,553 |
| Depreciation and amortization—non-fund charges | 128,048 | 13,506 | 11,087 | 6,477 |
| Total | (355,090) | (113,910) | (72,889) | 201,030 |
| Discontinued operations | (42,078) | | | |
| Extraordinary items | 2,343,616 | | | |
| Add abandonment and writedown of mine development and inactive plant not requiring funds | 735,134 | | | |
| Total | 3,036,672 | | | |
| Total | 2,681,582 | (113,910) | (72,889) | 201,030 |
| Proceeds from sale of stock | | | 25,340 | |
| Proceeds from sale of idle plant | 101,267 | 16,505 | | |
| Decrease in deferred charges and other assets | | 4,735 | 241 | |
| Decrease in investment in common stock | 104,539 | | | |
| Decrease in deferred charges and other assets | | | | 37,618 |
| Total | 2,887,388 | (92,670) | (47,308) | 238,648 |
| APPLICATION OF FUNDS: | | | | |
| Purchase of property, plant and equipment | 46,769 | 11,453 | 14,157 | 87,023 |
| Increase in deferred charges and other assets | 14,461 | | | |
| Total | 61,230 | 11,453 | 14,157 | 87,023 |
| NET INCREASE (DECREASE) IN WORKING CAPITAL | $2,826,158 | $(104,123) | $(61,465) | $151,625 |
| INCREASE (DECREASE) IN WORKING CAPITAL: | | | | |
| Current assets: | | | | |
| Cash on hand and in banks | $ 185,957 | $(193,199) | $(56,234) | $ (4,544) |
| Time certificates of deposit | | | | 150,000 |
| Receivables | (21,885) | (18,148) | (14,083) | 8,959 |
| Inventories | (178,367) | (16,208) | (2,200) | 32,534 |
| Total | (14,295) | (227,555) | (72,517) | 186,949 |
| Current liabilities: | | | | |
| Notes payable — banks | 1,475,000 | | | |
| Reduction in liability under guaranty of subsidiary's note | 1,390,337 | | | |
| Accounts payable | 76,672 | 13,065 | (3,525) | 26,150 |
| Accrued taxes other than income taxes | 7,027 | 1,784 | 14,577 | 9,174 |
| Accrued income taxes | (108,583) | 108,583 | | |
| Total | 2,840,453 | 123,432 | 11,052 | 35,324 |
| NET INCREASE (DECREASE) IN WORKING CAPITAL | $2,826,158 | $(104,123) | $(61,465) | $151,625 |

See Notes to Financial Statements of Rico.



RAM01681

**1. Summary of Significant Accounting Policies**

*Inventory Pricing*

Inventories are stated at the lower of cost (first-in, first-out) or market.

*Property, Depreciation, and Amortization*

Property, plant, and equipment are carried at cost. The amount at which mine property and capitalized development costs is stated does not purport to represent present realizable value or replacement cost. No depletion of mine property has been provided because it is not practicable to determine ore reserves. Development costs are capitalized and amortized ratably as ores are mined. There was no amortization during the two years and six months ended December 31, 1973 as production during that period was insignificant. Exploration expenditures are charged to expenses as incurred.

Construction in progress represents the cost of a plant for crushing and leaching mine dumps to recover the gold and silver content. This facility was not completed at December 31, 1973, and no depreciation was charged.

Maintenance and repairs are charged to operations when incurred. Major renewals and betterments are capitalized.

At the time properties are retired or disposed of the cost thereof and the related accumulated depreciation are removed from the respective accounts; net profits or losses therefrom are credited or charged to income.

Depreciation is computed using the straight-line method. The estimated useful lives for the majority of assets are as follows:

| | Years |
|---|---|
| Buildings | 10 to 20 |
| Equipment | 3 to 16 |
| Furniture and fixtures | 4 to 10 |
| Automotive equipment | 2 to 3 |

*Stock Options*

Rico credits common stock with the par value of shares issued from the exercise of options, and the excess of the total proceeds is included in capital surplus. No charges are made to income with respect to options issued.

**2. Other Stocks**

The cost and quoted market value of other stocks at December 31, 1973 were as follows:

| Stock | Number of Shares | Cost | Quoted Market Value |
|---|---|---|---|
| American Metal Climax, Inc. (Amax) — preferred | 102,034 | $280,478 | $12,550,000 |
| N L Industries — common | 13,248 | 400,752 | 147,000 |
| Idarado Mining Company — common | 2,140 | 6,769 | 10,000 |
| Atlas Corporation — common | 5 | 29 | — |
| Total | | $688,028 | $12,707,000 |

Certain restrictions attach to the stock of Amax (see "Business and Properties of Rico — Investments in Other Companies" elsewhere in this Prospectus). The value shown is based on quoted market prices and is not necessarily the amount which would be received in the event of sale. However, management is of the opinion that proceeds from the sale of this Amax stock would not be materially less than the quoted market value.

**3. Stock Options**

Options for purchase of 20,000 shares at $1.81 a share were granted on May 20, 1963. The market value on that date was $2.125 per share or $42,500. The options were exercisable between May 20, 1965 and May 20, 1973. Options for 6,000 shares were exercised in 1967. Options for the remaining 14,000 shares were exercised as follows:



RAM01682

| Date Exercised | Number of Shares | Option Price Per Share | Option Price Total | Market Value Per Share | Market Value Total |
|---|---|---|---|---|---|
| December 21, 1972 | 10,000 | $1.81 | $18,100 | $5.50 | $55,000 |
| January 4, 1973 | 3,300 | 1.81 | 5,973 | 7.00 | 23,100 |
| May 17, 1973 | 700 | 1.81 | 1,267 | 7.13 | 4,991 |

**4. Exemption from Investment Company Status**

For several years Rico may have been an investment company as that term is defined by the Investment Company Act of 1940 (the "Act") because Sec. 3(a)(3) of the Act contains a rebuttable presumption that investment company status attaches to any company in which "investment securities" comprise more than 40% of "adjusted assets".

Since November 1970 Rico has been temporarily exempt from the registration provision and certain other provisions of the Act. Rico's counsel believes that it is not likely Rico will incur potential liability under this Act that will significantly affect Rico's financial position at December 31, 1973 or the results of its operations for the five years and six months then ended.

**5. Supplemental Profit and Loss Information**

| | Year Ended June 30 | | | Six Months Ended December 31, |
|---|---|---|---|---|
| | 1971 | 1972 | 1973 | 1973 |
| Depreciation and amortization charged to: | | | | |
| Operating expenses | $125,558 | $12,857 | $10,431 | $6,156 |
| Other | 2,490 | 649 | 656 | 321 |
| Total | $128,048 | $13,506 | $11,087 | $6,477 |
| Property taxes — charged to operating expenses | $ 14,094 | $24,372 | $13,213 | $6,557 |
| Other taxes — charged to operating expenses | 11,573 | 4,757 | 3,789 | 3,346 |

Maintenance and repairs are not segregated on Rico's books.

There were no advertising and research and development costs during the three years and six months ended December 31, 1973.

The aggregate amount of rents and royalties is not material.

**6. Subsequent Event**

On February 2, 1974, officers of Rico signed a Plan of Merger and an Agreement and Plan of Reorganization between Rico and Crystal Oil Company providing for exchange of all outstanding stock of Rico on the basis of .67 shares of Crystal Oil Company's common stock for each share of Rico's common stock. The Merger is subject to the approval of the stockholders.



RAM01683

ANNUAL MEETING OF STOCKHOLDERS
OF
CRYSTAL OIL COMPANY
June 28, 1974

1. Mr. Robert F. Roberts called the meeting to order and stated that he would entertain a motion for the appointment of a chairman of the meeting and a secretary of the meeting. Upon motion duly made by R. I. Sewell and seconded by T. C. Davis, Mr. Roberts was appointed Chairman and Mr. L. G. Caskey, Jr. was appointed Secretary of the meeting.

2. The Chairman announced that a complete list of all stockholders entitled to vote at the meeting, arranged in alphabetical order, with the residence address of each and the number of shares held by each, was before the meeting and would remain open for inspection during the meeting.

3. The Chairman asked the Secretary to report the number of shares represented either by proxy or in person.

4. The Secretary reported that there were a total of 1,141,047 shares of common stock (71.3% of the shares of common stock outstanding) and 169,933 shares of the $1.50 Convertible Cumulative Preferred Stock, Series A (the "Preferred Stock"), (95.6% of the shares of Preferred Stock outstanding), for a total of 1,310,980 shares (73.7% of the shares outstanding).

5. The Chairman announced that holders of stock in excess of the amount necessary to constitute a quorum were present and that accordingly the meeting was duly convened.

6. At the request of the Chairman, the Secretary presented an affidavit from the transfer agent stating that notices of the meeting and proxy statements were duly mailed to the stockholders in accordance with the By-laws. The Chairman ordered such affidavit to be filed with the minutes of the meeting.

He stated that Mr. Rolfe Johnson and Mr. Lonnie Diggs had been appointed inspectors of election by the Board of Directors of the Company.

7. The Chairman announced that the first item of business was the merger of Rico-Argentine Mining Company of Salt Lake City, Utah, into a subsidiary of the Company, Crystal-Rico Company. The Chairman stated that Rico's principal asset was 102,034 shares of American Metal Climax preferred stock which has a market value, based on the closing price on the New York Stock Exchange on June 27, of $10,101,366. However, the stock has certain restrictions upon its transfer. Rico also owns certain mining property in southwest Colorado. The Company will issue 650,127 shares of its common stock to the shareholders of Rico with a contingency that up to an additional 89,000 shares could be issued one year after the effective date of the merger depending upon the market value of the Company's common stock and the Amax preferred stock.

The Chairman stated that he would entertain a motion to approve this merger.

8. Motion was then made by Sam Garland and seconded by T. A. Williams that a resolution be adopted approving the Agreement and Plan of Reorganization and the related Plan of Merger with Rico and authorizing the issuance of up to 739,127 shares of the Company's common stock, as follows:

> RESOLVED, that the Company acquire all of the issued and outstanding capital stock of Rico-Argentine Mining Company, a Utah corporation ("Rico"), in exchange for a maximum of 739,127 shares of the $1.00 par value common stock of the Company (the "Common Stock"), 89,000 shares of which are contingently issuable, by merging Rico into and with Crystal-Rico Company, a Texas corporation and wholly-owned subsidiary of the Company ("CRC"), in accordance with, upon and subject to all the terms and provisions of the Agreement and Plan of Reorganization dated February 2, 1974, as amended by agreement dated May 8, 1974, among the Company, CRC and Rico, and the related Plan of Merger dated May 8, 1974, between Rico and CRC (the "Merger Agreements"); and further

RESOLVED, that the appropriate officers of the Company are hereby authorized, empowered and directed to cause to be issued and delivered to the stockholders of Rico certificates representing an aggregate of 650,127 fully paid and non-assessable shares of the Common Stock of the Company pursuant to the Merger Agreements, in exchange for and upon delivery and receipt by the Company's exchange agent of all of the issued and outstanding capital stock of Rico, all in accordance with the terms and provisions and upon the Effective Date of the Merger Agreements; and further

RESOLVED, that the Company reserve 89,000 shares of its Common Stock for possible issuance pursuant to and upon the terms and conditions of the Merger Agreements; that the appropriate officers of the Company are hereby authorized, empowered and directed to cause to be issued such shares of the 89,000 shares of Common Stock as may be required; and that such shares, when so issued, will be fully paid and non-assessable shares of the Common Stock of the Company."

The Chairman then requested that each stockholder present who had not filed a proxy should mark his ballot and deliver it to the Secretary.

10. The Chairman stated that while the votes were being cast and counted for the merger with Rico, it was in order to proceed with the election of directors. He announced that nominations were now in order for the election of directors of the Company.

11. Management's slate of directors was then nominated by James Cotten and seconded by William Cady, as follows:

"I move that the following persons be nominated for election as directors of the Company:

Robert F. Roberts
E. M. Knight
T. C. Davis
R. I. Sewell
L. D. Morgan
L. G. Caskey, Jr.
Richard H. Sucher
Frederick Lichtman
R. Gordon Bader
James E. Hogle, Jr.

12. The Chairman then asked if there were any other nominations from the floor and there being none, announced that nominations were closed and requested each stockholder present at the meeting who had not filed a proxy to mark his ballot and deliver it to the Secretary.

13. The Chairman stated that while the votes were being cast and counted for the election of directors, it was in order to proceed with the next item of business, which was the amendment to the Certificate of Incorporation of the Company to increase the number of shares of common stock which the Company is authorized to issue, from 5 million to 10 million. The Chairman stated that he would entertain a motion to approve this amendment.

14. Motion was then made by Jim Gibson and seconded by T. A. Williams that a resolution be adopted approving the amendment to the Company's Certificate of Incorporation.

> "I move that the stockholders of the Company adopt the following resolution:
>
> RESOLVED, that Article "Sixth" of the Certificate of Incorporation of the Company is amended so as to read in its entirety as follows:
>
> SIXTH: Authorized Shares. The aggregate number of shares of stock which the Corporation shall have authority to issue is Eleven Million (11,000,000), consisting of Ten Million (10,000,000) shares of Common Stock of the par value of One Dollar ($1.00) per share and One Million (1,000,000) shares of Preferred Stock of the par value of Five Dollars ($5.00) per share."

15. The Chairman then requested that each stockholder present who had not filed a proxy should mark his ballot and deliver it to the Secretary.

16. The Chairman stated that while the votes were being cast and counted for the amendment to the Certificate of Incorporation, it was in order to proceed to the next item of business, which was the approval of the appointment of Ernst & Ernst as independent auditors for the Company. The Chairman announced that he would entertain a motion to ratify this appointment.

17. Motion was then made by T. C. Davis and seconded by Jim Gibson that a resolution be adopted ratifying the appointment of Ernst & Ernst, as follows:

> I move that the stockholders of the Company adopt the following resolution:
>
> RESOLVED, that the stockholders hereby ratify and approve the appointment of Ernst & Ernst as the independent auditors of the Company for 1974.

18. The Chairman then requested that the stockholders present who had not filed proxies, mark their ballots with respect to this resolution and deliver them to the Secretary..

19. The Chairman then stated that while the votes were being tabulated, the meeting would proceed with the conduct of other business.

20. Introduction of other directors and officers.

21. The Chairman gave his report to stockholders. (See attached prepared remarks)

22. The Chairman called upon other officers to give reports. (Such reports are attached)

23. The Chairman requested the Secretary to give the report on the results of the balloting.

24. The Secretary gave a report on results on the balloting, substantially as follows:

"With respect to the merger of Rico-Argentine Mining Company into a subsidiary of the Company and the issuance of up to a maximum of 739,127 additional shares of the Company's common stock to the shareholders of Rico, a total of 1,100,057 shares (common stock and Preferred Stock voting as a class) were voted in favor of the merger and issuance of stock and a total of 8,585 shares against. (Majority vote of all shares cast carried.)

With respect to the election of directors, a total of 1,304,556 shares (common stock and Preferred Stock voting as a class) were voted in favor of management's nominees and a total of 6,924 shares against. (Majority vote of all shares represented and voting carried.)

With respect to the resolution to approve the amendment to the Company's Certificate of Incorporation, a total of 1,108,214 shares (common stock and Preferred Stock voting as a class) were voted in favor of the resolution and a total of 18,118 shares against. (Two-thirds vote of all shares represented and voting carried.)

With respect to the resolution to ratify the appointment of Ernst & Ernst as auditors, a total of 1,305,190 shares (common stock and Preferred Stock voting as a class) were voted in favor of the resolution and a total of 8,970 shares against. (Majority vote of all shares represented and voting carried.)"

25. The Chairman declared that the merger with Rico and the issuance of additional shares of the Company's common stock to Rico shareholders had been duly approved, management's nominees had been duly elected directors, the amendment to the Company's Certificate of Incorporation had been approved, and that Ernst & Ernst had been duly approved as the independent auditors for the Company.

26. The Chairman asked if there was any other business to come before the meeting.

27. Upon motion duly made by T. C. Davis and seconded by Bryce Crider, the meeting was adjourned.

Respectfully submitted,

L. G. Caskey, Jr., Secretary