

STATE OF CONNECTICUT v. THE F&S OIL COMPANY, INC., ET AL
REAL PROPERTY LEASE DISCLOSURE – SALE OF BIODIESEL FACILITY

F&S Oil Company, Inc. and Village Oil, Inc. (collectively, the “Company”), acting through Carlton E. Helming, CPA and the firm of Helming & Company, P.C. (collectively, the “Receiver”), as Receiver pursuant to order of the Superior Court for the State of Connecticut dated March 14, 2008, are offering for sale (the “Phase III Sale”) the assets of a Biodiesel Facility (the “Facility”) located at 264 Sandbank Road, Cheshire, Connecticut (the “Premises”).

Prior to the appointment of the Receiver, Village Oil, Inc. occupied the Premises pursuant to an Indenture of Lease (the “Lease”) by and between Cheshire Investment Corporation (“Cheshire Investment”) and Village Oil, Inc. dated November 5, 2004. Cheshire Investment asserts that Village Oil defaulted on various economic and non-economic provisions of the Lease prior to the commencement of the Receivership action and that some or all of the alleged defaults are not capable of being cured. Cheshire Investment also contends that the Lease cannot be assigned to a new tenant. Contrary to this position, the Receiver maintains that any defaults under the Lease have been waived or may be cured. Furthermore, the Receiver asserts that it may assign the Lease pursuant to the assignment provisions contained therein, subject only to the cure of any default that has not otherwise been waived and to obtaining the reasonable written consent of Cheshire Investment.

In conjunction with the Phase III Sale of the Facility, the Receiver and Cheshire Investment have agreed to work together to present the purchaser of the Facility with a template for a new lease for the Premises. In the event the Receiver is unable successfully to negotiate with Cheshire Investment regarding the form of a new lease for the purchaser of the Facility or the proposed purchaser of the Facility is unable to come to an agreement with Cheshire Investment regarding the terms of a lease, the Receiver will seek an order from the Superior Court for the State of Connecticut compelling Cheshire Investment to consent to assignment of the Lease to the proposed buyer of the Facility pursuant to the assignment provision of the Lease. The Receiver anticipates that Cheshire Investment will assert objections to any effort by the Receiver to compel assignment of the Lease.