

UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
BEAUMONT DIVISION

IN RE:
U. S. CARBON, INC.

)
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)
)

CASE NO. 96-10725

CHAPTER 7

DEBTOR(S)

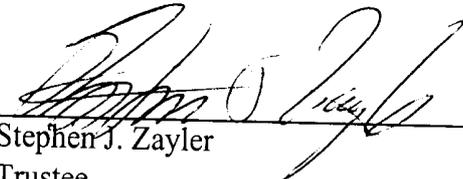
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**TRUSTEE'S FINAL REPORT, APPLICATION FOR COMPENSATION,
AND REPORT OF PROPOSED DISTRIBUTION**

Stephen J. Zayler, trustee of the estate of the above-named Debtor(s), certifies to the Court and the United States Trustee, that the trustee has faithfully and properly fulfilled the duties of the office of the trustee, that the trustee has examined all proofs of claims as appropriate under the proposed distribution, and that the proposed distribution, attached hereto, is proper and consistent with the law and rules of the court. The trustee applies for commission and expenses set forth herein and states that they are reasonable and proper.

Therefore, the trustee requests that the Final Report, Application for Compensation, and Report of Proposed Distribution be approved.

DATE: August 28, 2000



Stephen J. Zayler
Trustee

REVIEWED BY THE UNITED STATES TRUSTEE:

I have reviewed the Trustee's Final Report, Application for Compensation, and Report of Proposed Distribution and have no objection.

United States Trustee

Date: 9-14-00

By: 

154

UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
BEAUMONT DIVISION

IN RE:)
U. S. CARBON, INC.) CASE NO. 96-10725
)
)
DEBTOR(S)) CHAPTER 7
)

**TRUSTEE'S FINAL REPORT, APPLICATION FOR COMPENSATION
AND APPLICATION TO CLOSE CASE AND DISCHARGE TRUSTEE**

The Trustee of the estate presents the following final report:

1. The Trustee applies for commissions and expenses set forth herein: That they are reasonable and proper; that in the course of the performance of duties, the Trustee has advanced monies from personal funds for expenses, and that the Trustee has not been reimbursed or indemnified.
2. The Trustee submits Schedule F as a summary of the assets and an estate property record. Any property scheduled under 11 U.S.C. Sec. 521(1) and not administered shall be deemed abandoned pursuant to 11 U.S.C. Sec. 554(c).
3. The Trustee has reduced all assets of this estate to cash or otherwise lawfully disposed of them, and the estate is ready to be closed.
4. The Trustee submits Schedule A as the account of estate cash receipts and disbursements.
5. There is no agreement or understanding between the Trustee and any other person for a division of the compensation sought by this application except as permitted by the Bankruptcy Code.
6. The Trustee requests approval of this final report.
7. The Trustee has examined each and every claim filed and noted his approval of claims as filed, or he has filed objections to allowance or requests for reclassification.
8. The Trustee further requests that after final distribution of all monies in accordance with the Trustee's Report of Final Distribution, and upon filing of A Supplemental Final Report and Account and certification by the U.S. Trustee the trustee be discharged from office and that the case be closed.

I declare under penalty of perjury that this Report and attached Schedules are true and correct to the best of my knowledge and belief.

Dated: August 28, 2000



Stephen J. Zayler Trustee

SCHEDULE A-1

FINAL ACCOUNT AS OF August 29, 2000

| | | |
|-------------|--|--------------|
| A. RECEIPTS | | \$331,743.79 |
|-------------|--|--------------|

B. DISBURSEMENTS

| | |
|-----------------------|------------|
| (1) Secured creditors | 139,434.77 |
|-----------------------|------------|

| | |
|--------------------|-----------|
| (2) Administrative | 94,927.56 |
|--------------------|-----------|

| | |
|--------------|-------|
| (3) Priority | 00.00 |
|--------------|-------|

| | |
|-----------|-------|
| (4) Other | 00.00 |
|-----------|-------|

| | | |
|---------------------|--|--------------|
| TOTAL DISBURSEMENTS | | \$234,362.33 |
|---------------------|--|--------------|

| | | |
|------------------|--|-------------|
| BALANCE OF FUNDS | | \$97,381.46 |
|------------------|--|-------------|

TRUSTEE'S FINAL REPORT CASE SUMMARY

TRUSTEE:

ZAYLER

COMMENTS:

CASE NAME:

U.S. CARBON, INC.

CASE NUMBER:

96-10725

DATE UST APPROVED:

09-14-00

ESTATE INCOME:

TOTAL RECEIPTS:

\$331,743.79

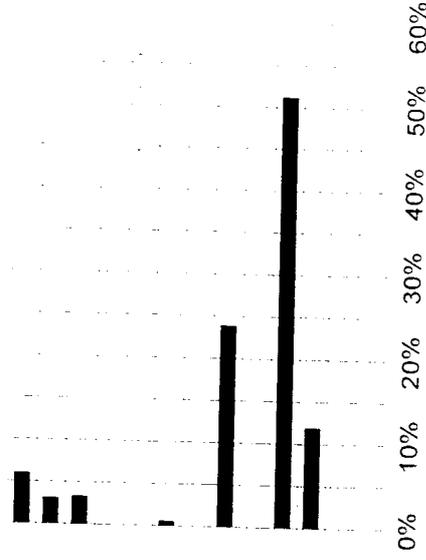
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ESTATE EXPENSES:

TRUSTEE'S COMMISSION
 TRUSTEE'S EXPENSES
 FIRM'S PROFESSIONAL FEES
 FIRM'S PROFESSIONAL EXPENSES
 OTHER ATTORNEY FEES
 OTHER PROFESSIONAL FEES
 COURT COSTS
 ESTATE EXPENSES(TAXES, ETC)
 PRIOR CHAPTER COSTS
 SECURED CLAIMS PAID
 PRIORITY CLAIMS PAID
 UNSECURED CLAIMS PAID
 OTHER(RETURN TO DEBTOR, ETC)

19,838.00
 10,242.78
 10,989.00
 0.00
 0.00
 1,840.60
 0.00
 79,242.22
 0.00
 169,978.63
 39,612.56
 0.00
 0.00

5.98%
 3.09%
 3.31%
 0.00%
 0.00%
 0.55%
 0.00%
 23.89%
 0.00%
 51.24%
 11.94%
 0.00%
 0.00%



UNSECURED CLAIMS ALLOWED

1,548,078.63

UNSECURED CLAIMS PAID

0.00

PERCENT RECOVERED FOR UNSECURED

0.00%

**FORM 1
INDIVIDUAL ESTATE PROPERTY RECORD AND REPORT
ASSET CASES**

Case No: 96-10725 BPI Judge: BILL PARKER
 Case Name: U. S. CARBON, INC.
 For Period Ending: 08/28/00 (9th reporting period for this case)

Trustee Name: Stephen J. Zayler
 Date Filed (f) or Converted (c): 08/12/96 (f)
 341(a) Meeting Date: 09/06/96
 Claims Bar Date: 12/17/96

| 1 | 2 | 3 | 4 | 5 | 6 |
|---|------------------------------------|---|---|---|---|
| Asset Description (Scheduled and Unscheduled (u) Property) | Petition/ Unscheduled Values | Estimated Net Value (Value Determined by Trustee, Less Liens, Exemptions, and Other Costs) | Property Abandoned OA=554(a) Abandon DA=554(c) Abandon | Sale/Funds Received by the Estate | Asset Fully Administered (FA)/ Gross Value of Remaining Assets |
| 1. ACCT. REC. Lien disputed | 202,105.05 | 202,105.05 | | 116,144.29 | FA |
| 2. DEPOSIT OF FUND Offset by Community Bank | 6,000.00 | 0.00 | | 0.00 | FA |
| 3. SECURITY DEPOSIT | 1,298.98 | 1,298.98 | | 210.46 | FA |
| 4. MAZDA B-2200 Junked | 1,000.00 | 1,000.00 | DA | 0.00 | FA |
| 5. INTL WATERTRUCK Cross- Collateralized with Asset No. 7 | 1,000.00 | 0.00 | | 0.00 | FA |
| 6. OFFICE EQPT. Sold with asset no. 7 | 8,275.00 | 8,275.00 | | 0.00 | FA |
| 7. MACHINERY, EQPT | 130,880.00 | 73,029.72 | | 20,000.00 | FA |
| 8. INVENTORY | 958,580.00 | 958,580.00 | | 90,000.00 | FA |
| 9. PETTY CASH | 1.31 | 1.31 | | 1.31 | FA |
| 10. 940 TAX REFUND | 985.98 | 985.98 | | 985.98 | FA |
| 11. INSURANCE REFUND | 4,173.35 | 4,173.35 | | 4,173.35 | FA |
| 12. '94 TAX REFUND (u) Amended returns filed by Trustee. | 87,067.00 | 87,067.00 | | 96,330.57 | FA |
| 13. Post-Petition Interest Deposits (u) | Unknown | N/A | | 3,897.83 | FA |
| TOTALS (Excluding Unknown Values) | \$1,401,366.67 | \$1,336,516.39 | | \$331,743.79 | Gross Value of Remaining Assets \$0.00 |
| | | | | | (Total Dollar Amount in Column 6) |

Major activities affecting case closing which are not reflected above, and matters pending, date of hearing or sale, and other action:

**FORM 1
INDIVIDUAL ESTATE PROPERTY RECORD AND REPORT
ASSET CASES**

Case No: 96-10725 BPJ Judge: BILL PARKER
Case Name: U. S. CARBON, INC.

Trustee Name: Stephen J. Zaylor
Date Filed (f) or Converted (c): 08/12/96 (f)
341(a) Meeting Date: 09/06/96
Claims Bar Date: 12/17/96

Initial Projected Date of Final Report (TFR): 09/30/99 Current Projected Date of Final Report (TFR): / /

FORM 2

ESTATE CASH RECEIPTS AND DISBURSEMENTS RECORD

Case No: 96-10725 BP1
 Case Name: U. S. CARBON, INC.

Trustee Name: Stephen J. Zaylor
 Bank Name: UNION BANK
 Account Number: 2130169654 Checking

Taxpayer ID No: 63-1095886
 For Period Ending: 08/28/00

Blanket Bond (per case limit): \$ 300,000.00
 Separate Bond (if applicable):

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|------------------|--------------------|-------------------------------------|---|---------------|---------------|-------------|------------------|----------------|----------------------|
| Transaction Date | Check or Reference | Paid To / Received From | Description Of Transaction | Deposits (\$) | Interest (\$) | Checks (\$) | Adjustments (\$) | Transfers (\$) | Account Balance (\$) |
| 08/14/96 | 1 | NORTH STAR STEEL TEXAS | BALANCE FORWARD | 54,827.02 | | | | | 0.00 |
| 08/16/96 | 1 | NUCOR-YAMATO STEEL COMPANY | ACCOUNTS RECEIVABLE | 13,786.59 | | | | | 54,827.02 |
| 08/19/96 | 1 | BORDER STEEL | ACCOUNTS RECEIVABLE | 6,707.40 | | | | | 68.61 |
| 08/27/96 | 1 | NORTH STAR STEEL TEXAS | ACCOUNTS RECEIVABLE | 1,810.00 | | | | | 75,321.01 |
| 08/27/96 | 1 | NORTH STAR STEEL TEXAS | ACCOUNTS RECEIVABLE | 12,930.21 | | | | | 77,131.01 |
| 08/30/96 | | UNION BANK | INTEREST EARNED - ANNUAL PERCENTAGE YIELD: 2.07% | | 65.40 | | | | 90,061.22 |
| 09/05/96 | 1 | BORDER STEEL | ACCOUNTS RECEIVABLE | 4,221.90 | | | | | 90,126.62 |
| 09/05/96 | 1 | BORDER STEEL | ACCOUNTS RECEIVABLE | 4,940.10 | | | | | 94,348.52 |
| 09/13/96 | | Transfer to Acct #2130176480 | TRANSFER TO CHECKING ACCOUNT | | | | | | 99,288.62 |
| 09/16/96 | 1 | NUCOR-YAMATO STEEL COMPANY | ACCOUNTS RECEIVABLE | 7,695.29 | | | | | 94,187.55 |
| 09/26/96 | 1 | BORDER STEEL | ACCOUNTS RECEIVABLE | 1,672.20 | | | | | 101,882.84 |
| 09/26/96 | 1 | NUCOR-YAMATO STEEL COMPANY | ACCOUNTS RECEIVABLE | 7,553.58 | | | | | 103,555.04 |
| 09/27/96 | | Transfer to Acct #2130176480 | TRANSFER TO CHECKING ACCOUNT | | | | | | 111,108.62 |
| 09/30/96 | | UNION BANK | INTEREST EARNED - ANNUAL PERCENTAGE YIELD: 2.48% | | 203.16 | | | | 109,374.57 |
| 10/11/96 | | UNION BANK | TRANSFER TO CHECKING ACCOUNT | | | | | | 109,577.73 |
| 10/11/96 | | Reverses Adjustment OUT on 10/11/96 | TRANSFER TO CHECKING ACCOUNT | | | | | | 102,390.93 |
| 10/11/96 | | | Transaction appears as an adjustment instead of a transfer from money market acct. to checking account. | | | | | | 109,57 |
| 10/11/96 | | Transfer to Acct #2130176480 | Bank Funds Transfer | | | | | | 102,390.93 |
| 10/24/96 | 9 | U. S. CARBON | PETTY CASH | 1.31 | | | | | 102,392.24 |
| 10/24/96 | 3 | ROSE CITY WATER DEPT. | REFUND OF SECURITY DEPOSIT | 210.46 | | | | | 102,602.70 |
| 10/25/96 | | Transfer to Acct #2130176480 | TRANSFER TO CHECKING ACCOUNT | | | | | | 100,654.66 |
| 10/31/96 | | UNION BANK | INTEREST EARNED - ANNUAL PERCENTAGE YIELD: 2.68% | | 234.99 | | | | 100,889.65 |
| 11/01/96 | | Transfer to Acct #2130176480 | TRANSFER TO CHECKING ACCOUNT | | | | | | 100,022.63 |
| 11/15/96 | | Transfer to Acct #2130176480 | TRANSFER TO CHECKING ACCOUNT | | | | | | 90,442.88 |
| 11/29/96 | | UNION BANK | INTEREST EARNED - ANNUAL | | 184.97 | | | | 90,627.85 |

**FORM 2
ESTATE CASH RECEIPTS AND DISBURSEMENTS RECORD**

Case No: 96-10725 BPI
Case Name: U. S. CARBON, INC.

Trustee Name: Stephen J. Zayler
Bank Name: UNION BANK
Account Number: 2130169654 Checking

Taxpayer ID No: 63-1095886
For Period Ending: 08/28/00

Blanket Bond (per case limit): \$ 300,000.00
Separate Bond (if applicable):

| 1 Transaction Date | 2 Check or Reference | 3 Paid To / Received From | 4 Description Of Transaction | 5 Deposits (\$) | 6 Interest (\$) | 7 Checks (\$) | 8 Adjustments (\$) | 9 Transfers (\$) | 10 Account Balance (\$) |
|-----------------------|-------------------------|--|--|--------------------|--------------------|------------------|-----------------------|---------------------|----------------------------|
| 12/16/96 | | Transfer to Acct #2130176480 UNION BANK | PERCENTAGE YIELD: 2.47% TRANSFER TO CHECKING ACCOUNT | | 178.16 | | | -112.81 | 90,515.04 |
| 12/31/96 | | | INTEREST EARNED - ANNUAL PERCENTAGE YIELD: 226.00% | | | | | | 90.65 |
| 01/08/97 | | Transfer to Acct #2130176480 | TRANSFER TO ACCT NO 2130176480 AT UNION BANK | | | | | -11,587.81 | 79,105.39 |
| 01/29/97 | | Transfer to Acct #2130176480 | TRANSFER TO ACCT NO 2130176480 AT UNION BANK | | | | | -121.14 | 78,984.25 |
| 01/31/97 | | UNION BANK | INTEREST EARNED - ANNUAL PERCENTAGE YIELD: 227.00% | | 156.12 | | | | 79,140.37 |
| 02/24/97 | | Transfer to Acct #2130176480 | TRANSFER TO ACCT NO 2130176480 AT UNION BANK | | | | | -3,937.81 | 75,202.56 |
| 02/28/97 | | UNION BANK | INTEREST EARNED - ANNUAL PERCENTAGE YIELD: 227.00% | | 135.86 | | | | 75,338.42 |
| 03/31/97 | | UNION BANK | INTEREST EARNED - ANNUAL PERCENTAGE YIELD: 227.00% | | 143.96 | | | | 75,482.38 |
| 04/02/97 | 000101 | FEDMET RESOURCES CORPORATION | NET PROCEEDS FROM ACCOUNTS RECEIVABLE PER ORDER DATED 3-21-97 | | | 54,014.75 | | | 21,467.63 |
| 04/02/97 | | Transfer to Acct #2130176480 | TRANSFER TO ACCT NO 2130176480 AT UNION BANK | | | | | -7,759.06 | 13,708.57 |
| 04/30/97 | | UNION BANK | INTEREST EARNED - ANNUAL PERCENTAGE YIELD: 227.00% | | 75.76 | | | | 13,784.33 |
| 05/12/97 | | Transfer to Acct #2130176480 | TRANSFER TO ACCT NO 2130176480 AT UNION BANK | | | | | -3,937.81 | 9,846.52 |
| 05/27/97 | 10 | U. S. TREASURY | REFUND 940 TAXES | 985.98 | | | | | 10,832.50 |
| 05/27/97 | 000102 | HERBERT & OBERLE | ACCT'S FEE FOR PREPARING EMPLOYER TAX RETURNS & W-2's PER ORDER 5-19-97 | | | 450.00 | | | 10,382.50 |
| 05/30/97 | | UNION BANK | INTEREST EARNED - ANNUAL PERCENTAGE YIELD: 226.00% | | 20.94 | | | | 10,403.44 |
| 06/05/97 | | Transfer to Acct #2130176480 | TRANSFER TO ACCT NO 2130176480 AT UNION BANK | | | | | -3,948.14 | 6,455.30 |
| 06/30/97 | | UNION BANK | INTEREST EARNED - ANNUAL PERCENTAGE YIELD: 2.26% | | 13.53 | | | | 6,468.83 |

**FORM 2
ESTATE CASH RECEIPTS AND DISBURSEMENTS RECORD**

Case No: 96-10725 BP1
Case Name: U. S. CARBON, INC.

Trustee Name: Stephen J. Zayler
Bank Name: UNION BANK
Account Number: 2130169654 Checking

Taxpayer ID No: 63-1095886
For Period Ending: 08/28/00

Blanket Bond (per case limit): \$ 300,000.00

Separate Bond (if applicable):

| 1 Transaction Date | 2 Check or Reference | 3 Paid To / Received From | 4 Description Of Transaction | 5 Deposits (\$) | 6 Interest (\$) | 7 Checks (\$) | 8 Adjustments (\$) | 9 Transfers (\$) | 10 Account Balance (\$) |
|-----------------------|-------------------------|------------------------------|--|--------------------|--------------------|------------------|-----------------------|---------------------|----------------------------|
| 07/21/97 | 11 | A. I. CREDIT CORP. | REFUND OF UNUSED INSURANCE PREMIUM | 4,173.35 | | | | | 10,642.18 |
| 07/24/97 | | ECONO-RAIL CORPORATION | SALE OF INVENTORY AND MACHINERY | 110,000.00 | | | | | 120.64 |
| 07/24/97 | 8 | ECONO-RAIL CORPORATION | MEMO AMOUNT: 90,000.00 | | | | | | 120,642.18 |
| 07/24/97 | 7 | ECONO-RAIL CORPORATION | SALE OF INVENTORY | | | | | | 120,642.18 |
| 07/31/97 | | UNION BANK | MEMO AMOUNT: 20,000.00 | | | | | | 120,690.05 |
| 08/04/97 | 000103 | PENNY PABITSKY | SALE OF MACHINERY | | 47.87 | | | | 120,690.05 |
| 08/21/97 | 000104 | ENTERGY | INTEREST EARNED - ANNUAL PERCENTAGE YIELD: 1.74% | | | 440.60 | | | 120,249.45 |
| 08/29/97 | | UNION BANK | PAYMENT OF COURT REPORTER FEES PER ORDER DATED 7-22-97 | | | 265.65 | | | 119,983.80 |
| 09/19/97 | 000105 | UNION BANK | FINAL ELECTRICAL SERVICE | | 258.28 | | | | 120,242.08 |
| 09/19/97 | 000106 | STEPHEN J. ZAYLER | INTEREST EARNED - ANNUAL PERCENTAGE YIELD: 2.73% | | | | | | 120,420.02 |
| 09/19/97 | 000107 | WEAVER INDUSTRIES, INC. | ACCRUED INTEREST | | 177.94 | | | | 100,420.02 |
| 09/19/97 | 000108 | FEDMET RESOURCES CORPORATION | SECTION 506(C) FEES PER ORDER DATED 9-18-97 | | | 20,000.00 | | | 85,420.02 |
| 09/19/97 | | COMMUNITY BANK | PAYMENT OF ADMINISTRATIVE RENT PER ORDER DATED 9-18-97 | | | 15,000.00 | | | 42,710.01 |
| 09/19/97 | | | PAYMENT ON SECURED CLAIM ORDER DATED 9-18-97 | | | 42,710.01 | | | 0.00 |
| 09/19/97 | | | PAYMENT ON SECURED CLAIM ORDER DATED 9-18-97 | | | 42,710.01 | | | 0.00 |

**FORM 2
ESTATE CASH RECEIPTS AND DISBURSEMENTS RECORD**

Case No: 96-10725 BP1
Case Name: U. S. CARBON, INC.

Trustee Name: Stephen J. Zayler
Bank Name: UNION BANK
Account Number: 2130169654 Checking

Taxpayer ID No: 63-1095886
For Period Ending: 08/28/00

Blanket Bond (per case limit): \$ 300,000.00
Separate Bond (if applicable):

| 1 Transaction Date | 2 Check or Reference | 3 Paid To / Received From | 4 Description Of Transaction | 5 Deposits (\$) | 6 Interest (\$) | 7 Checks (\$) | 8 Adjustments (\$) | 9 Transfers (\$) | 10 Account Balance (\$) |
|-----------------------|-------------------------|------------------------------|---------------------------------|--------------------|--------------------|------------------|-----------------------|---------------------|----------------------------|
|-----------------------|-------------------------|------------------------------|---------------------------------|--------------------|--------------------|------------------|-----------------------|---------------------|----------------------------|

| Account 2130169654 | |
|----------------------|----------------------|
| 15 Balance Forward | 0.00 |
| 14 Deposits | 231,515.39 |
| 14 Interest Postings | 1,896.94 |
| Subtotal | <u>\$ 233,412.33</u> |
| 0 Adjustments In | 0.00 |
| 0 Transfers In | 0.00 |
| Total | <u>\$ 233,412.33</u> |
| 8 Checks | 175,591.02 |
| 2 Adjustments Out | 0.00 |
| 13 Transfers Out | 57,821.31 |
| Total | <u>\$ 233,412.33</u> |

ESTATE CASH RECEIPTS AND DISBURSEMENTS RECORD

Trustee Name: Stephen J. Zayler
 Bank Name: UNION BANK
 Account Number: 2130176480 Checking

Blanket Bond (per case limit): \$ 300,000.00
 Separate Bond (if applicable):

Case No: 96-10725 BP1
 Case Name: U. S. CARBON, INC.

Taxpayer ID No: 63-1095886
 For Period Ending: 08/28/00

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|------------------|--------------------|---|--|---------------|---------------|-------------|------------------|----------------|----------------------|
| Transaction Date | Check or Reference | Paid To / Received From | Description Of Transaction | Deposits (\$) | Interest (\$) | Checks (\$) | Adjustments (\$) | Transfers (\$) | Account Balance (\$) |
| 09/13/96 | | | BALANCE FORWARD | | | | | | 0.00 |
| 09/13/96 | 000101 | Transfer from Acct #2130169654 JAMES FULTON | TRANSFER FROM MMA NO. 2130169654 POST-PETITION RENT 8-15-96 THRU 10-15-96 | | | 2,500.00 | | 5,101.07 | 5,101.07 |
| 09/13/96 | 000102 | NORMAN B. VICKERS | NET WAGES FOR WEEKS ENDING 8-30-96, 9-6-96 AND 9-13-96 | | | 2,601.07 | | | 2,601.07 |
| 09/27/96 | 000103 | Transfer from Acct #2130169654 NORMAN B. VICKERS | TRANSFER FROM MMA NO. 2130169654 NET WAGES FOR WEEKS ENDING 9-20-96 AND 9-27-96 | | | 1,734.05 | | 1,734.05 | 1,734.05 |
| 10/10/96 | 000104 | UNION BANK T. E. MOOR CO., INC. | TRANSFER FROM MMA NO. 2130169654 PAYMENT OF PREMIUM - PERSONAL PROPERTY INSURANCE | 7,186.80 | | 2,348.00 | | | 7,186.80 |
| 10/11/96 | | UNION BANK | VOID Transaction shown as a deposit but should of been shown as a transfer from money market account to checking account. | -7,186.80 | | | | | -2,348.00 |
| 10/11/96 | 000105 | Transfer from Acct #2130169654 NORMAN B. VICKERS | Bank Funds Transfer NET WAGES FOR WEEKS ENDING 10-4-96 AND 10-11-96 | | | 1,734.05 | | 7,186.80 | 4,838.80 |
| 10/11/96 | 000106 | FIRST BANK & TRUST - LUFKIN JAMES FULTON | PAYROLL TAX DEPOSIT FOR 9/96 | | | 1,854.75 | | | 3,104.75 |
| 10/11/96 | 000107 | | POST-PETITION RENT 10-15-96 THRU 11-15-96 | | | 1,250.00 | | | 1,250.00 |
| 10/25/96 | 000108 | Transfer from Acct #2130169654 NORMAN B. VICKERS | TRANSFER FROM MMA NO. 2130169654 NET WAGES FOR WEEKS ENDING 10-18-96 AND 10-25-96 | | | 1,734.05 | | 1,948.04 | 1,948.04 |
| 10/25/96 | 000109 | ENERGY | POST-PETITION ELECTRICAL SERVICE | | | 213.99 | | | 213.99 |
| 11/01/96 | 000110 | Transfer from Acct #2130169654 NORMAN B. VICKERS | TRANSFER FROM MMA NO. 2130169654 NET WAGES FOR WEEK ENDING 11-1-96 | | | 867.02 | | 867.02 | 867.02 |
| 11/15/96 | 000111 | Transfer from Acct #2130169654 FIRST BANK & TRUST - LUFKIN | TRANSFER FROM MMA NO. 2130169654 PAYROLL TAX DEPOSIT FOR 10/96 | | | 1,854.75 | | 9,579.75 | 9,579.75 |
| 11/15/96 | 000112 | FRED & DORIS CLARK | POST-PETITION RENT FOR AUGUST, SEPTEMBER & OCTOBER | | | 7,725.00 | | | 7,725.00 |
| 12/16/96 | | Transfer from Acct #2130169654 | TRANSFER FROM MMA NO. 2130169654 | | | | | 112.81 | 112.81 |

FORM 2

ESTATE CASH RECEIPTS AND DISBURSEMENTS RECORD

Case No: 96-10725 BP1
 Case Name: U. S. CARBON, INC.

Trustee Name: Stephen J. Zayler
 Bank Name: UNION BANK
 Account Number: 2130176480 Checking

Taxpayer ID No: 63-1095886
 For Period Ending: 08/28/00

Blanket Bond (per case limit): \$ 300,000.00
 Separate Bond (if applicable):

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|------------------|--------------------|--|--|---------------|---------------|-------------|------------------|----------------|----------------------|
| Transaction Date | Check or Reference | Paid To / Received From | Description Of Transaction | Deposits (\$) | Interest (\$) | Checks (\$) | Adjustments (\$) | Transfers (\$) | Account Balance (\$) |
| 12/16/96 | 000113 | ENERGY Transfer from Acct #2130169654 | POST-PETITION ELECTRICAL SERVICE | | | 112.81 | | | 0.00 |
| 01/08/97 | 000114 | JAMES FULTON | TRANSFER FROM ACCT NO 2130169654 AT UNION BANK | | | | | 11,587.81 | 11,587.81 |
| 01/08/97 | 000115 | FRED & DORIS CLARK | POST-PETITION RENT FOR 11-15-96 THRU 1-15-97 | | | 3,750.00 | | | 7,837.81 |
| 01/08/97 | 000116 | ENERGY | POST-PETITION RENT FOR 11-1-96 THRU 1-1-97 | | | 7,725.00 | | | 112.81 |
| 01/29/97 | 000117 | Transfer from Acct #2130169654 | POST-PETITION ELECTRICAL SERVICE | | | 112.81 | | | 0.00 |
| 02/24/97 | 000118 | VOIDED CHECK | TRANSFER FROM ACCT NO 2130169654 AT UNION BANK | | | | | 121.14 | 121.14 |
| 02/24/97 | 000119 | JAMES FULTON | ELECTRICAL SERVICE | | | 121.14 | | | 0.00 |
| 02/24/97 | 000120 | FRED & DORIS CLARK | TRANSFER FROM ACCT NO 2130169654 AT UNION BANK | | | | | 3,937.81 | 3,937.81 |
| 02/24/97 | 000121 | ENERGY | POST-PETITION RENT 1-1-97 THRU 2-1-97 | | | 1,250.00 | | | 3,937.81 |
| 04/02/97 | 000122 | Transfer from Acct #2130169654 | POST-PETITION RENT 2-15-97 THRU 3-15-97 | | | 2,575.00 | | | 2,687.81 |
| 04/02/97 | 000123 | JAMES FULTON | POST-PETITION ELECTRICAL SERVICE | | | 112.81 | | | 112.81 |
| 04/02/97 | 000124 | FRED & DORIS CLARK | TRANSFER FROM ACCT NO 2130169654 AT UNION BANK | | | | | 7,759.06 | 7,759.06 |
| 04/02/97 | 000125 | ENERGY | POST-PETITION RENT DUE FOR 3-15-97 AND 4-15-97 | | | 2,500.00 | | | 5,259.06 |
| 05/12/97 | 000126 | Transfer from Acct #2130169654 | POST-PETITION RENT DUE 3-1-97 AND 4-1-97 | | | 5,150.00 | | | 109.06 |
| 05/12/97 | 000127 | FRED & DORIS CLARK | POST-PETITION ELECTRICAL SERVICE | | | 109.06 | | | 0.00 |
| 05/12/97 | 000128 | JAMES FULTON | TRANSFER TO ACCT NO 2130176480 AT U | | | | | 3,937.81 | 3,937.81 |
| 05/12/97 | 000129 | ENERGY | TRANSFER FROM ACCT NO 2130169654 AT UNION BANK | | | | | | 1,362.81 |
| 06/05/97 | 000130 | Transfer from Acct #2130169654 | POST-PETITION RENT DUE 5-1-97 | | | 2,575.00 | | | 112.81 |
| | | | POST-PETITION RENT DUE 5-15-97 | | | 1,250.00 | | | 0.00 |
| | | | POST-PETITION ELECTRICAL SERVICE | | | 112.81 | | | 0.00 |
| | | | TRANSFER TO ACCT NO 2130176480 AT U | | | | | 3,948.14 | 3,948.14 |

**FORM 2
ESTATE CASH RECEIPTS AND DISBURSEMENTS RECORD**

Case No: 96-10725 BPI
Case Name: U. S. CARBON, INC.

Trustee Name: Stephen J. Zayler
Bank Name: UNION BANK
Account Number: 2130176480 Checking

Taxpayer ID No: 63-1095886
For Period Ending: 08/28/00

Blanket Bond (per case limit): \$ 300,000.00
Separate Bond (if applicable):

| 1 Transaction Date | 2 Check or Reference | 3 Paid To / Received From | 4 Description Of Transaction | 5 Deposits (\$) | 6 Interest (\$) | 7 Checks (\$) | 8 Adjustments (\$) | 9 Transfers (\$) | 10 Account Balance (\$) |
|-----------------------|-------------------------|------------------------------|--|--------------------|--------------------|------------------|-----------------------|---------------------|----------------------------|
| 06/05/97 | 000128 | ENERGY | TRANSFER FROM ACCT NO 2130169654 AT UNION BANK | | | 123.14 | | | 3.82 |
| 06/05/97 | 000129 | FRED AND DORIS CLARK | ELECTRICAL SERVICE RENTAL OF STORAGE FACILITY 6-1-97 TO 7-1-97 | | | 2,575.00 | | | 1,250.00 |
| 06/05/97 | 000130 | JAMES FULTON | BUILDING RENTAL 6-15-97 THRU 7-15-97 | | | 1,250.00 | | | 0.00 |

| Account 2130176480 | | | |
|---------------------|--------------|-------------------|--------------|
| Balance Forward | 0.00 | 30 Checks | 57,821.31 |
| 2 Deposits | 0.00 | 0 Adjustments Out | 0.00 |
| 0 Interest Postings | 0.00 | 0 Transfers Out | 0.00 |
| Subtotal | \$ 0.00 | Total | \$ 57,821.31 |
| 0 Adjustments In | 0.00 | | |
| 13 Transfers In | 57,821.31 | | |
| Total | \$ 57,821.31 | | |

FORM 2

ESTATE CASH RECEIPTS AND DISBURSEMENTS RECORD

Case No: 96-10725 BP1
 Case Name: U. S. CARBON, INC.

Trustee Name: Stephen J. Zayler
 Bank Name: BANK OF AMERICA
 Account Number: 3753856812 Money Market - Interest Bearing

Taxpayer ID No: 63-1095886
 For Period Ending: 08/28/00

Blanket Bond (per case limit): \$ 300,000.00
 Separate Bond (if applicable):

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|------------------|--------------------|---------------------------------------|---|---------------|---------------|-------------|------------------|----------------|----------------------|
| Transaction Date | Check or Reference | Paid To / Received From | Description Of Transaction | Deposits (\$) | Interest (\$) | Checks (\$) | Adjustments (\$) | Transfers (\$) | Account Balance (\$) |
| 10/08/99 | 12 | United States Treasury | BALANCE FORWARD | 96,330.57 | | | | | 96,330.57 |
| 10/29/99 | 13 | BANK OF AMERICA | TAX REFUND | | 105.49 | | | | 96,436.06 |
| 11/30/99 | 13 | BANK OF AMERICA | INTEREST REC'D FROM BANK | | 198.88 | | | | 96,634.94 |
| 12/31/99 | 13 | BANK OF AMERICA | INTEREST REC'D FROM BANK | | 193.06 | | | | 96,828.00 |
| 01/31/00 | 13 | BANK OF AMERICA | INTEREST REC'D FROM BANK | | 192.95 | | | | 97,020.95 |
| 02/29/00 | 13 | BANK OF AMERICA | INTEREST REC'D FROM BANK | | 180.82 | | | | 97,201.77 |
| 03/31/00 | 13 | BANK OF AMERICA | INTEREST REC'D FROM BANK | | 193.66 | | | | 97,395.43 |
| 04/28/00 | 13 | BANK OF AMERICA | Interest Rate 2.350 | | 175.25 | | | | 97,570.68 |
| 05/31/00 | 13 | BANK OF AMERICA | Interest Rate 2.350 | | 206.95 | | | | 97,777.63 |
| 06/30/00 | 13 | BANK OF AMERICA | Interest Rate 2.350 | | 188.52 | | | | 97,966.15 |
| 07/31/00 | 13 | BANK OF AMERICA | Interest Rate 2.350 | | 195.18 | | | | 98,161.33 |
| 08/24/00 | 000101 | DAVID S. TAMMINGA CPA | ACCOUNTANT FEES PER ORDER DATED 8-21-00/ | | | 950.00 | | | 97,211.33 |
| 08/28/00 | 13 | 1403 TURTLE CREEK LUFKIN, TX 75901 | INTEREST REC'D FROM BANK | | 170.13 | | | | 97,381.46 |
| 08/28/00 | | Transfer to acct #3754223729 | Final Posting Transfer | | | | | -97,381.46 | 0.00 |

| Account 3753856812 | | Balance Forward | | 0.00 | |
|--------------------|-------------------|-----------------|-------|-----------------|--------------|
| 1 | Deposits | 96,330.57 | 1 | Checks | 950.00 |
| 11 | Interest Postings | 2,000.89 | 0 | Adjustments Out | 0.00 |
| | Subtotal | \$ 98,331.46 | 1 | Transfers Out | 97,381.46 |
| 0 | Adjustments In | 0.00 | Total | | \$ 98,331.46 |
| 0 | Transfers In | 0.00 | | | |
| | Total | \$ 98,331.46 | | | |

**FORM 2
ESTATE CASH RECEIPTS AND DISBURSEMENTS RECORD**

Case No: 96-10725 BP1
Case Name: U. S. CARBON, INC.

Trustee Name: Stephen J. Zayler
Bank Name: BANK OF AMERICA
Account Number: 3754223729 Checking - Non Interest

Taxpayer ID No: 63-1095886
For Period Ending: 08/28/00

Blanket Bond (per case limit): \$ 300,000.00
Separate Bond (if applicable):

| 1 Transaction Date | 2 Check or Reference | 3 Paid To / Received From | 4 Description Of Transaction | 5 Deposits (\$) | 6 Interest (\$) | 7 Checks (\$) | 8 Adjustments (\$) | 9 Transfers (\$) | 10 Account Balance (\$) |
|-----------------------|-------------------------|--------------------------------|---|--------------------|--------------------|------------------|-----------------------|---------------------|----------------------------|
| 08/28/00 | | Transfer from Acct #3753856812 | BALANCE FORWARD Transfer In From MMA Account | | | | | 97,381.46 | 97,381.46 |

| Account 3754223729 | |
|---------------------|--------------|
| Balance Forward | 0.00 |
| 0 Deposits | 0.00 |
| 0 Interest Postings | 0.00 |
| Subtotal | \$ 0.00 |
| 0 Adjustments In | 0.00 |
| 1 Transfers In | 97,381.46 |
| Total | \$ 97,381.46 |

| | |
|-------------------|---------|
| 0 Checks | 0.00 |
| 0 Adjustments Out | 0.00 |
| 0 Transfers Out | 0.00 |
| Total | \$ 0.00 |

| Report Totals | |
|----------------------|---------------|
| Balance Forward | 0.00 |
| 18 Deposits | 327,845.96 |
| 25 Interest Postings | 3,897.83 |
| Subtotal | \$ 331,743.79 |
| 0 Adjustments In | 0.00 |
| 14 Transfers In | 155,202.77 |
| Total | \$ 486,946.56 |

| | |
|-------------------|---------------|
| 39 Checks | 234,362.33 |
| 2 Adjustments Out | 0.00 |
| 14 Transfers Out | 155,202.77 |
| Total | \$ 389,565.10 |

| | |
|-------------------|--------------|
| Net Total Balance | \$ 97,381.46 |
|-------------------|--------------|

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
BEAUMONT DIVISION

IN RE: U. S. CARBON, INC. §
TIN: 63-1095886 § Case No. 96-10725
DEBTOR § Chapter 7
§

ORDER AUTHORIZING USE OF CASH COLLATERAL

ON THIS DAY came on to be considered the Motion to Use Cash Collateral, filed by Stephen J. Zayler, the Trustee in the above captioned proceeding. After considering the Chapter 7 Trustee's Motion to Use Cash Collateral, Fedmet Resources Corporation ("Fedmet")'s Limited Objection to Trustee's Motion to Use Cash Collateral and Community Bank's Response and Objection to the Trustee's Motion to Use Cash Collateral, and being apprised of an agreement between the Chapter 7 Trustee and counsel for Fedmet and Counsel for Community Bank, the Court is of the opinion that the Motion is good and should be GRANTED.

The Court finds that Creditor, FED-MET RESOURCES CORPORATION, has asserted that it holds a security interest in the accounts receivable of the corporation; and Creditor, COMMUNITY BANK, Beaumont, Texas, has asserted that it holds a security interest in the inventory, equipment, bank accounts and other collateral of the corporation.

The Court further finds that the total value of the Bankruptcy Estate, as shown on Debtor's schedules, is estimated to be approximately \$1,300,000.00, and that the total secured debt is less than \$1,300,000.00.

The Court further finds that the Trustee has to date collected in excess of \$90,061.22, in accounts receivable owed to the Debtor

ORDER AUTHORIZING USE OF CASH COLLATERAL

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as of the date of filing, and that there is a balance of approximately \$7,000.00 in a U. S. Carbon, Inc., bank account at Community Bank which was frozen by Community Bank at the time this Chapter 7 proceeding was filed. In order to preserve and protect the assets of the bankruptcy estate, it will be necessary for the Trustee to use such proceeds for reasonable and necessary expenses until these assets can be sold. The Court further finds that the accounts receivable and bank accounts are the sole source of income of the Bankruptcy Estate.

IT IS, THEREFORE, ORDERED that Stephen J. Zayler, Chapter 7 Trustee, is authorized to use the cash collateral for the purposes of paying the following expenses for a period beginning on the date of the execution of this Order until December 15, 1996 (such period being referred to as the "Temporary Use Period"):

Wages for Norman Brett Vickers at the rate of \$1,150.00 per week, estimated total to be no more than \$16,100.00;

Southwestern Bell Telephone, for telephone service to the Debtor facility, at the approximate rate of \$200.00 per month, estimated total to be approximately \$600.00;

Entergy, for electric service to the Debtor facility, at the approximate rate of \$200.00 per month, estimated total to be approximately \$600.00;

James Fulton, Landlord, for rent of the property located at 805 Sparrow Drive, Rose City, Texas, the location of the Debtor facility, \$1,250.00 per month, estimated total to be approximately \$3,750.00;

Fred & Doris Clark, Landlord, for rent for storage facility where raw materials are currently stored, located on I-10, Beaumont, Texas, at the rate of \$2,575.00 per month, estimated total to be approximately \$7,725.00.

ESTIMATED TOTAL: \$28,775.00

ORDER AUTHORIZING USE OF CASH COLLATERAL

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Upon the expiration of the Temporary Use Period, the consent of Fedmet and Community Bank shall automatically be deemed revoked (without any notice or other action by Fedmet or Community Bank) and unless otherwise agreed by Fedmet or Community Bank or authorized by the Bankruptcy Court, the Chapter 7 Trustee shall not utilize any additional cash collateral; and it is further

ORDERED that in order to secure the amount of all cash collateral used by the Trustee, and to secure any diminution in the value of the secured parties' interest in the cash collateral, the secured parties, COMMUNITY BANK, BEAUMONT, TEXAS and FED-MET RESOURCES GROUP, INC., are hereby GRANTED, for the ratable benefit of and on behalf of the secured parties, without need of further act or documentation, a respective replacement lien and security interest under § 361(2) and 363(e) of the Code, (except to the extent the prepetition liens and security interests of any secured party is determined to be invalid and unenforceable), junior only to the existing first liens of the secured parties and security interests, to the extent that the Chapter 7 Trustee's use of the secured Fedmet's cash collateral results in a reduction in the amount or decrease in the value of Fedmet's interest in such cash collateral. Said replacement lien shall attach all property of U. S. Carbon, Inc., including, without limitation, inventory, equipment and accounts receivable, to the extent that such inventory and accounts receivable are not already subject to Fedmet's lien as proceeds of pre-petition collateral; and it is further,

ORDERED that pursuant to Bankruptcy Code §§ 361(2) and 363(e),

ORDER AUTHORIZING USE OF CASH COLLATERAL

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to provide adequate protection of Community Bank's interest in its cash collateral, the Chapter 7 Trustee, Stephen J. Zayler is hereby directed to grant, and Community Bank is hereby granted a replacement lien to the extent that the Chapter 7 Trustee's use of Community Bank's cash collateral results in a reduction in the amount or decrease in the value of Community Bank's interest in such cash collateral. Said replacement lien shall attach all property of U. S. Carbon, Inc. including, without limitation, inventory, equipment and accounts receivable, to the extent that such unencumbered inventory and accounts receivable are not already subject to Community Bank's liens as proceeds of pre-petition collateral; and it is further

ORDERED that no further action or filing under the Texas Business & Commerce Code or otherwise need be made to perfect the replacement liens granted herein.

SIGNED THIS 12th day of September, 1996.

HOUSTON ABEL
U. S. Bankruptcy Judge

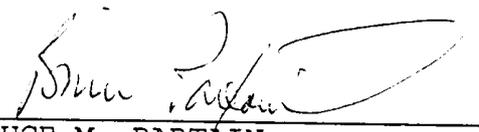
APPROVED AS TO FORM AND SUBSTANCE:



STEPHEN J. ZAYLER
Chapter 7 Trustee
P. O. Box 150743
Lufkin, TX 75915-0743



GLENN H. STEELE, JR.
Attorney for Community Bank
490 Park Street
Beaumont, TX 77701



BRUCE M. PARTAIN
Attorney for Fedmet Resources Corporation
P. O. Box 3708
Beaumont, TX 77704

EOD OCT 9 '96

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
BEAUMONT DIVISION

OCT 9 8 30 AM '96

IN RE: §
U. S. CARBON, INC. § Case No. 96-10725
TIN: 63-1095886 § Chapter 7
DEBTOR §

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AMENDED ORDER AUTHORIZING USE OF CASH COLLATERAL

ON THIS DAY CAME ON to be heard the *Trustee's Motion to Amend Order Authorizing Use of Cash Collateral*, filed by Stephen J. Zayler, the duly appointed and acting Chapter 7 Trustee. The Court, being apprised that no objection has been filed within the time required by law, is of the opinion that the Motion should be GRANTED. It is therefore, ORDERED

This Order amends and supersedes the *Order Authorizing Use of Cash Collateral* signed by this Court on September 12, 1996.

IT IS ORDERED THAT Stephen J. Zayler, Trustee, is authorized to use the cash collateral for the purposes of paying the following expenses for a period ending on or before December 15, 1996:

Wages for Norman Brett Vickers at the rate of \$1,150.00 per week, estimated total to be no more than \$13,600.00;

Southwestern Bell Telephone, for telephone service to the Debtor facility, at the approximate rate of \$200.00 per month, estimated total to be approximately \$600.00;

Entergy, for electric service to the Debtor facility, at the approximate rate of \$200.00 per month, estimated total to be approximately \$600.00;

James Fulton, Landlord, for rent of the property located at 805 Sparrow Drive, Rose City, Texas, the location of the Debtor facility, \$1,250.00 per month, estimated total to be approximately \$3,750.00;

Fred & Doris Clark, Landlord, for rent for storage facility where raw materials are currently stored, located on I-10, Beaumont, Texas, at the rate of \$2,575.00 per month, estimated total to be approximately \$7,725.00;

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Insurance premium to T. E. MOOR CO., INC., covering the equipment collateral of the Bankruptcy Estate, in the amount of up to \$2,500.00.

ESTIMATED TOTAL: \$28,775.00

SIGNED THIS 8th day of Oct, 1996.

Houston Abel
HOUSTON ABEL
UNITED STATES BANKRUPTCY JUDGE

IN THE UNITED STATES BANKRUPTCY COURT,
FOR THE EASTERN DISTRICT OF TEXAS
BEAUMONT DIVISION

IN RE:

U. S. CARBON, INC.
TIN: 63-1095886
DEBTOR

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Case No. 96-10725
Chapter 7

FILED
DEC 11 1996

CLERK OF COURT
W. S. M...

ORDER ON TRUSTEE'S MOTION FOR SUPPLEMENTAL
ORDER AUTHORIZING USE OF CASH COLLATERAL

ON THIS DAY CAME ON to be heard the *Trustee's Motion for Supplemental Order Authorizing Use of Cash Collateral*, filed by Stephen J. Zayler, the duly appointed and acting Chapter 7 Trustee. The Court, being apprised that no objection has been filed within the time required by law, is of the opinion that the Motion should be GRANTED. It is therefore, ORDERED

This Order supplements *Order Authorizing Use of Cash Collateral* signed by this Court on September 12, 1996, and the *Amended Order Authorizing Use of Cash Collateral* signed by this Court on October 8, 1996.

IT IS ORDERED THAT Stephen J. Zayler, Trustee, is authorized to use the additional cash collateral for the purposes of paying the following expenses for a period ending on or before April 15, 1996:

James Fulton, Landlord, for rent of the property located at 805 Sparrow Drive, Rose City, Texas, the location of the Debtor facility, \$1,250.00 per month for the periods of November 15 and December 15, 1996 and January 15, February 15, and March 15, 1997, or the additional sum of \$6,250.00;

Fred and Doris Clark, Landlord, for rent for storage facility where raw materials are currently stored, located on I-10, Beaumont, Texas, at the rate of \$2,575.00 per month for the periods beginning November 1 and December 1, 1996 and January 1, February 1, March 1, 1997, and April 1, 1997 in the additional sum of \$15,450.00.

ORDER ON TRUSTEE'S MOTION FOR SUPPLEMENTAL
ORDER AUTHORIZING USE OF CASH COLLATERAL

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Entergy for electric service to Debtor facility, and any other utilities or expenses necessary for the preservation of the bankruptcy estate, in the additional sum of \$1,600.00 for service through April 15, 1997.

Total Additional Funds: \$23,300.00

SIGNED THIS 4th day of Nov, 1998.

[Signature]
HOUSTON ABEL
UNITED STATES BANKRUPTCY JUDGE

MAR 1 1997

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
BEAUMONT DIVISION

CLERK, U.S. BANKRUPTCY COURT
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ECB MAR 21 1997

IN RE: ()
U. S. CARBON, INC. () CASE NO. 96-10725A
DEBTOR () CHAPTER 7
()
() JUDGE ABEL

ORDER APPROVING STIPULATION GRANTING MOTION OF
FEDMET RESOURCES CORPORATION FOR RELIEF
FROM STAY AND FOR RETURN OF UNUSED ACCOUNTS
RECEIVABLE BY TRUSTEE

ON February 11, 1997, came before this Court pursuant to Rule 4001 the Motion to Approve Stipulation concerning Fedmet Resources Corporation ("Fedmet")'s Motion for Relief from Stay and Return of Unused Accounts Receivable by Trustee. Having found that no timely written objection to the proposed Stipulation has been filed, and that the Stipulation is in the best interests of the Debtor's estate, the Motion is hereby GRANTED, and

(a) Fedmet is granted relief from the automatic stay in order to, inter alia, continue litigation against the Debtor in Civil Action No. 1:96-CV-0127 pending in the United States District Court for the Eastern District of Texas in Beaumont (hereinafter "District Court Proceedings"), add additional parties as defendants to the District Court Proceedings, and allow Fedmet to receive and apply the proceeds of its collateral to Debtor's obligations owed to Fedmet;

(b) Although the liability of the Debtor to Fedmet has been stipulated to as set forth in the Stipulation, and as such has not been disputed to date by any other party, the Debtor, due to its exceedingly close relationship to other potential defendants in Fedmet's District Court Proceedings, is an indispensable party to that litigation. Relief from stay to pursue the Debtor and other parties in the District Court proceeding and will not hinder, delay or otherwise burden the Debtor.

(c) Fedmet has a perfected first priority lien on Debtor's accounts receivable, prior in time to Community Bank except for approximately \$6,000 for which Community Bank has previously been granted relief from stay;

(d) The Debtor has no equity in the proceeds of the accounts receivable and the excess accounts receivable proceeds are not necessary to an effective reorganization, as Debtor is liquidating;

(e) Regarding the unused cash collateral, the Trustee will immediately turn over all unused and unneeded proceeds of accounts receivable in an amount not less than \$54,000 to Fedmet, and upon any sale of the assets of Debtor, shall immediately remit to Fedmet the remainder of its secured claim without need of further motion by Fedmet; and

(f) Trustee's request for an additional use of cash collateral in an amount not to exceed \$12,300 is approved. In order to permit the Trustee enough time to execute a sale of the Debtor's remaining assets, Trustee, Fedmet and Community Bank also stipulate to an extension of the Trustee's authority to use cash collateral from its current expiration of March 15, 1997, until June 15, 1997. As adequate protection for the Trustee's use of cash collateral, the Trustee will grant Fedmet a replacement floating lien in Debtor's unencumbered assets, including proceeds of the sale of those assets. SIGNED this 21st day of March, 1997.



C. HOUSTON ABEL
UNITED STATES BANKRUPTCY JUDGE

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
BEAUMONT DIVISION

FILED
MAY 19 1997
JAMES H. WATKINS
CLERK

IN RE: §
U. S. CARBON, INC. §
TIN: 63-1095886 § Case No. 96-10725
DEBTOR § Chapter 7
§

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EOD MAY 19 '97

ORDER ALLOWING COMPENSATION TO ACCOUNTANT

On this day came on to be considered the Motion of STEPHEN J. ZAYLER, the Trustee in the above captioned proceeding, pursuant to 11 U.S.C. Section 330, for the allowance of compensation to HEBERT & OBERLE, Certified Public Accountants, for services rendered to the Trustee herein for the Bankruptcy Estate of U. S. CARBON, INC., as set out in said Motion; and the Court being of the opinion that the same was a necessary expense of this debtor estate, it is therefore;

ORDERED that the Trustee herein pay to HEBERT & OBERLE, Certified Public Accountant, the sum and amount of \$450.00, for services rendered to the Trustee in connection with the Bankruptcy Estate of U. S. CARBON, INC. and that the same shall be taxed as an administrative expense in this proceeding.

SIGNED this the 12th day of May, 1997.

Houston Abel
HOUSTON ABEL
U. S. BANKRUPTCY JUDGE

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
BEAUMONT DIVISION

FILED
U.S. BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SEP 18 1997
CASE NO. 96-10725A
CHAPTER 7
JUDGE ABEL

IN RE:
U. S. CARBON, INC.
DEBTOR

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CASE NO. 96-10725A
CHAPTER 7
JUDGE ABEL

EOD SEP 19 '97

**ORDER GRANTING CHAPTER 7 TRUSTEE, STEPHEN ZAYLER'S
FIRST APPLICATION FOR COMPENSATION AND REIMBURSEMENT
OF EXPENSES UNDER 11 U.S.C. SECTION 506(C)**

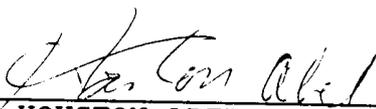
ON September 18, 1997, came on for consideration the Chapter 7 Trustee Stephen Zayler's Application for Compensation and Reimbursement of Expenses under 11 U.S.C. Section 506(c). Creditor Fedmet Resources Corporation ("Fedmet") filed a Response in Opposition to the Chapter 7 Trustee's Application. Following the sale by the Trustee on July 22, 1997, of all of the Debtor's equipment and inventory, there is currently \$120,242.08 on deposit in this bankruptcy proceeding, all of which funds are subject to the secured claims of Fedmet and Community Bank. A complete accounting of all sums received and their disposition under the Cash Collateral Orders and Orders authorizing various payments is attached hereto and incorporated into this Order for all purposes as Exhibit "A". After considering the Trustee's Application and Fedmet's Response, the Court finds the Chapter 7 Trustee incurred reasonable attorney's fees and expenses preserving and disposing of the collateral for the benefit of

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the secured creditors. The Court finds that pursuant to 11 U.S.C. § 506(c), the Trustee is entitled to be compensated from the \$120,242.08 on deposit in this bankruptcy proceeding. It is, therefore,

ORDERED that pursuant to 11 U.S.C. § 506(c), the Trustee, Stephen J. Zayler, is allowed a claim for reasonable Trustee compensation, attorney's fees, and expenses of \$34,188.63. Pursuant to an agreement between the Trustee, Weaver Industries, Inc., Fedmet and Community Bank, the Trustee is entitled to recover \$20,000 from the proceeds of the sale of the Debtor's inventory and equipment to compensate the Trustee, in part, for reasonable Trustee compensation, attorney's fees, and expenses for preserving and disposing of the Debtor's inventory and equipment for the benefit of the secured creditors. The Chapter 7 Trustee, Stephen Zayler shall pay \$20,000 to Stephen J. Zayler from the funds on deposit in this bankruptcy proceeding. Said payment is without prejudice to the Trustee's right to recover the balance of his allowed claim from any additional funds which might be brought into this bankruptcy estate by the Trustee.

SIGNED this 18th day of September, 1997.


C. HOUSTON ABEL
UNITED STATES BANKRUPTCY JUDGE

U. S. CARBON, INC.

MONIES COLLECTED:

| | |
|---------------------------------------|-----------------|
| Accounts Receivable | \$116,144.29 |
| Rose City Water - Deposit Refund | 210.46 |
| Petty Cash on Hand | 1.31 |
| IRS Refund (940 taxes) | 985.98 |
| A. I. Credit (Insurance Prem. refund) | 4,173.35 |
| Beaumont Bulk Terminal, Inc. | 110,000.00 |
| Interest | <u>1,719.00</u> |

TOTAL COLLECTED: **\$233,234.39**

PAYMENTS MADE:

| | |
|---|-----------------|
| Payments Pursuant to Cash Collateral Orders | |
| James Fulton - Rent | 13,750.00 |
| Fred & Doris Clark - Rent | 28,325.00 |
| Norman B. Vickers - Payroll(Net) | 8,670.24 |
| Payroll Taxes Deposited | 3,709.50 |
| Entergy | 1,284.22 |
| T. E. Moor Insurance Agency | <u>2,348.00</u> |
| Total Cash Collateral Used | \$58,086.96 |

| | |
|---|---------------|
| Balance of Accounts Receivable | |
| Turned over to Fed Met Resources Corp. | 54,014.75 |
| Hebert & Oberle, C.P.A. (per Order entered 5-19-97) | 450.00 |
| Penny Pabitsky (per Order entered 7-22-97) | <u>440.60</u> |

TOTAL PAYMENTS: **\$112,992.31**

BALANCE ON HAND **\$120,242.08**

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
BEAUMONT DIVISION

FILED
U.S. BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SEP 18 1997

IN RE: ()
U. S. CARBON, INC. () CASE NO. 96-10725A
DEBTOR () CHAPTER 7
() JUDGE ABEL

EOD SEP 19 '97

**ORDER DIRECTING PAYMENT OF WEAVER INDUSTRIES, INC.'S
ADMINISTRATIVE CLAIM**

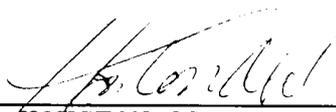
ON September 18, 1997, came on for consideration the Amended Motion of Weaver Industries, Inc. for Payment of Administrative Claim or in the Alternative, Motion for Payment Pursuant to 11 U.S.C. Section 506(c). The Chapter 7 Trustee, Stephen Zayler, filed a Response in Opposition to Weaver's Motion. Following the sale by the Chapter 7 Trustee on July 22, 1997 of all of the Debtor's equipment and inventory, there is currently \$120,242.08 on deposit in this bankruptcy proceeding, all of which funds are subject to the secured claims of Fedmet Resources Corporation and Community Bank. A complete accounting of all sums received and their disposition under the Cash Collateral Orders and Orders authorizing various payments is attached hereto and incorporated into this Order for all purposes as Exhibit "A". After considering Weaver Industries' Amended Motion, the Court finds that after this Chapter 7 bankruptcy proceeding was filed, certain inventory and equipment of the Debtor were stored at Weaver's warehouse facility in Rose City, Texas, which preserved the

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value of and assisted in the disposition of the Debtor's property. Pursuant to 11 U.S.C. § 506(c), Weaver Industries, Inc. is entitled to be compensated for the rental expenses of storing the Debtor's inventory and equipment prior to its sale. It is, therefore,

ORDERED that pursuant to 11 U.S.C. Section 506(c), Weaver Industries, Inc.'s administrative claim is allowed in the amount of \$33,535. Pursuant to an agreement between the Chapter 7 Trustee, Weaver, Fedmet, and Community Bank, Weaver is entitled to recover \$15,000 from the proceeds of the sale of the Debtor's inventory and equipment to compensate it, in part, for the rental expenses of storing the Debtor's inventory and equipment prior to its sale. The Chapter 7 Trustee, Stephen Zayler, shall pay \$15,000 to Weaver Industries, Inc. from the funds on deposit in this bankruptcy proceeding. Said payment is without prejudice to Weaver Industries, Inc.'s right to recover the balance of its allowed claim from any additional funds which might be brought into this bankruptcy estate by the Trustee.

SIGNED this 18th day of September, 1997.


C. HOUSTON ABEL
UNITED STATES BANKRUPTCY JUDGE

U. S. CARBON, INC.

MONIES COLLECTED:

| | |
|---------------------------------------|-----------------|
| Accounts Receivable | \$116,144.29 |
| Rose City Water - Deposit Refund | 210.46 |
| Petty Cash on Hand | 1.31 |
| IRS Refund (940 taxes) | 985.98 |
| A. I. Credit (Insurance Prem. refund) | 4,173.35 |
| Beaumont Bulk Terminal, Inc. | 110,000.00 |
| Interest | <u>1,719.00</u> |

TOTAL COLLECTED: **\$233,234.39**

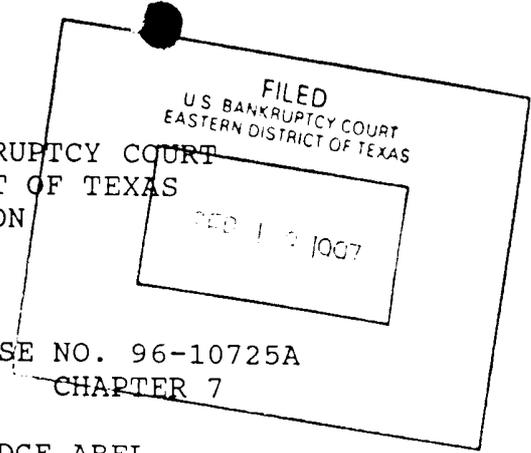
PAYMENTS MADE:

| | | |
|---|-----------------|---------------|
| Payments Pursuant to Cash Collateral Orders | | |
| James Fulton - Rent | 13,750.00 | |
| Fred & Doris Clark - Rent | 28,325.00 | |
| Norman B. Vickers - Payroll(Net) | 8,670.24 | |
| Payroll Taxes Deposited | 3,709.50 | |
| Entergy | 1,284.22 | |
| T. E. Moor Insurance Agency | <u>2,348.00</u> | |
| Total Cash Collateral Used | | \$58,086.96 |
| Balance of Accounts Receivable | | |
| Turned over to Fed Met Resources Corp. | | 54,014.75 |
| Hebert & Oberle, C.P.A. (per Order entered 5-19-97) | | 450.00 |
| Penny Pabitsky (per Order entered 7-22-97) | | <u>440.60</u> |

TOTAL PAYMENTS: **\$112,992.31**

BALANCE ON HAND **\$120,242.08**

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
BEAUMONT DIVISION



IN RE:

U. S. CARBON, INC.

DEBTOR

(
) CASE NO. 96-10725A
(
) CHAPTER 7
(
) JUDGE ABEL

EOD SEP 19 '97

ORDER GRANTING FEDMET RESOURCES CORPORATION'S MOTION
PURSUANT TO 11 U.S.C. SECTION 506(C) CONCERNING PRIORITY
OF LIENS OR CLAIMS TO PROCEEDS FROM SALE OF
DEBTOR'S INVENTORY AND EQUIPMENT

ON September 18, 1997, came on for consideration the Creditor, Fedmet Resources Corporation ("Fedmet")'s Motion Pursuant to 11 U.S.C. Section 506(c) for First-Priority Lien on Debtor's Assets, including the proceeds from the sale of the Debtor's inventory and equipment. Creditor Community Bank and the Chapter 7 Trustee, Stephen Zayler, filed Responses in Opposition to Fedmet's Motion. Community Bank asserted, by virtue of its security interests, a lien against all of the Debtor's assets, including the proceeds from the sale of the Debtor's inventory and equipment. Following the sale by the Chapter 7 Trustee on July 22, 1997, of all of the Debtor's equipment and inventory, there is currently \$120,242.08 on deposit in this bankruptcy proceeding, all of which funds are subject to the secured claims of Fedmet and Community Bank. A complete accounting of all sums received and their disposition under the Cash Collateral Orders and Orders authorizing various payments is attached hereto and incorporated into this Order for all purposes as Exhibit "A".

After considering Fedmet's Motion, Community Bank's Response, and the Trustee's Response, the Court finds the Chapter 7 Trustee incurred reasonable and necessary expenses in maintaining and disposing of the Debtor's inventory and equipment for which the Chapter 7 Trustee, with the consent of the secured creditors, utilized certain cash collateral of Fedmet and Community Bank. The Court finds that pursuant to 11 U.S.C. § 506(c), Fedmet and Community Bank are entitled to be compensated from the \$120,242.08 on deposit in this bankruptcy proceeding. It is, therefore,

ORDERED that pursuant to 11 U.S.C. § 506(c), Fedmet Resources Corporation is allowed a secured claim in the amount of \$64,375. Pursuant to an agreement between the Trustee, Weaver Industries, Inc., Fedmet and Community Bank, Fedmet is entitled to recover \$42,621.04, plus one-half of any accrued interest to the date of disbursement, from the proceeds of the sale of the Debtor's inventory and equipment to compensate Fedmet, in part, for the use of a portion of Fedmet's cash collateral by the Chapter 7 Trustee to pay reasonable and necessary expenses in maintaining and attempting to sell the Debtor's inventory and equipment prior to its sale. The Chapter 7 Trustee, Stephen Zayler, shall pay \$42,621.04, plus one-half of any accrued interest to the date of disbursement, to Fedmet Resources Corporation from the funds on deposit in this bankruptcy proceeding. Said payment is without prejudice to Fedmet's right to recover the balance of its allowed claim

from any additional funds which might be brought into this bankruptcy estate by the Trustee. It is further,

ORDERED that pursuant to 11 U.S.C. § 506(c), Community Bank is allowed a secured claim in the amount of \$51,410.94. Pursuant to an agreement between the Trustee, Weaver Industries, Inc., Fedmet, and Community Bank, Community Bank is entitled to recover \$42,621.04, plus one-half of any accrued interest to the date of disbursement, from the proceeds of the sale of the Debtor's inventory and equipment to compensate Community Bank, in part, for the Chapter 7 Trustee's utilization of certain cash collateral of Community Bank for reasonable and necessary expenses in maintaining and attempting to sell the Debtor's inventory and equipment prior to its sale. The Chapter 7 Trustee, Stephen Zayler, shall pay \$42,621.04, plus one-half of any accrued interest to the date of disbursement, to Community Bank from the funds on deposit in this bankruptcy proceeding. Said payment is without prejudice to Community Bank's right to recover the balance of its allowed claim from any additional funds which might be brought into this bankruptcy estate by the Trustee.

SIGNED this 18th day of September, 1997.


C. HOUSTON ABEL
UNITED STATES BANKRUPTCY JUDGE

U. S. CARBON, INC.

MONIES COLLECTED:

| | |
|---------------------------------------|-----------------|
| Accounts Receivable | \$116,144.29 |
| Rose City Water - Deposit Refund | 210.46 |
| Petty Cash on Hand | 1.31 |
| IRS Refund (940 taxes) | 985.98 |
| A. I. Credit (Insurance Prem. refund) | 4,173.35 |
| Beaumont Bulk Terminal, Inc. | 110,000.00 |
| Interest | <u>1,719.00</u> |

TOTAL COLLECTED: \$233,234.39

PAYMENTS MADE:

| | |
|---|-----------------|
| Payments Pursuant to Cash Collateral Orders | |
| James Fulton - Rent | 13,750.00 |
| Fred & Doris Clark - Rent | 28,325.00 |
| Norman B. Vickers - Payroll(Net) | 8,670.24 |
| Payroll Taxes Deposited | 3,709.50 |
| Entergy | 1,284.22 |
| T. E. Moor Insurance Agency | <u>2,348.00</u> |
| Total Cash Collateral Used | \$58,086.96 |
| Balance of Accounts Receivable | |
| Turned over to Fed Met Resources Corp. | 54,014.75 |
| Hebert & Oberle, C.P.A. (per Order entered 5-19-97) | 450.00 |
| Penny Pabitsky (per Order entered 7-22-97) | <u>440.60</u> |
| TOTAL PAYMENTS: | \$112,992.31 |
| BALANCE ON HAND | \$120,242.08 |

EOD AUG 22 '00

IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
BEAUMONT DIVISION

FILED
U.S. BANKRUPTCY COURT
EASTERN DISTRICT OF TX
2000 AUG 22 AM 8:10
CLERK, U.S. BANKRUPTCY
COURT
BY _____ DEPUTY

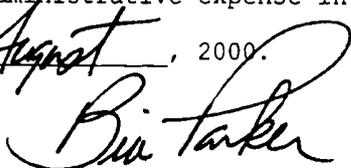
IN RE:)
U. S. CARBON, INC.) CASE NO. 96-10725
) CHAPTER 7
DEBTOR)

ORDER GRANTING TRUSTEE'S MOTION
FOR ALLOWANCE OF COMPENSATION TO ACCOUNTANT

On or about July 18, 2000, a Trustee's Motion for Allowance of Compensation to Accountant (the "Motion") was filed by Stephen J. Zayler (the "Movant") on behalf of DAVID S. TAMMINGA, Certified Public Accountant, in the above-referenced case. The Court finds that the Motion was properly served pursuant to the Federal and Local Rules of Bankruptcy Procedure and that it contained the appropriate twenty (20)-day negative notice language, pursuant to Local Rule of Bankruptcy Procedure 9007, which directed any party opposed to the granting of the relief sought by the Motion to file a written response within twenty days or the Motion would be deemed by the Court to be unopposed.

The Court finds that no objection or other written response to the Motion has been timely filed by any party. Due to the failure of any party to file a timely written response, the allegations contained in the Motion stand unopposed and, therefore, the Court finds that good cause exists for the entry of the following order.

IT IS THEREFORE ORDERED that the Trustee's Motion for Allowance of Compensation to Accountant filed by Stephen J. Zayler, the Trustee, is hereby GRANTED and the Trustee is authorized to pay DAVID S. TAMMINGA, Certified Public Accountant, the sum and amount of \$950.00 for services rendered to the Trustee in connection with the Bankruptcy Estate of U. S. CARBON, INC., and that the same shall be taxed as an administrative expense in this proceeding.

SIGNED this 21st day of August, 2000.


UNITED STATES BANKRUPTCY JUDGE

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SCHEDULE B

APPLICATION FOR COMPENSATION

COMPUTATION OF COMMISSIONS

| | | | |
|--|--------------|----------------------|--------------------|
| Receipts | \$331,743.79 | 25% of First \$5,000 | \$1,250.00 |
| Less | -\$5,000 | (\$1,250.00 Max) | |
| Balance | \$45,000.00 | 10% of Next \$45,000 | \$4,500.00 |
| Less | -\$45,000 | (\$4,500.00 Max) | |
| Balance | \$281,743.79 | 5% of Next \$950,000 | \$14,087.19 |
| Less | -\$950,000 | (\$47,500.00 Max) | |
| Balance | \$0.00 | 3% of Balance | \$0.00 |
| PREVIOUSLY TRUSTEE FEES/APPROVED AND PAID IN ACCORDANCE WITH ORDER DATED 9-18-97 | | | <u>(14,898.00)</u> |

BALANCE OF COMPENSATION REQUESTED \$4,939.19

TRUSTEE EXPENSES:

| | |
|--|--------------|
| Premium on Trustee's Bond | \$0.00 |
| Travel (3,097.00 mile at 0.31cents per mile) | \$961.23 * |
| Copies (5,560.00 page at 0.25 cents per copy) | \$1,390.00 * |
| Postage | \$602.53 * |
| Telephone Charges | \$501.55 * |
| Clerical/Secretarial (27.50 hrs. at 15.00 per hour) | \$412.50* |
| Paralegal/Assistance (107.60 hrs. at 50.00 per hour) | \$5,380.00* |
| Supplies/Stationary | \$2.75 * |
| Distribution Expenses | \$0.00 * |
| Miscellaneous (P.O.Box Rent 22; film&develop \$19.72; keys \$1.50) | \$42.22 * |
| Professional Fees - fees paid to accountant for preparing retruns that produced a \$96,330.57 tax refund for estate | \$950.00 * |

| | |
|--|--------------------|
| TOTAL EXPENSES: | <u>\$10,242.78</u> |
| Portion of Trustee Expenses previously approved and paid in accordance with Order dated 9-18-97 | <u>(5,101.19)</u> |
| BALANCE OF TRUSTEE EXPENSES DUE: | \$5,141.59 |

Records : Trustee did not take possession of
business or personal records of Debtor.

Notice given debtor on
to pick up business or personal records
in hands of Trustee.

X

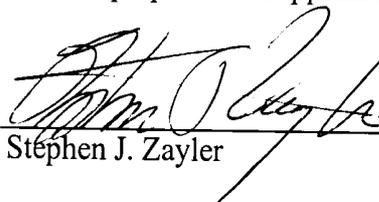
*Most of these expenses were itemized in Trustee's Application for Compensation and Reimbursement of Expenses under 11 U.S.C. Section 506(c) filed 8-18-97 and approved 9-18-97 - itemization not included in that Motion is attached.

THE STATE OF TEXAS)

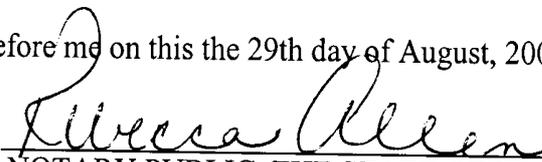
COUNTY OF ANGELINA)

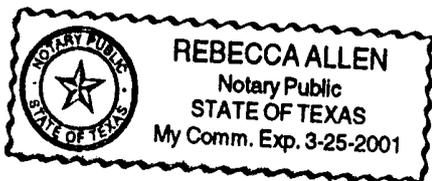
BEFORE ME, the undersigned authority on this date personally appeared Stephen J. Zayler, and under oath stated the following:

"I, Stephen J. Zayler, am the duly appointed Trustee in the U. S. CARBON, INC. bankruptcy proceeding. I am hereby making application for the maximum amount of Trustee fees, as it is my opinion that the maximum amount was earned by me in carrying out my duties as Trustee. The debtor was the owner of product inventory consisting of various types of carbon, various pieces of machinery, vehicles, equipment and office equipment. I worked to preserve and safeguard and ultimately negotiate a sale of the property. After my appointment, I filed a Motion for Authority to Continue Limited Operation of Business, to Employ Non-Professionals and to Pay Recurring Expenses, along with a Motion to Use Cash Collateral with the consent of the secured creditors in an effort to preserve the assets and their value for a sale as a going concern. I held the 341a hearing, rented a post office box and had all mail forwarded to new post office box in order that I would be able to receive all mail including accounts receivable checks due and owing to the corporation and I continued to collect outstanding accounts receivable. I negotiated with prospective purchasers of the property as a going concern, made several trips to Beaumont to attend hearings as well as showing property to prospective purchasers. I negotiated with landlords in order to keep the property on the premises, I reviewed claims and filed amended fiduciary tax returns which resulted in a \$96,330.57 tax refund to estate. I had many conversations and correspondence with administrative, secured, priority and unsecured creditors, their attorneys, and prospective purchasers. I made distributions in accordance with Court Orders. Further, I performed all other numerous duties of a Trustee, including, but not limited to, preparing Trustee's Final Report, will make disbursements and will prepare the Supplemental Final Report.


Stephen J. Zayler

SWORN TO AND SUBSCRIBED TO before me on this the 29th day of August, 2000.


NOTARY PUBLIC, THE STATE OF TEXAS



ITEMIZATION OF PARALEGAL TIME

August 19, 1997 - Telephone conference with Bill Mall, attorney for Stewart-Stevenson regarding disposition of leased forklift;
(SC - .10)

August 23, 1997 - Telephone conference with Doris Clerk, landlord at I-10 warehouse;
(SC - .10)

September 8, 1997 - Prepare information for accountant to prepare fiduciary tax returns;
(RA - .40)

September 12, 1997 - Receive and review correspondence from IRS regarding Intent to Levy on Wages of former employees;
(RA - .10)

October 1, 1997 - Office conference with Trustee and David Tamminga regarding repercussions of filing final tax return;
(RA - .20)

October 27, 1997 - Prepare Status Report to Judge Schell regarding Fed-Met District Court case;
(SC - .60)

November 3, 1997 - Telephone conference with William Green with the IRS regarding notice regarding tax deposits and discuss with the Trustee;
(SC - .20)

December 8, 1997 - Receive and review correspondence from Internal Revenue Service regarding notice of termination of status of S-Corporation and discuss with David Tamminga;
(RA - .10)

October 16, 1998 - Conference with Trustee regarding status of administration;
(RA - .10)

December 4, 1998 - Telephone conference with David Tamminga regarding status of tax refund and his conference with Internal Revenue Service and discuss with the trustee;
(RA - .20)

July 12, 1999 - Conference with Trustee regarding status of administration;
(RA - .10)

October 20, 1999 - Review file for status of administration and discuss with Trustee;
(RA - .20)

October 20, 1999 - Prepare information for accountant to prepare additional fiduciary tax returns;
(RA - .40)

July 19, 2000 - Prepare Trustee's Motion for Allowance of Compensation to Accountant and proposed Order;

(RA - 1.10)

July 21, 2000 - Review claims for legal sufficiency with Trustee;

(RA - .80)

July 24, 2000 Load claim information;

(RA - 3.8)

RECAP OF PARALEGAL TIME:

| | |
|-----------------------|---|
| REBECCA ALLEN (RA) - | 7.50 hrs. @ \$50.00/per hr. = \$ 375.00 |
| SHERRY CARNLEY (SC) - | 1.00 hrs. @ \$50.00/per hr. = 50.00 |

| | |
|--------|---|
| TOTAL: | 8.50 hrs. @ \$50.00/per hr. = \$ 425.00 |
|--------|---|

RESUMES OF THE PARALEGAL ASSISTANTS TO THE TRUSTEE

Rebecca Allen

Employed by the Trustee September 1, 1990. Has 23 years bankruptcy and other legal experience and was formerly employed by another Chapter 7 Trustee.

Her duties performed for the Trustee include loading information into the case management system when files are received, preparation of Trustee's Report of No Distribution, preparation of various correspondence between Trustee and interested parties, answer telephone calls regarding routine questions, assisting with the location, collection and disposition of assets, assisting in the collection of sale proceeds and accounts receivable, answering questions from creditors, opening bank accounts, securing Tax ID Nos., preparing deposits and disbursement checks, posting deposits and disbursements into computer, reconciling bank statements, organizing files, preparation of objections to claims, preparation of various pleadings including applications and motions in contested matters, preparation of semi-annual reports, preparation of Trustee's Final Reports and Request for Compensation and preparation of Trustee's Supplemental Final Reports.

Sherry Carnley

Employed by the Trustee December 1, 1994. Has 18 years broad legal experience in all areas of law.

Her duties performed for the Trustee include organizing files, preparation of various pleadings including applications and motions in contested matters, principal assistant to the attorney for the Trustee in the preparation of adversary proceeding complaints, discovery, pre-trial and post-trial pleadings, preparing monthly reports in operating Chapter 7's, principally responsible for assisting with the location, collection, and disposition of assets, assisting in the collection of sale proceeds and accounts receivable, answering general questions from creditors, preparation of correspondence, preparation of objections to claims, preparation of various miscellaneous and other legal documents.

ITEMIZATION OF SECRETARIAL AND CLERICAL TIME

- August 19, 1997 - Telephone conference with Gulf States Utilities regarding continuation of electricity at building;
(SC - .20)
- August 19, 1997 - Telephone conference with Brett Vickers, former employee of U. S. Carbon, regarding utilities and mobile phone;
(SC - .20)
- August 23, 1997 - Telephone conference with Brett Vickers, former employee of U. S. Carbon, regarding sale of business;
(SC - .10)
- September 2, 1997 - Receive and review correspondence from Entergy regarding final bill for utilities;
(SC - .10)
- September 2, 1997 - Receive and calendar notice of hearing on claim of Weaver Industries;
(RA - .10)
- September 5, 1997 - Telephone conference with David Tamminga regarding fiduciary tax returns;
(RA - .10)
- November 11, 1997 - Telephone conference with Brett Vickers regarding disposition of forklifts;
(SC - .20)
- November 20, 1997 - Telephone conference with Brett Vickers regarding meeting on December 12, 1996;
(SC - .10)
- July 15, 1999 - Receive and review correspondence from William Greene with Internal Revenue Service, Special Procedure, regarding request for refund;
(RA - .10)
- October 8, 1999 - Telephone conference with Bank of America opening new account with and load account information;
(RA - .20)
- October 8, 1999 - Preparation of receipt of funds;
(CP - .10)
- October 8, 1999 - Prepare deposit, post and transmit;
(RA - .20)
- October 8, 1999 - Prepare W-9 for transmittal to Bank of America;
(RA - .10)
- October 20, 1999 - Telephone conference with David Tamminga regarding necessity of amending fiduciary tax returns because of interest paid by IRS;
(RA - .10)
- October 20, 1999 - Organize files;
(RA - .60)
- November 15, 1999 - Reconcile bank statement;
(BH - .10)
- December 15, 1999 - Reconcile bank statement;

(SC - .10)

January 7, 2000 - Telephone conference with David Tamminga regarding fiduciary tax returns;
(RA - .10)

January 18, 2000 - Reconcile bank statement;
(SC - .10)

February 16, 2000 - Reconcile bank statement;
(SC - .10)

March 22, 2000 - Reconcile bank statement;
(SC - .10)

April 13, 2000 - Reconcile bank statement;
(SB - .10)

May 16, 2000 - Reconcile bank statement;
(SB - .10)

June 16, 2000 - Reconcile bank statement;
(SB - .10)

July 14, 2000 - Reconcile bank statement;
(SB - .10)

July 14, 2000 - Prepare fiduciary tax returns for mailing to District Director and IRS in Austin;
(SB - .10)

July 14, 2000 - Copy and return employment contract to David Tamminga;
(SB - .10)

July 19, 2000 - Copying, stapling and folding of Trustee's Application for Allowance of Compensation to Accountant, sealing, addressing and stamping of notices for mailing to creditors and interested parties;
(SB - 1.20)

July 24, 2000 - Correspondence to Court returning claims folder;
(RA - .20)

July 31, 2000 - Correspondence to Court requesting Clerk's Bill of Cost and docket sheet;
(RA - .20)

August 10, 2000 - Receive and review Bill of Costs and docket sheet;
(RA - .10)

August 11, 2000 - Reconcile bank statement;
(RA - .10)

August 14, 2000 - Receive and review correspondence from Internal Revenue Service regarding fiduciary tax returns;
(RA - .10)

August 16, 2000 - Organize file;
(CP - .40)

August 16, 2000 - Copy all bank statements, deposit slips and canceled checks for delivery of originals to U. S. Trustee's office;
(SB - .60)

August 24, 2000 - Receive and review Notice of Entry of Order Granting Compensation to Accountant;
(RA - .10)

August 24, 2000 - Prepare disbursement check to David Tamminga and post disbursement;
(RA - .20)

August 28, 2000 - Transfer funds from MMA to checking account at Bank of America and post accrued interest;
(RA - .20)

August 28, 2000 - Prepare and compile Trustee's Final Report for submission to U. S. Trustee;
(RA - .30)

RECAP OF SECRETARIAL & CLERICAL TIME:

| | | | |
|--------------------|-----------|-------------------|------------|
| REBECCA ALLEN - | 3.10 hrs. | @ \$15.00/per hr. | = \$ 46.50 |
| CARI PARRISH - | .50 hrs. | @ \$15.00/per hr. | = 7.50 |
| BEVERLY HATCHER - | .10 hrs. | @ \$15.00/per hr. | = 1.50 |
| SHERRY CARNLEY - | 1.30 hrs. | @ \$15.00/per hr. | = 19.50 |
| SANDRA BELSCHNER - | 2.40 hrs. | @ \$15.00/per hr. | = 36.00 |

TOTAL: 7.40 hrs. @ \$15.00/per hr. = \$ 111.00

DAVID S. TAMMINGA
 CERTIFIED PUBLIC ACCOUNTANT
 1403 Turtle Creek Drive
 Lufkin TX 75904-4328

Invoice submitted to:

U. S. Carbon, Inc. Bankruptcy Est.
 Stephen J. Zayler, Trustee
 P. O. Box 150743
 Lufkin TX 75915-0743

September 19, 1997

Invoice # 15074

Additional charges:

| | <u>Amount</u> | |
|--|----------------|--------------------------------|
| 9/19/97 Preparation of Corporation Application for Tentative Refund - Form 1139 * | 450.00 | |
| Preparation of U. S. Corporation Income Tax Return - Form 1120 for the short year ended December 31, 1996 | 450.00 | pd. \$750 |
| Preparation of U. S. Corporation Income Tax Return - Form 1120 for the short year ended September 30, 1997 | 500.00 | \$52 ck #4643 |
| Total costs | \$1,400.00 | |
| Balance due | \$1,400.00 | |
| Terms: due on receipt | 950.00 | pd. Bal. on this invoice |
| | 450.00 | |

* Requested Refund of \$87,067

SCHEDULE C
EXPENSES OF ADMINISTRATION

| | (1) Amount Claimed | (2) Amount Allowed | (3) Previously Paid | (4) Due |
|---|-----------------------|-----------------------|------------------------|-------------|
| 1. 11 U.S.C. Sec. 507(a)(1) Court Costs and Fees | 0.00 | 0.00 | 0.00 | 0.00 |
| 2. 11 U.S.C. Sec. 503(b)(1)(a) Preservation of Estate | 79,242.22 | 79,242.22 | 60,707.22 | 18,535.00 |
| 3. 11 U.S.C. Sec. 503(b)(2) Post-Petition taxes and related penalties | 0.00 | 0.00 | 0.00 | 0.00 |
| 4. 11 U.S.C. Sec. 503(b)(2) Compensation and Reimbursements | | | | |
| A. Trustee - Compensation | 19,837.19 | 19,837.19 | 14,898.00 | 4,939.19 |
| B. Trustee - Expense | 10,242.78 | 10,242.78 | 5,101.19 | 5,141.59 |
| C. ACCOUNTANT FEES | 1,400.00 | 1,400.00 | 1,400.00 | 0.00 |
| D. TRUSTEE ATTORNEY FEES | 10,989.00 | 10,989.00 | 0.00 | 10,989.00 |
| 5. Court Special Charges (Excess Notices) | 0.00 | 0.00 | 0.00 | 0.00 |
| 6. United States Trustee Fees | 0.00 | 0.00 | 0.00 | 0.00 |
| 7. Other (list) | | | | |
| A. PENNY PABITSKY, CSR, RPR | 440.60 | 440.60 | 440.60 | 0.00 |
| TOTALS: | \$122,151.79 | \$122,151.79 | \$82,547.01 | \$39,604.78 |

SCHEDULE D

SECURED CLAIMS

| Claim no. | Amount Claimed | Amount Not Determined | Amount Allowed | Previously Paid | Due |
|-----------|----------------|-----------------------|----------------|-----------------|-----------|
| 11 | 51,499.91 | 0.00 | 51,499.91 | 42,710.01 | 8,789.90 |
| 35 | 118,478.72 | 0.00 | 118,478.72 | 96,724.76 | 21,753.96 |
| TOTALS | 169,978.63 | | 169,978.63 | 139,434.77 | 30,543.86 |

IDENTIFICATION OF SECURED PARTIES AFFECTED:

| Claim No. | Name of Creditor | Claim No. | Name of Creditor |
|-----------|------------------------------|-----------|------------------|
| 11 | COMMUNITY BANK | 12 | COMMUNITY BANK |
| 35 | FEDMET RESOURCES CORPORATION | | |

SCHEDULE E

PRIORITY CLAIMS OTHER THAN ADMINISTRATIVE EXPENSES
IN THE FOLLOWING ORDER OF PRIORITY

| | (1) Amount Claimed | (2) Amount Allowed | (3) Amount Paid | (4) Due |
|---|-----------------------|-----------------------|--------------------|--------------------|
| 1. For Credit extended - Sec. 364(e)(1) | 0.00 | 0.00 | 0.00 | 0.00 |
| 2. Claims from failure of adequate protection - Sec. 307(a)(b) | 0.00 | 0.00 | 0.00 | 0.00 |
| 3. "Gap Claims" - Sec. 507(a)(2) | 0.00 | 0.00 | 0.00 | 0.00 |
| 4. Wages, etc. - Sec. 507(a)(3) | 12,379.74 | 12,379.74 | 12,379.74 | 0.00 |
| 5. Contributions to benefit plans - Sec. 507(a)(4) | 0.00 | 0.00 | 0.00 | 0.00 |
| 6. Consumer deposits - Sec. 507(a)(6) | 0.00 | 0.00 | 0.00 | 0.00 |
| 7. Taxes - Sec. 507(a)(7) | 0.00 | 0.00 | 0.00 | 0.00 |
| 8. Other - Sec. 507(a)(8)(G) | 47,750.00 | 47,750.00 | 0.00 | 47,750.00 |
| TOTALS: | \$60,129.74 | \$60,129.74 | \$12,379.74 | \$47,750.00 |

SCHEDULE E

PARTIES AFFECTED:

| Priority No. | Name of Creditor | Priority No. | Name of Creditor |
|-------------------------------|---|--------------|--------------------|
| 34 | NORMAN B. VICKERS TEXAS NATURAL RESOURCE CONSERVATION | | FIRST BANK & TRUST |
| FILED UNSECURED CLAIMS TOTAL: | | 1,486,111.19 | 1,476,207.67 |
| SUBORDINATED UNSECURED CLAIMS | | 0.00 | 1,476,207.67 |
| TOTAL: | | 71,870.96 | 71,870.96 |

EXHIBIT A
ANALYSIS OF CLAIMS REGISTER

Case Number: 96-10725

Page 1

Date: August 29, 2000

Debtor Name: U. S. CARBON, INC.

Claim Type Sequence

| Code # | Creditor Name & Address | Claim Class | Notes | Scheduled | Claimed | Allowed |
|---|---|----------------|--|-----------|-------------|-------------|
| 025 AF | HERBERT & OBERLE | Administrative | ACCOUNTANT FEES FOR PREPARING PAYROLL REPORTS PER ORDER DATED 5-19-97. | \$0.00 | \$450.00 | \$450.00 |
| 025 AF | DAVID S. TAMMINGA CPA 1403 TURTLE CREEK LUFKIN, TX 75901 | Administrative | PER ORDER DATED 8-21-00. | \$0.00 | \$950.00 | \$950.00 |
| Subtotal For Claim Type AF ACCOUNTANT FEES | | | | \$0.00 | \$1,400.00 | \$1,400.00 |
| 025 | ENTERGY | Administrative | POST-PETITION ELECTRIC BILLS PER CASH COLLATERAL ORDER DATED 9-12-96. | \$0.00 | \$1,284.22 | \$1,284.22 |
| 025 AR | JAMES FULTON | Administrative | | \$0.00 | \$13,750.00 | \$13,750.00 |
| 025 AR | FRED & DORIS CLARK | Administrative | | \$0.00 | \$28,325.00 | \$28,325.00 |
| 025 | T. E. MOOR CO., INC. | Administrative | | \$0.00 | \$2,348.00 | \$2,348.00 |
| 29 025 AR | WEAVER INDUSTRIES C/O GARY W. COKER ATTORNEY AT LAW 835 PARK STREET BEAUMONT, X 77701 | Administrative | PER ORDER DATED 9-18-97. | \$0.00 | \$33,535.00 | \$33,535.00 |
| Subtotal For Claim Type ADMINISTRATIVE | | | | \$0.00 | \$79,242.22 | \$79,242.22 |
| 025 OT7 | PENNY PABITSKY, CSR, RPR | Administrative | COURT REPORTER FEES PER ORDER DATED 7-22-97. | \$0.00 | \$440.60 | \$440.60 |
| Subtotal For Claim Type OT7 OTHER CHAPTER 7 ADMIN EXP | | | | \$0.00 | \$440.60 | \$440.60 |
| 34 030 P08 | TEXAS NATURAL RESOURCE CONSERVATION COMM C/O OFFICE OF ATTORNEY GENERAL NATURAL RESOURCES DIVISION MC-015 P. O. BOX 12548 AUSTIN, TX 78711-2548 | Priority | | \$0.00 | \$47,750.00 | \$47,750.00 |
| Subtotal For Claim Type P08 Section 507(a)(8) | | | | \$0.00 | \$47,750.00 | \$47,750.00 |
| 054 PW | NORMAN B. VICKERS | Priority | | \$0.00 | \$8,670.24 | \$8,670.24 |
| 054 PW | FIRST BANK & TRUST | Priority | | \$0.00 | \$3,709.50 | \$3,709.50 |
| Subtotal For Claim Type PW PRIORITY WAGE | | | | \$0.00 | \$12,379.74 | \$12,379.74 |
| 10 000 SC | COMMUNITY BANK 700 CALDER BEAUMONT, TX 77701 | Unsecured | | \$0.00 | \$2,627.20 | \$0.00 |
| 11 050 SC | COMMUNITY BANK C/O GLENN H. STEELE, JR. 490 PARK STREET BEAUMONT, TX 77701 | Secured | PER ORDER DATED 9-18-97. | \$0.00 | \$51,499.91 | \$51,499.91 |

EXHIBIT A
ANALYSIS OF CLAIMS REGISTER

Case Number: 96-10725

Page 2

Date: August 29, 2000

Debtor Name: U. S. CARBON, INC.

Claim Type Sequence

| Code # | Creditor Name & Address | Claim Class | Notes | Scheduled | Claimed | Allowed |
|---|---|----------------|--|-----------|--------------|--------------|
| 12 000 SC | COMMUNITY BANK 700 CALDER BEAUMONT, TX 77701 | Secured | | \$0.00 | \$5,437.73 | \$0.00 |
| 13 000 SC | COMMUNITY BANK 700 CALDER BEAUMONT, TX 77701 | Secured | | \$0.00 | \$706.04 | \$0.00 |
| 35 050 SC | FEDMET RESOURCES CORPORATION C/O JOHN F. KOSTELNIK THOMPSON, HINE & FLORY, LLP 3900 KEY TOWER 127 PUBLIC SQUARE CLEVELAND, OH 44114-1216 | Secured | | \$0.00 | \$118,478.72 | \$118,478.72 |
| Subtotal For Claim Type SC SECURED CLAIMS | | | | \$0.00 | \$178,749.60 | \$169,978.63 |
| 025 TAF | STEPHEN J. ZAYLER ATTORNEY AT LAW P. O. BOX 150743 LUFKIN, TX 75915-0743 | Administrative | ATTORNEY FEES PER ORDER DATED 9-18-97. | \$0.00 | \$10,989.00 | \$10,989.00 |
| Subtotal For Claim Type TAF TRUSTEE ATTORNEY FEES | | | | \$0.00 | \$10,989.00 | \$10,989.00 |
| 1 070 UC | W. W. GRAINGER, INC. | Unsecured | | \$0.00 | \$612.75 | \$612.75 |
| 14 070 UC | TEXAS ENVIRONMENTAL RESOURCES, INC. | Unsecured | | \$0.00 | \$5,210.35 | \$5,210.35 |
| 15 070 UC | M & D SUPPLY, INC. | Unsecured | | \$0.00 | \$216.62 | \$216.62 |
| 16 070 UC | ENVIRONMENTAL TRANSPORTATION SERVICES | Unsecured | | \$0.00 | \$7,334.40 | \$7,334.40 |
| 17 070 UC | FIRST FACTORS CORPORATION | Unsecured | | \$0.00 | \$9,600.00 | \$9,600.00 |
| 18 070 UC | STEWART & STEVENSON SERVICES, INC. | Unsecured | | \$0.00 | \$9,778.52 | \$9,778.52 |
| 19 070 UC | RELIANCE ELECTRIC INDUS. CO. | Unsecured | | \$0.00 | \$1,099.53 | \$1,099.53 |
| 2 070 UC | BRUCE OAKLEY, INC. | Unsecured | | \$0.00 | \$12,019.75 | \$12,019.75 |
| 20 070 UC | M & T PALLET CO., INC. | Unsecured | | \$0.00 | \$6,868.75 | \$6,868.75 |
| 21 070 UC | BIG TIN BARN, INC. | Unsecured | | \$0.00 | \$1,937.70 | \$1,937.70 |
| 22 070 UC | GREAT AMERICAN LINES, INC. | Unsecured | | \$0.00 | \$696.30 | \$696.30 |

EXHIBIT A
ANALYSIS OF CLAIMS REGISTER

Case Number: 96-10725

Debtor Name: U. S. CARBON, INC.

Page 3

Claim Type Sequence

Date: August 29, 2000

| Code # | Creditor Name & Address | Claim Class | Notes | Scheduled | Claimed | Allowed |
|-----------------|---|-------------|---------------------------|-----------|----------------|----------------|
| 23 070 UC | SAFEWAY TRANSPORTATION | Unsecured | | \$0.00 | \$37,125.00 | \$37,125.00 |
| 24 000 UC | STEWART & STEVENSON SERVICES, INC. | Unsecured | Duplicate of Claim No. 18 | \$0.00 | \$9,903.52 | \$0.00 |
| 25 070 UC | ENERGY GULF STATES, INC. | Unsecured | | \$0.00 | \$453.03 | \$453.03 |
| 26 070 UC | C. BEAN TRANSPORT | Unsecured | | \$0.00 | \$8,580.60 | \$8,580.60 |
| 27 070 UC | GLOBAL PACKAGING & SPECIALTIES | Unsecured | | \$0.00 | \$1,450.00 | \$1,450.00 |
| 28 070 UC | SGL CARBON CORPORATION | Unsecured | | \$0.00 | \$250,426.07 | \$250,426.07 |
| 3 070 UC | EASTEX WASTE, INC. | Unsecured | | \$0.00 | \$1,385.32 | \$1,385.32 |
| 30 070 UC | ALLIED PERSONNEL | Unsecured | | \$0.00 | \$3,607.59 | \$3,607.59 |
| 31 070 UC | JACK'S HARDWARE | Unsecured | | \$0.00 | \$195.93 | \$195.93 |
| 32 070 UC | FLEX-PACK INDUSTRIES, INC. | Unsecured | | \$0.00 | \$9,769.43 | \$9,769.43 |
| 33 070 UC | BRANCE-KRACHY CO., INC. | Unsecured | | \$0.00 | \$135.95 | \$135.95 |
| 35 070 UC | FEDMET RESOURCES CORPORATION C/O JOHN F. KOSTELNIK THOMPSON, HINE & FLORY, LLP 3900 KEY TOWER 127 PUBLIC SQUARE CLEVELAND, OH 44114-1216 | Unsecured | | \$0.00 | \$1,039,787.36 | \$1,039,787.36 |
| 36 070 UC | AMERICAN EXPRESS TRAVEL RELATED | Unsecured | | \$0.00 | \$10,381.45 | \$10,381.45 |
| 37 070 UC | MAVERICK TRANSPORTATION, INC. | Unsecured | | \$0.00 | \$4,485.47 | \$4,485.47 |
| 38 070 UC | CONTINENTAL BAG CO. | Unsecured | | \$0.00 | \$15,486.44 | \$15,486.44 |
| 4 070 UC | ELECTRO-MOTOR, INC. | Unsecured | | \$0.00 | \$1,379.40 | \$1,379.40 |
| 5 070 UC | CROWN ELECTRIC, INC. | Unsecured | | \$0.00 | \$1,430.81 | \$1,430.81 |

EXHIBIT A
ANALYSIS OF CLAIMS REGISTER

Case Number: 96-10725

Page 4

Date: August 29, 2000

Debtor Name: U. S. CARBON, INC.

Claim Type Sequence

| Code # | Creditor Name & Address | Claim Class | Notes | Scheduled | Claimed | Allowed |
|---|---------------------------------------|-------------|-------------|-----------|----------------|----------------|
| 6 070 UC | BEAUMONT FIRE EXTG. SERVICES, INC. | Unsecured | | \$0.00 | \$43.58 | \$43.58 |
| 7 070 UC | FREEMAN AND FREEMAN | Unsecured | | \$0.00 | \$220.12 | \$220.12 |
| 8 070 UC | C. REISS COAL CO. | Unsecured | | \$0.00 | \$33,822.20 | \$33,822.20 |
| 9 070 UC | PROGAS | Unsecured | | \$0.00 | \$667.25 | \$667.25 |
| Subtotal For Claim Type UC UNSECURED CLAIMS | | | | \$0.00 | \$1,486,111.19 | \$1,476,207.67 |
| 39 078 USC | LANDSTAR LIGON, INC. | Unsecured | Late filed. | \$0.00 | \$3,435.01 | \$3,435.01 |
| 40 078 USC | GREAT LAKES CARBON CORP. | Unsecured | Late filed. | \$0.00 | \$66,842.91 | \$66,842.91 |
| 41 078 USC | LUCENT TECHNOLOGIES, INC. | Unsecured | Late filed. | \$0.00 | \$882.79 | \$882.79 |
| 42 078 USC | LUCENT TECHNOLOGIES, INC. | Unsecured | Late filed. | \$0.00 | \$301.24 | \$301.24 |
| 43 078 USC | LUCENT TECHNOLOGIES | Unsecured | Late filed. | \$0.00 | \$409.01 | \$409.01 |
| Subtotal For Claim Type USC SUBORDINATED CLAIMS | | | | \$0.00 | \$71,870.96 | \$71,870.96 |
| Case Totals: | | | | \$0.00 | \$1,888,933.31 | \$1,870,258.82 |

Code #: Trustee's Claim Number, Priority Code, Claim Type

UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
BEAUMONT DIVISION

| | | |
|--------------------|---|-------------------|
| IN RE: |) | |
| U. S. CARBON, INC. |) | CASE NO. 96-10725 |
| |) | |
| |) | CHAPTER 7 |
| DEBTOR(S) |) | |

TRUSTEE'S REPORT OF
PROPOSED FINAL DISTRIBUTIONS

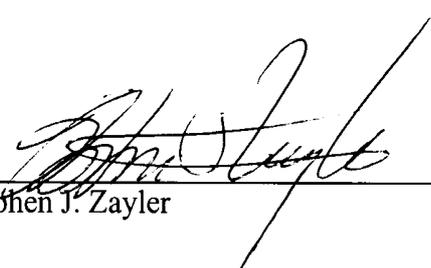
The undersigned trustee of the estate hereby submits to the Court and to the United States Trustee this Report of Proposed Final Distributions.

1. The Court has entered orders which have become final, and which dispose of all objections to claims, all objections to the trustee's Final Report, all applications for compensation, and all other matters which must be determined by the Court before final distribution can be made.

2. The trustee proposes to make final distribution of the funds of the estate as follows, and will make such distribution unless written objection thereto is made, filed and served on the trustee and on the United States trustee.

| | |
|---|-------------|
| 1. BALANCE ON HAND | \$97,381.46 |
| 2. ADMINISTRATIVE EXPENSES TO BE PAID * (note) | \$39,604.78 |
| 3. SECURED CLAIMS TO BE PAID * (note) | \$30,543.86 |
| 4. PRIORITY CLAIMS TO BE PAID * (note) | \$27,232.82 |
| 5. UNSECURED CLAIMS TO BE PAID * (note) | \$0.00 |
| 6. OTHER DISTRIBUTIONS TO BE PAID * (note) | \$00.00 |
| 7. TOTAL DISTRIBUTIONS TO BE MADE (Sum of lines 2 through 6) | \$97,381.46 |
| 8. ZERO BALANCE AFTER ALL DISTRIBUTIONS (Line 1 less line 7) | \$0.00 |

* (See attached schedule of payees and amounts)


 _____ (Trustee)
 Stephen J. Zayler

PROPOSED DISTRIBUTION

Case Number: 96-10725

Page 1

Date: August 29, 2000

Debtor Name: U. S. CARBON, INC.

| Claim # | Payee Name | Class | Priority | Amount | Paid to Date | Claim Balance | Proposed Pymt | Funds Remaining |
|-------------------|---|-------|----------|--------------|--------------|---------------|---------------|----------------------------|
| Beginning Balance | | | | | | | | |
| | Stephen J. Zayler - Fees COMPENSATION | Admin | | \$19,837.19 | \$14,898.00 | \$4,939.19 | \$4,939.19 | \$97,381.46 \$92,442.27 |
| | Stephen J. Zayler - Exp EXPENSES | Admin | | \$10,242.78 | \$5,101.19 | \$5,141.59 | \$5,141.59 | \$87,300.68 |
| | HERBERT & OBERLE | Admin | 025 | \$450.00 | \$450.00 | \$0.00 | \$0.00 | \$87,300.68 |
| | PENNY PABITSKY, CSR, RPR | Admin | 025 | \$440.60 | \$440.60 | \$0.00 | \$0.00 | \$87,300.68 |
| | ENTERGY | Admin | 025 | \$1,284.22 | \$1,284.22 | \$0.00 | \$0.00 | \$87,300.68 |
| | STEPHEN J. ZAYLER ATTORNEY AT LAW P. O. BOX 150743 LUFKIN, TX 75915-0743 | Admin | 025 | \$10,989.00 | \$0.00 | \$10,989.00 | \$10,989.00 | \$76,311.68 |
| | JAMES FULTON | Admin | 025 | \$13,750.00 | \$13,750.00 | \$0.00 | \$0.00 | \$76,311.68 |
| | FRED & DORIS CLARK | Admin | 025 | \$28,325.00 | \$28,325.00 | \$0.00 | \$0.00 | \$76,311.68 |
| | T. E. MOOR CO., INC. | Admin | 025 | \$2,348.00 | \$2,348.00 | \$0.00 | \$0.00 | \$76,311.68 |
| | DAVID S. TAMMINGA CPA 1403 TURTLE CREEK LUFKIN, TX 75901 | Admin | 025 | \$950.00 | \$950.00 | \$0.00 | \$0.00 | \$76,311.68 |
| 29 | WEAVER INDUSTRIES C/O GARY W. COKER ATTORNEY AT LAW 835 PARK STREET BEAUMONT, X 77701 | Admin | 025 | \$33,535.00 | \$15,000.00 | \$18,535.00 | \$18,535.00 | \$57,776.68 |
| 11 | COMMUNITY BANK C/O GLENN H. STEELE, JR. 490 PARK STREET BEAUMONT, TX 77701 | Sec | 050 | \$51,499.91 | \$42,710.01 | \$8,789.90 | \$8,789.90 | \$48,986.78 |
| 35 | FEDMET RESOURCES CORPORATION C/O JOHN F. KOSTELNIK THOMPSON, HINE & FLORY, LLP 3900 KEY TOWER 127 PUBLIC SQUARE CLEVELAND, OH 44114-1216 | Sec | 050 | \$118,478.72 | \$96,724.76 | \$21,753.96 | \$21,753.96 | \$27,232.82 |

PROPOSED DISTRIBUTION

Case Number: 96-10725

Page 2

Date: August 29, 2000

Debtor Name: U. S. CARBON, INC.

| Claim # | Payee Name | Class | Priority | Amount | Paid to Date | Claim Balance | Proposed Pymt | Funds Remaining |
|---------|--|----------|----------|-------------|--------------|---------------|---------------|-----------------|
| 34 | TEXAS NATURAL RESOURCE CONSERVATION COMM C/O OFFICE OF ATTORNEY GENERAL NATURAL RESOURCES DIVISION MC-015 P. O. BOX 12548 AUSTIN, TX 78711-2548 | Priority | 030 | \$47,750.00 | \$0.00 | \$47,750.00 | \$27,232.82 | \$0.00 |
| | NORMAN B. VICKERS | Priority | 054 | \$8,670.24 | \$8,670.24 | \$0.00 | \$0.00 | \$0.00 |
| | FIRST BANK & TRUST | Priority | 054 | \$3,709.50 | \$3,709.50 | \$0.00 | \$0.00 | \$0.00 |
| 1 | W. W. GRAINGER, INC. | Unsec | 070 | \$612.75 | \$0.00 | \$612.75 | \$0.00 | \$0.00 |
| 14 | TEXAS ENVIRONMENTAL RESOURCES, INC. | Unsec | 070 | \$5,210.35 | \$0.00 | \$5,210.35 | \$0.00 | \$0.00 |
| 15 | M & D SUPPLY, INC. | Unsec | 070 | \$216.62 | \$0.00 | \$216.62 | \$0.00 | \$0.00 |
| 16 | ENVIRONMENTAL TRANSPORTATION SERVICES | Unsec | 070 | \$7,334.40 | \$0.00 | \$7,334.40 | \$0.00 | \$0.00 |
| 17 | FIRST FACTORS CORPORATION | Unsec | 070 | \$9,600.00 | \$0.00 | \$9,600.00 | \$0.00 | \$0.00 |
| 18 | STEWART & STEVENSON SERVICES, INC. | Unsec | 070 | \$9,778.52 | \$0.00 | \$9,778.52 | \$0.00 | \$0.00 |
| 19 | RELIANCE ELECTRIC INDUS. CO. | Unsec | 070 | \$1,099.53 | \$0.00 | \$1,099.53 | \$0.00 | \$0.00 |
| 2 | BRUCE OAKLEY, INC. | Unsec | 070 | \$12,019.75 | \$0.00 | \$12,019.75 | \$0.00 | \$0.00 |
| 20 | M & T PALLET CO., INC. | Unsec | 070 | \$6,868.75 | \$0.00 | \$6,868.75 | \$0.00 | \$0.00 |
| 21 | BIG TIN BARN, INC. | Unsec | 070 | \$1,937.70 | \$0.00 | \$1,937.70 | \$0.00 | \$0.00 |
| 22 | GREAT AMERICAN LINES, INC. | Unsec | 070 | \$696.30 | \$0.00 | \$696.30 | \$0.00 | \$0.00 |
| 23 | SAFEWAY TRANSPORTATION | Unsec | 070 | \$37,125.00 | \$0.00 | \$37,125.00 | \$0.00 | \$0.00 |
| 25 | ENTERGY GULF STATES, INC. | Unsec | 070 | \$453.03 | \$0.00 | \$453.03 | \$0.00 | \$0.00 |
| 26 | C. BEAN TRANSPORT | Unsec | 070 | \$8,580.60 | \$0.00 | \$8,580.60 | \$0.00 | \$0.00 |

PROPOSED DISTRIBUTION

Case Number: 96-10725

Page 3

Date: August 29, 2000

Debtor Name: U. S. CARBON, INC.

| Claim # | Payee Name | Class | Priority | Amount | Paid to Date | Claim Balance | Proposed Pymt | Funds Remaining |
|---------|---|-------|----------|----------------|--------------|----------------|---------------|-----------------|
| 27 | GLOBAL PACKAGING & SPECIALTIES | Unsec | 070 | \$1,450.00 | \$0.00 | \$1,450.00 | \$0.00 | \$0.00 |
| 28 | SGL CARBON CORPORATION | Unsec | 070 | \$250,426.07 | \$0.00 | \$250,426.07 | \$0.00 | \$0.00 |
| 3 | EASTEX WASTE, INC. | Unsec | 070 | \$1,385.32 | \$0.00 | \$1,385.32 | \$0.00 | \$0.00 |
| 30 | ALLIED PERSONNEL | Unsec | 070 | \$3,607.59 | \$0.00 | \$3,607.59 | \$0.00 | \$0.00 |
| 31 | JACK'S HARDWARE | Unsec | 070 | \$195.93 | \$0.00 | \$195.93 | \$0.00 | \$0.00 |
| 32 | FLEX-PACK INDUSTRIES, INC. | Unsec | 070 | \$9,769.43 | \$0.00 | \$9,769.43 | \$0.00 | \$0.00 |
| 33 | BRANCE-KRACHY CO., INC. | Unsec | 070 | \$135.95 | \$0.00 | \$135.95 | \$0.00 | \$0.00 |
| 35 | FEDMET RESOURCES CORPORATION C/O JOHN F. KOSTELNIK THOMPSON, HINE & FLORY, LLP 3900 KEY TOWER 127 PUBLIC SQUARE CLEVELAND, OH 44114-1216 | Unsec | 070 | \$1,039,787.36 | \$0.00 | \$1,039,787.36 | \$0.00 | \$0.00 |
| 36 | AMERICAN EXPRESS TRAVEL RELATED | Unsec | 070 | \$10,381.45 | \$0.00 | \$10,381.45 | \$0.00 | \$0.00 |
| 37 | MAVERICK TRANSPORTATION, INC. | Unsec | 070 | \$4,485.47 | \$0.00 | \$4,485.47 | \$0.00 | \$0.00 |
| 38 | CONTINENTAL BAG CO. | Unsec | 070 | \$15,486.44 | \$0.00 | \$15,486.44 | \$0.00 | \$0.00 |
| 4 | ELECTRO-MOTOR, INC. | Unsec | 070 | \$1,379.40 | \$0.00 | \$1,379.40 | \$0.00 | \$0.00 |
| 5 | CROWN ELECTRIC, INC. | Unsec | 070 | \$1,430.81 | \$0.00 | \$1,430.81 | \$0.00 | \$0.00 |
| 6 | BEAUMONT FIRE EXTG. SERVICES, INC. | Unsec | 070 | \$43.58 | \$0.00 | \$43.58 | \$0.00 | \$0.00 |
| 7 | FREEMAN AND FREEMAN | Unsec | 070 | \$220.12 | \$0.00 | \$220.12 | \$0.00 | \$0.00 |
| 8 | C. REISS COAL CO. | Unsec | 070 | \$33,822.20 | \$0.00 | \$33,822.20 | \$0.00 | \$0.00 |
| 9 | PROGAS | Unsec | 070 | \$667.25 | \$0.00 | \$667.25 | \$0.00 | \$0.00 |
| 39 | LANDSTAR LIGON, INC. | Unsec | 078 | \$3,435.01 | \$0.00 | \$3,435.01 | \$0.00 | \$0.00 |

PROPOSED DISTRIBUTION

Case Number: 96-10725

Page 4

Date: August 29, 2000

Debtor Name: U. S. CARBON, INC.

| Claim # | Payee Name | Class | Priority | Amount | Paid to Date | Claim Balance | Proposed Pymt | Funds Remaining |
|--------------|------------------------------|-------|----------|----------------|--------------|----------------|---------------|-----------------|
| 40 | GREAT LAKES CARBON CORP. | Unsec | 078 | \$66,842.91 | \$0.00 | \$66,842.91 | \$0.00 | \$0.00 |
| 41 | LUCENT TECHNOLOGIES, INC. | Unsec | 078 | \$882.79 | \$0.00 | \$882.79 | \$0.00 | \$0.00 |
| 42 | LUCENT TECHNOLOGIES, INC. | Unsec | 078 | \$301.24 | \$0.00 | \$301.24 | \$0.00 | \$0.00 |
| 43 | LUCENT TECHNOLOGIES | Unsec | 078 | \$409.01 | \$0.00 | \$409.01 | \$0.00 | \$0.00 |
| << Totals >> | | | | \$1,900,338.79 | \$234,361.52 | \$1,665,977.27 | \$97,381.46 | \$0.00 |

Proposed distribution is dependent on the Court's rulings on administrative expenses, contest of claims, and/or objections made to this proposed distribution.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
BEAUMONT DIVISION

IN RE: U.S. CARBON, INC. / BANKRUPTCY CASE: 96-10725
/
/ CHAPTER 7

**NOTICE OF FILING OF FINAL REPORT OF TRUSTEE.
APPLICATION FOR COMPENSATION AND PROPOSED DISTRIBUTIONS**

NOTICE IS GIVEN that the Trustee's Final Report and Account, report of Proposed Final Distribution and Applications for Compensation have been filed. These documents are available for public inspection at the office of the Bankruptcy Clerk, 300 Willow, Suite 100, Beaumont, Texas 77701, or at the trustee's office whose name and address is as follows:

STEVE ZAYLER 123 E. LUFKIN PO BOX 150743 LUFKIN, TX 75915

The following Applications for Compensation have been filed:

| <u>Applicants</u> | <u>Fees Requested</u> | <u>Expenses Requested</u> |
|---|-----------------------|-----------------------------|
| <u>STEVE ZAYLER</u> Trustee | <u>19838.00</u> | <u>10242.78</u> |
| <u>STEVE ZAYLER</u> Attorney for Trustee | <u>0.00</u> | <u>0.00</u> |
| <u>U. S. Bankruptcy Court</u> | <u>0.00</u> | <u> </u> |

The trustee's account shows:

| Total Receipts | Total Disbursements | Balance |
|-----------------------|----------------------------|--------------------|
| <u>\$ 331743.79</u> | <u>\$ 234362.33</u> | <u>\$ 97381.46</u> |

In addition to the commissions and fees that may be allowed by the Court, liens and priority claims which must be paid in advance of general creditors have been allowed in the total amount of \$ 230108.37 ; general unsecured claims have been allowed in the amount of \$ 1548078.63 .
The debtor has/has not been discharged.

Written objections to the Final Report, Application for Compensation and/or proposed Distributions must be filed with the Clerk of the Court and served on the trustee at the above mentioned address within 30 days from the date of this notice. If no objections are filed, the Court may consider the Report and Applications without hearing. If objections are filed, a hearing will be held on _____

at _____

Date: _____

JAMES D. TOKOPH, Clerk of Court

By: _____
Deputy Clerk

UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
BEAUMONT DIVISION

| | | |
|--------------------|---|-------------------|
| IN RE: |) | |
| U. S. CARBON, INC. |) | CASE NO. 96-10725 |
| |) | |
| |) | CHAPTER 7 |
| DEBTOR(S) |) | |

**ORDER ALLOWING TRUSTEE'S FINAL APPLICATION FOR COMPENSATION
AND APPROVING TRUSTEE'S FINAL REPORT AND PROPOSED DISTRIBUTION**

ON THIS DAY came on for consideration the Trustee's Final Report filed by Stephen J. Zayler, the duly appointed Chapter 7 Trustee. The Court finds that notice of this hearing has been given as required by the Bankruptcy Rules. Upon due consideration, the Court finds that cause exists which justifies the entry of the following order:

IT IS THEREFORE ORDERED that the Chapter 7 Trustee's final application for **additional** compensation in the amount of **\$4,939.19** and for reimbursement of **additional expenses and the balance of expenses due from Order dated 9-18-97 in the amount \$5,141.59 is Granted.**

IT IS FURTHER ORDERED that the Trustee's Final Report is approved as submitted by the Chapter 7 Trustee, including approval of the payment of the following fees and charges assessed against the Estate under Chapter 123 of title 28 of the United States Code.

| <u>FEES/CHARGES</u> | <u>PROPOSED PAYMENT</u> |
|------------------------------|-------------------------|
| Clerk Noticing/Claim Fees | \$0.00 |
| Unpaid Adversary Filing Fees | \$0.00 |
| Unpaid Quarterly Fees | \$0.00 |

IT IS FURTHER ORDERED that the Chapter 7 Trustee shall make final distribution of the amounts set forth in the Trustee's Final Report as approved by this Court and shall file a Supplemental Final Report and Account together with such bank statements as are necessary to document a zero balance in all Estate accounts, following compliance with Section 347(a) of the Bankruptcy Code and Bankruptcy Rule 3011, if applicable.

SIGNED this the _____ day of _____, 2000.

BANKRUPTCY JUDGE