

**UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF NORTH CAROLINA
WINSTON-SALEM DIVISION**

IN RE:

**TAR HEEL OIL II, INC. and
GAMBILL OIL, LLC,

Debtors.**

**Case No. 16-50216
(Jointly Administered)

Chapter 11**

**MOTION TO AUTHORIZE SALE OF CERTAIN UNDERGROUND STORAGE
TANKS AND EQUIPMENT FREE AND CLEAR OF LIENS UNDER 363(f)**

John Paul H. Cournoyer, Chapter 11 Trustee for Tar Heel Oil II, Inc. and Gambill Oil, LLC (the “Trustee”) moves the Court pursuant to § 363 of the Bankruptcy Code as follows:

1. On March 4, 2016 (the “Petition Date”), Tar Heel Oil II, Inc. (“Tar Heel”) and Gambill Oil, LLC (“Gambill”) (jointly the “Debtors”) each filed voluntary petitions seeking relief under Chapter 11 of the Bankruptcy Code. On July 21, 2016, the Court entered a Final Order Authorizing Joint Administration, ordering that the cases be consolidated under Case No. 16-50216.
2. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and the matter is a core proceeding under 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
3. On November 3, 2016, a hearing was held on the motion to appoint a trustee filed by the Bankruptcy Administrator, and the motion was granted in open Court. On November 4, 2016, an Order was entered by the Bankruptcy Court appointing John Paul H. Cournoyer as Chapter 11 Trustee for the Debtors (Doc. #143).
4. Tar Heel owns underground storage tanks at four gas station locations in Wilkes County and Alleghany County, NC, known as Lackey’s Market, Rock Creek Convenience Store,

Run-In 804 and Pro Stop (in Roaring Gap, NC). Tar Heel also owns, upon information and belief, certain dispensers, pumps, cash registers and canopies at these locations.

5. Raymer Oil Company has purchased the gas stations at these locations from the previous owner. Although Raymer Oil Company has been purchasing gasoline from the Debtor on an interim basis, it ultimately intends to supply gasoline to these locations itself.

6. The dispensers and other equipment at these locations are old, and based upon consultation with Cary Oil, the Trustee believes their value is nominal. A motorist crashed into and damaged the dispensers and canopy at the Rock Creek Convenience Store Location. Additionally, the North Carolina Department of Environmental Quality (“DEQ”) issued a Notice of Violation with respect to the Rock Creek Convenience Store location. After consultation with the bankruptcy estate’s UST compliance consultant, the Trustee believes that the cost to address this Notice of Violation exceeds the value of the assets and the value of the minimal anticipated future gasoline sales to this location. For these reasons, the Trustee assigns minimal value to the tangible assets at these locations.

7. Subject to Court approval, and as more specifically set forth in the Bill of Sale attached hereto, the Trustee has agreed to sell the USTs, all equipment, and the potential claim against the motorist, to Raymer Oil Company, for \$5,000.00. The sale shall be “as is, where is,” with no representations or warranties of any kind.

8. The Trustee proposes to retain the proceeds in Tar Heel’s segregated “equipment proceeds” account. Such funds shall not be used in connection with operations.

9. Cary Oil and BLT Investments, LLC both assert liens in the Debtor’s equipment. However, both Cary Oil and BLT Investments, LLC have consented to the sale. Therefore, there is a basis for conveying such assets free and clear of liens under 11 U.S.C. § 363(f) with respect

to such assets. The Trustee requests that the Court authorize the sale of these assets free and clear of all liens and that such liens be transferred to the sale proceeds.

WHEREFORE, Trustee respectfully prays the Court enter an order:

1. Authorizing the sale of assets free and clear of liens under 11 U.S.C. § 363(f), with respect to the assets set forth in the bill of sale attached hereto; and
2. Granting such other relief as the Court deems just and proper.

RESPECTFULLY submitted, this the 1st day of June 2017.

NORTHEN BLUE, LLP

/s/ John Paul H. Cournoyer

John Paul H. Cournoyer, NCSB #42224

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Post Office Box 2208

Chapel Hill, NC 27515-2208

Telephone: 919-968-4441

Counsel for the Trustee

**UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF NORTH CAROLINA
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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing by automatic electronic noticing to the email address of record for the following parties:

| | |
|--|---|
| William P. Miller Bankruptcy Administrator | Charles M. Ivey, III and Justin William Kay Counsel for Debtors |
| Brian Richard Anderson Counsel for Great State Bank | Daniel C. Bruton Counsel for BLT Investments, LLC |
| Nan E. Hannah Counsel for Cary Oil Company | Robert Paul Laney Counsel for McElwee Firm, PLLC |
| W. Walt Petit Counsel for Yadkin Bank | Scott E. Shealy Counsel for Citizens Fuel Co. |
| J. Marshall Shelton Counsel for David Kennedy | Michael E. Bulleri Counsel for NC Dept. of Environmental Quality |

I hereby certify that I have this day served the foregoing by depositing a copy in the United States Mail, postage prepaid, as follows:

Raymer Oil, Inc.
Attn: Matthew Redmond, President
PO Box 111
Statesville, NC 28687

This the 1st day of June 2017.

NORTHEN BLUE, LLP

/s/ John Paul H. Cournoyer
John Paul H. Cournoyer, NCSB #42224
jpc@nbfirm.com
Post Office Box 2208
Chapel Hill, NC 27515-2208
Telephone: 919-968-4441

Counsel for the Trustee

North Carolina

Orange County

BILL OF SALE

This Bill of Sale is made and entered into this ____ day of May, 2017, by and between John Paul H. Cournoyer (hereinafter "JP") in his capacity as Trustee in that certain bankruptcy case Number 16-50216 pending in the United States Bankruptcy Court for the Middle District of North Carolina (Winston Salem) wherein Tar Heel Oil II, Inc. (hereafter "Tar Heel"), is the Debtor, said Trustee being hereafter referred to as "Seller", and Raymer Oil Company of Iredell County, North Carolina, being hereafter referred to as "Buyer".

W I T N E S S E T H:

WHEREAS, Tar Heel prior to its bankruptcy filing was the owner of certain underground storage tanks, above-ground dispensers, canopies and other equipment used in the dispensing of petroleum products and located upon the property of third parties in Wilkes County, and Alleghany County, North Carolina, known as Lackey's Market, Rock Creek Convenience Store, Run-In 804 and Pro Stop (in Roaring Gap, NC).

Whereas, Seller as Trustee has become the owner of said assets by reason of his appointment as Trustee in possession of the assets of the Debtor (Tar Heel).

Whereas, Buyer either has purchased or has leased the sites referred to above where the referenced assets of the Debtor are

located, and has offered to purchase the same for the composite amount of \$5,000 in cash for all of the assets except the underground storage tanks, for which Buyer is willing to pay the estate of the Debtor One (\$1.00) Dollar per tank where is-as is.

Whereas, undersigned as Trustee believes that the offer of Buyer, if accepted, would avoid a much larger expense the Trustee would incur if compelled to remove the UST's and other assets from the referenced sites, which Buyer could require of the Trustee absent the purchase of those assets by the Buyer.

Whereas, the Trustee is also the owner of a claim against a motorist, Destiny Danielle Goforth, who recently drove her vehicle into a dispenser at a site known as Run-In 802 in Wilkes County, North Carolina, causing a fire which destroyed the dispenser and the canopy where the dispenser was located, thus causing damage to the Debtor.

Whereas, there may exist at other locations unknown to the Trustee other underground storage tanks, pumps, canopies, dispensers or other equipment or items of personal property heretofore owned by the Debtor but unknown to the Trustee, but which have no value to the estate and, in the opinion of the Trustee, could only create liabilities.

Now, therefore, for and in consideration of the payment by Buyer to the estate of the Debtor of the sum of \$5,000 for all assets heretofore owned by Debtor at any of the above locations, except for the UST's, and upon payment by the Buyer to the estate

of the Debtor of the sum of Six (\$6.00) Dollars for six UST's known to exist on the referenced properties, plus an additional One (\$1.00) Dollar for each additional UST on said properties hereafter discovered, the Seller hereby sells, conveys grants and assigns to Buyer, without warranty of any kind, the Trustee's interest in the following items:

1. All of the assets heretofore owned by Debtor at any of the locations in Wilkes County or Alleghany County referred to above, to include but not be limited to, underground storage tanks, dispensers, pumps, canopies, electronics, piping, registers, or any other assets of any kind and description whatsoever.

2. All of the category of items identified in paragraph 1 (but not heretofore disclosed to Trustee) which may exist upon any convenience store site which Buyer purchased or as to which it assumed or acquired a Lease under a Contract with Janice M. Ashley and Holly Mtn. Enterprises, Inc., dated March 9, 2017, which resulted in a closing on May 1, 2017.

3. All of the Trustee's rights (or those of the Debtor) to pursue Destiny Danielle Goforth for damages caused to a dispenser and a canopy on April 16, 2017, located at a site known as Run-In 802 in Wilkes County, North Carolina.

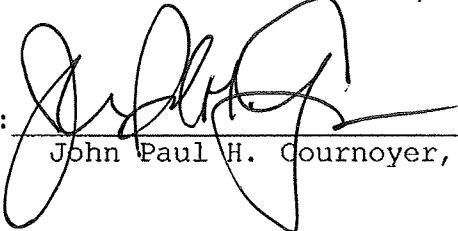
4. By signing this Bill of Sale, Buyer acknowledges that it shall (1) forthwith pay to the estate of the Debtor the sums set out above upon approval of this Bill of Sale by the Judge presiding over the referenced bankruptcy proceeding, and (2) will accept all

of the assets described in this Bill of Sale "where is-as is", waiving all warranties or representations of any kind regarding the condition of any of the assets referred to in this Bill of Sale.

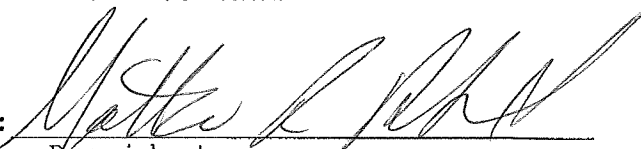
5. Buyer further agrees to notify the North Carolina Department of Environmental Quality of its purchases and ownership of the UST's involved in this Bill of Sale, and upon approval hereof will assume all responsibilities related to the ownership of those assets.

This 31st day of May, 2017.

ESTATE OF TAR HEEL OIL II, INC.

By: 
John Paul H. Cournoyer, Trustee

RAYMER OIL COMPANY

By: 
President

The foregoing Bill of Sale is approved and ordered filed this
_____ day of May, 2017.

United States Bankruptcy Judge