

**UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF MISSOURI**

<b>In Re:</b>	)	<b>In Proceedings Under Chapter 11</b>
	)	
<b>FARMLAND INDUSTRIES, INC., ET AL.,</b>	)	<b>Case No. 02-50557-JWV</b>
	)	<b>Joint Administration</b>
<b>Debtors.</b>	)	

**ORDER AUTHORIZING DEBTORS TO ENTER INTO CONTRACTS FOR  
DEMOLITION AND REMOVAL OF FIRE-DAMAGED BUILDINGS  
AND PERSONAL PROPERTY IN ALBERT LEA, MINNESOTA**

Pursuant to Debtors' Motion for Authority to Enter into Contracts for Demolition and Removal of Fire-Damaged Buildings and Personal Property in Albert Lea, Minnesota and Request for Expedited Hearing (the "Motion"); after appropriate notice and opportunity for a hearing, including but not limited to filing and service of the Motion on all parties in interest and a hearing held before the court on October 8, 2002 (the "Hearing"); in accordance with relevant law, including but not limited to 11 U.S.C. §§ 363 and 105(a); and for good cause shown in the Motion and at the Hearing; the Court now finds that:

1. Farmland Foods, Inc. and Farmland Industries, Inc. (collectively, "Farmland") are parties to an Agreement (as amended, the "Seaboard Agreement") with Seaboard Corporation and Seaboard Farms of Minnesota, Inc. (collectively "Seaboard"), regarding certain real estate and personal property used by Farmland in connection with its operation of a meat processing plant located in Albert Lea, Minnesota (the "Property").
2. Farmland operated a meat processing plant at the Property until July 8, 2001, when a fire destroyed the Property rendering it unusable.
3. The City of Albert Lea, Minnesota (the "City") issued an order dated January 21, 2002, pursuant to Minn. Stat. §463.01 *et seq.* (the "Removal Order"), requiring that Seaboard and/or Farmland raze and remove all remaining buildings from the Property by December 21, 2002, and remove all personal property and fixtures that may unreasonably interfere with the razing and removal of the buildings by October 21, 2002. The Removal Order provides that if the City is compelled to take any corrective action that all necessary costs will be assessed against the subject real estate.
4. The City is holding approximately \$2.5 million, representing a portion of Farmland's insurance proceeds, in an escrow account (the "Escrow Funds"), pursuant to Minn. Stat. § 65A.50 (2000)("Fire and Related Insurance Real Property Fire Loss Escrow Account"), for the purpose of demolition and removal of the fire-damaged Property. The District Court for Freeborn County, Minnesota has set a hearing on compliance with the Removal Order for October 27, 2002.

5. The Debtors have obtained bids which estimated the cost of demolition and removal will not exceed \$3 million. In their Motion, Debtors seek authority to enter into contracts for demolition and removal and to make payments to those parties responsible for demolition and removal, subject to the availability of the Escrow Funds presently held by the City, but in any event, not to exceed \$3 million.
6. Demolition and removal of the remaining buildings and personal property at the Property by the Debtors is in compliance with the Removal Order. Further, such action is in the best interests of the bankruptcy estates and creditors, because it will serve to eliminate or minimize claims against the estates which may be brought by Seaboard in connection with the Seaboard Agreement and indemnification provisions thereunder, and will further minimize the estates' potential exposure to the City, other governmental units and regulatory agencies for environmental or other damages.
7. Time is of the essence in undertaking demolition and removal of the remaining buildings and personal property at the Property.

IT IS HEREBY ORDERED that Debtors are authorized to enter into contracts for the demolition and removal of buildings and personal property at the Property, subject to the availability of the Escrow Funds held by the City, but in any event, not to exceed \$3 million; and

IT IS FURTHER ORDERED that until such time as this Court orders otherwise, payment of those parties participating in the demolition and removal shall be made solely from the Escrow Funds held by the City.

Dated: October 17, 2002.

/s/ Jerry W. Venters  
**UNITED STATES BANKRUPTCY JUDGE**

cc: Frazen to Serve

ORDER SUBMITTED BY:

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