UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF MISSOURI
KANSAS CITY DIVISION

In re: FARMLAND INDUSTRIES, INC., et al., Debtors.	In Proceedings Under Chapter 11 Case No. 02-50557-JWV Joint Administration

AMENDED ASSUMPTION/ASSIGNMENT OBJECTION OF BOC GROUP, INC.

The BOC Group, Inc. ("BOC"), by its co-counsel, Sinclair, Haynes & Cowing, P.C. and Pitney, Hardin, Kipp & Szuch LLP, hereby notes its limited objection to Debtor's Motion for Order (1) Authorizing the Sale of the Debtors' Assets Free and Clear of Liens, Claims and Encumbrances, Subject to Higher or Better Offers and (2) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection with Such Sale and Determining and Adjudicating Cure Amounts with Respect to Such Contracts and Leases (the "Sale Motion"), and states as follows:

PRELIMINARY STATEMENT

1. BOC objects to the Sale Motion (and its related procedures) to the extent that it seeks to assume and/or assign a certain agreement entered into between BOC and one of the debtor-entities, Farmland Industries, Inc. ("Farmland"), without (a) first obtaining Bankruptcy Court approval therefor, (b) curing of certain defaults under the subject agreement and/or (c) otherwise complying with the requirements of 11 U.S.C. §§ 363 and 365.

FACTUAL BACKGROUND

2. On or about May 31, 2002 (the "Petition Date"), the Debtors filed their voluntary petitions for protection under Chapter 11, Title 11, United States Code (the "Bankruptcy Code"). Debtors continue to operate and manage their businesses as debtors in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

3. Prior to the Petition Date, on or about December 3, 1997, BOC and Farmland entered into an On-Site Product Supply Agreement (the "On Site Agreement"). A true and correct copy of the On-Site Agreement is attached hereto as Exhibit "A".

4. As of the Petition Date, Farmland owes $1,122,701.89 (the "Pre-Petition Claim") to BOC under the terms of the On-Site Agreement. (Attached hereto as Exhibit "B" is a true and correct copy of the Proof of Claim and Rider thereto (without exhibits), which evidence the Pre-Petition Claim.)

5. Additionally, since the Petition Date, Farmland owes BOC an additional $1,630,954.13, which amount continues to accrue interest and other charges (collectively, with the Pre-Petition Claim, the "Cure Amount"). (True and correct copies of an accounting and invoices evidencing this amount are attached hereto as Exhibit "C".)

6. On February 18, 2003 the Debtors filed the Sale Motion, which, among other things, seeks this Court's approval for the sale of certain of its assets and the assumption and assignment of certain executory contracts (the "Sale").

7. In conjunction with the Sale, on or about February 17, 2003, the Debtors entered into an Asset Sale and Purchase Agreement (the "APA") with Koch Nitrogen Company ("Koch").

8. Under the terms of the APA it appears that Debtors do not intend to assume and assign the On-Site Agreement to Koch, at this time. However, in connection with the APA Koch is also being granted the option (the "Option") to buy certain assets and assume certain liabilities associated with the Debtors' facility located at 701 East North Street, Coffeyville, Kansas (the "Coffeyville Facility"). (A true and correct copy of Exhibit K to the APA (the "Option Agreement"), which references the Option, is attached hereto as Exhibit "D".)

9. Upon information and belief, the exercise of the Option by Koch or another entity authorized to purchase assets at the Coffeyville Facility under the terms of the Option Agreement could result in the assumption and assignment of the On-Site Agreement by the Debtors. However, the Debtors have failed to state a mechanism by which the exercise of the Option would be subject to court approval and/or Sections 363 and 365 of the Bankruptcy Code. More particularly, the Debtors do not provide for a means by which the Cure Amount will be satisfied prior to such assumption and assignment, and fail to address the fact that the exercise of the option could occur as much as a year following the hearing on the Sale Motion, and possibly even outside the context of this bankruptcy case.

10. Moreover, this Court, on or about February 28, 2003, entered an Order (1) Approving Buyer Protections (2) Approving Bidding and Auction Procedures for Sale of Assets (3) Scheduling a Hearing and (4) Approving the Manner and Form of Notice (the "Bidding Procedures Order"), which, among other things (at Exhibit A to the Bidding Procedures Order) sets forth procedures that will allow other bidders to bid and purchase certain assets of the Debtors. The Bidding Procedures Order at Exhibit A provides, in relevant part, that, "Bids will

be received for each of the three Assets Groups: (a) the Domestic Fertilizer Assets[1] or any portion thereof . . .". (A true and correct copy of the Bidding Procedures Order is attached hereto as Exhibit "E".)

11. Accordingly, and although not included in the APA, the Debtors could seek to assume and/or assign the On-Site Agreement in conjunction with a bid from some party other than Koch that seeks to purchase the Debtors' fertilizer assets located in Coffeyville, Kansas. However, no procedure has been established, and no other information has been provided as to how the Debtors plan to deal with the Cure Amount prior to any such assumption and/or assignment of the On-Site Agreement.

OBJECTIONS

12. Therefore, and in light of the foregoing, BOC hereby objects to the Sale Motion:

a. To the extent that the Option Agreement (i) gives the Debtors the ability to assume and assign the On-Site Agreement without Bankruptcy Court approval, payment of the Cure Amount and/or compliance with Sections 363 and 365 of the Bankruptcy Code, and (ii) allows the Option to be exercised as much as a year following the hearing on the Sale Motion without requiring adherence to all pertinent provisions of the Bankruptcy Code, including Section 365; and

b. To the extent that another bidder may bid for and purchase any or all of the assets at the Coffeyville Facility at the hearing on the Sale Motion, and have the

[1] Exhibit A to the Bidding Procedures Order defines Domestic Fertilizer Assets as "certain assets associated with the anhydrous ammonia production and terminal facilities owned or leased by [the Debtors] in Kansas, Nebraska, Oklahoma, Minnesota, Iowa, Texas, and Louisiana . . .".

Debtors thereafter assume and assign the On-Site Agreement without payment of the Cure Amount as required by Section 365 of the Bankruptcy Code.

Date: March 31, 2003

Respectfully Submitted,

SINCLAIR, HAYNES & COWING, P.C.

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