

EXHIBIT 103

Memo To

ED NOBLE

From

B. A. SHOCKEY

11-7-83

I believe this
invoice is for you.

Worthington & MASEK
have copies.



Diamond Shamrock

1100 Superior Avenue
Cleveland, Ohio 44114
(216) 694-6154



**DAVID T.
HOUSTON
CO.**

REALTORS, INDUSTRIAL
AND OFFICE PROPERTIES

DAVID T. HOUSTON P.E./S.I.R./M.A.I.
PRESIDENT
BUSINESS ESTABLISHED 1845
FIRM AFFILIATE S.I.R.



November 3, 1983

Diamond Shamrock Corp.
1100 Superior Avenue
Cleveland, O. 44114

Attention: Ms. Barbara Schockey

For services in appraising 86-92 Lister Avenue,
Newark, N.J.

\$ 750.00

1025 BROAD STREET / BLOOMFIELD / NEW JERSEY 07003 / (201) 429-8000

DAVID T. HOUSTON CO.

86-92 Rear Lister Avenue
Newark, New Jersey

1025 BROAD STREET/BLOOMFIELD/NEW JERSEY 07003/(201) 429-8000
275 OLD NEW BRUNSWICK ROAD/PISCATAWAY/NEW JERSEY 08854/(201) 981-9393

DAVID T. HOUSTON CO.

APPRAISAL OF:

Block 2438, Lots 58 & 59
86-92 Rear Lister Avenue
Newark, New Jersey

PREPARED FOR:

Ms. Barbara A. Shockey
Manager
Industrial Real Estate & Services
DIAMOND SHAMROCK CORPORATION
1100 Superior Avenue
Cleveland, OH 44114

PREPARED BY:

David T. Houston, Jr., SIR
President
DAVID T. HOUSTON COMPANY
1025 Broad Street
Bloomfield, NJ 07003

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October 26, 1983

Ms. Barbara A. Shockey
Manager
Industrial Real Estate & Services
DIAMOND SHAMROCK CORPORATION
1100 Superior Avenue
Cleveland, OH 44114

Dear Ms. Shockey:

Pursuant to your request I have carefully analyzed the information you sent me on the property known as 86-92 Rear Lister Avenue, in the City of Newark, New Jersey. The property is further known as Lots 58 and 59 in Block 2438 on the tax maps of the City of Newark.

Although contrary to normal appraisal practice, pursuant to your instructions, this appraiser has not inspected this property. Moreover, since the property cannot be easily viewed from the street, my analysis is based on a review of the information in our files, information provided this firm by Diamond Shamrock Corporation, aerial photographs, and my knowledge of industrial real estate in the City of Newark and the State of New Jersey.

The area in which the property is located has been known for a century as the Ironbound. This name was originally applied to this section because the area is bounded on all upland sides by rail. The area is a mix of industrial, neighborhood commercial, and residential properties which are primarily tenanted by the Portugese community. The residential areas are stable and have shown improvements over the last

decade as a result of the extensive renovations undertaken by the arriving Portugese. The industrial areas, for the most part, are characterized by older facilities, most of which exhibit extreme amounts of physical and functional obsolesence. Portions of the industrial section of the Ironbound are zoned

I-2 and I-3. I-3, which is the zone applicable to this property is called the "Third Industrial District" and represents zoning which would generally be characterized Heavy Industrial. The immediate neighborhood surrounding the subject property between Lister Avenue and the River is occupied almost entirely by chemical facilities. The large industries in the area; Benjamin Moore, Sherwin Williams, and Fairchild Chemical dominate the character of the area.

The property has been assessed by the City of Newark as follows:

LAND	\$ 84,200
IMPROVEMENTS	\$ <u>292,800</u>
TOTAL	\$ 377,000

The current tax rate in the City of Newark is \$11.64 per \$100.

This tax rate represents the highest tax burden placed on industry in the State of New Jersey and creates a major element of incurable economic obsolescence impacting all industrial properties in the City of Newark not included in tax abatement programs.

The property was acquired in June, 1981 in a deed recorded in Book 4718, Page 545. The Grantor was listed as Walter P. Ray Holding Co., Inc. the Grantee was Marisol, Inc. the consideration was listed as \$550,000, and the First National Bank of Central New Jersey provided a \$300,000 mortgage.

In the State of New Jersey it is a serious offense to file a deed which does not reflect true consideration as defined by P.L. 1968, Chapter 49, Section 1-C. All recorded deeds and mortgages require an acknowledgement by the seller to this fact.

The subject property consists of a plot of approximately 3.4 acres located to the rear of Lister Avenue. Access to the property from Lister Avenue is from a 25' right-of-way. The property has been improved with the construction of a 21,600 square foot warehouse. The warehouse appears to be a pre-engineering building with ceiling heights running from 14' at the eaves to 30' at the center and, of course, clear span. The exterior walls are concrete block and transite panels. According to our records there were three (3) tailgate loading doorways and a forklift ramp. The building was heated and sprinklered.

In addition, there existed a two-story building used for offices, labs, and locker rooms. It has been described as in fair condition. According to Diamond Shamrock, the building contains 5,000 square feet of foundation area which would be 10,000 square feet of floor area. Our records show the building contains 8,346 square feet of floor area. In addition, the property contains two (2) other buildings which were used for processing and the manufacturing of acids, ethers, and formulations. These buildings were described as in a very poor state of repair and virtually of no value. They have not been considered in the conclusions of this report.

According to our records the property also contains 800 linear feet of railroad sidings, 370 linear feet of bulkheading, 20,000 square feet of asphalt paving, 55,000 square feet of stone and gravel, and a tank farm with a 630,200 gallon capacity. Portions of the tank farm had been diked.

Utilities to the site include a 6" water line, 8" high pressure city fire loop, and a 10" industrial sewer with a capacity of 850 GPM. Electrical service was provided by three 250 KVA transformers.

In analyzing a building of this nature, the only appropriate approach to value which could be utilized is the market data approach. This appraiser has analyzed a large number of sale in the City of Newark in the past decade. Single-story, industrial buildings within the City of Newark sell for a range of \$5.00-\$15.00 per square foot depending on location and condition.

The highest of these values are generally found in the Ironbound due to its stable residential nature and its unusually heavy zoning. It also has the convenience of relatively good highway accessibility to the New Jersey Turnpike and U.S. Route 1.

Land values in the City of Newark have remained relatively stable for more than a decade. Prices have ranged in the Ironbound area from \$40,000 per acre in 1972 to \$85,000 per acre today. Virtually all of the vacant land in the Ironbound sold during this period of time required piling. While there are pieces of solid land in the Ironbound, most of these were developed between 1880 and 1915 when Newark began developing as an industrial center. Attached to this report is a list of land sales in the Ironbound and it is the conclusion of this appraiser that a fair market value of the land is \$85,000 per acre.

Assuming the warehouse building and office buildings are worth approximately \$10.00 per square foot, a value of \$300,000 would be obtained. However, these buildings sit on a larger site than would normally be required. Clearly, there is room to build additional buildings and expand. Of course, this land cannot be sold off or subdivided because it lacks frontage on a public road. Therefore, it cannot be valued at the \$85,000 per acre level. Buyers will pay additional money for the ability to expand the building but normally at a reduced rate on a per acre basis from the value of a subdividable parcel. Taking this into consideration, it is the opinion of this appraiser that the ability to expand the building, or the extra land, brings the fair market value of the building to \$350,000-\$400,000. This does not include the value of any personal property on the site including but not limited to the tank farm and/or any equipment not normally considered part of the building.

This opinion is also subject to the following limitations:

- A. This appraiser has not inspected the property or been able to verify the physical features.
- B. This appraisal assumes that there is no environmental or legal problems with the property.
- C. It assumes title to the property is marketable and insurable at normal rates and free of encumbrances, encroachments, or gores.
- D. This opinion may not be published, introduced into court, or be given to anyone other than the management of Diamond Shamrock Corporation without the consent of the undersigned.
- E. It may not be used as any part of an offering, inducement, or advertising of the property for sale.

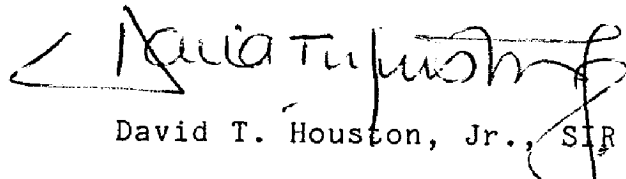
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In arriving at these conclusions the undersigned states that he hereby certifies that he has no interest financially in the property and has not been influenced in any way in arriving at these conclusions.

This appraiser is a member of the Society of Industrial Realtors, a licensed real estate broker in the State of New Jersey, and has been recognized by a wide variety of courts in the State of New Jersey as an expert in the valuation of real property.

Respectfully submitted,

DAVID T. HOUSTON COMPANY



David T. Houston, Jr., SIF

DTH/11b

RECENT INDUSTRIAL SALES IN NEWARK

This appraiser is throughly familiar with industrial sales in the City of Newark. A large number of sales have been examined and listed below are those which influenced this appraiser in the determination of value:

SALE #1 Avenue "A", Newark
Block 1176, Lot 1

Grantor: Igoe Brothers
 Grantee: NJEDA
 Date: January, 1982
 Book: 4740, Page 658
 Consideration: \$550,000
 Size: 31,076 s/f on 4.5 acres

The subject property was an unheated, 30-year old industrial building, 40' clear in height, with rail, 4 drive-in doors, and 2 heavy cranes. The floor was dirt. Assuming a land value of \$75,000 per acre, the sale reflects a value of \$7 per sq. ft. for the improvements. Seller took back generous terms. Good Ironbound location.

SALE #2 609 Central Ave., Newark
Block 1861, Lot 24

Grantor: Monmouth REIT
 Grantee: E & A Properties, Ltd.
 Date: August, 1981
 Book: 4725, Page 854
 Consideration: \$200,000 (\$10 per s/f)
 Size: 20,000 s/f on 30,000 s/f of land

The subject property was a 20,000 square foot garage. The building was block and brick, clear span, 20' clear in height, and had 2,000 square feet of office. It had been used by NJ Bell as a garage. The asking price had been \$350,000. Very superior building.

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SALE #3

813-821 Frelinghuysen Ave., Newark
Block 3755, Lot 27

Grantor: Miller Associates
Grantee: PMM Associates
Date: January, 1982
Book: 4740, Page 198
Consideration: \$130,000 (\$7.43 p.s.f.)
Size: 17,400 sq. ft. building

A single-story, industrial, brick building, 30 years old, 15,00 sq. ft. of air conditioned offices, 2 tailgate docks, 1 drive-in door, 16' clear, gas heat, and sprinklered.

SALE #4

113-119 Kossuth St., Newark
Block 2064, Lot 1

Grantor: 113-119 Kossuth Street Realty
Grantee: Teixeira Realty
Date: November, 1981
Book: 4735, Page 180
Consideration: \$95,000 (\$9.50 p.s.f.)
Size: 10,000 s/f on 20,000
s/f of land

A single-story, industrial building built in 1947, 13' clear, 2 tailgate docks, oil heat, cinder-block and brick building. M-2 zone.

SALE #5

288-300 Frelinghuysen Ave., Newark
Block 3520, Lot 8

Grantor: I.S. Sutton & Sons
Grantee: Eli Braha
Date: May, 1981
Book: 4318, Page 116
Consideration: \$500,000 (\$6.25 p.s.f.)
Size: 80,000 s/f

80,000 sq. ft., 40-year old, industrial building, 12,000 sq. ft. of air conditioned offices, 8 tailgate loading docks, 16' clear, M-2 zone, gas heat and sprinklered.

QUALIFICATIONS OF APPRAISER

David T. Houston, Jr. is President of the David T. Houston Company. He is a graduate of Dartmouth College and holds an M.B.A. in finance and accounting from Columbia University, where he won several awards for academic excellence and was elected to Beta Gamma Sigma. In addition, he has taken real estate and related courses at the Columbia University Law School, the Graduate School of Architecture of Columbia University and various courses given by the American Institute of Real Estate Appraisers. He is a licensed real estate broker.

For more than ten years, he has been successfully employed at David T. Houston Company for the sale, leasing and appraising of industrial real estate. Among the major companies he has served as an appraiser or consultant are Arvey Corporation, Airco, Boise Cascade, Brooklyn Union Gas, Coca Cola Bottling Company of New York, duPont, Federal Business Centers, Girl Scouts of America, Frank A. Greek & Son, High Voltage Engineering, Joe Oil, I.B.M., Jencraft, Koppers, National Community Bank, Newton Refining, Owens-Illinois, Port Authority of New York and New Jersey, Rheem, Summit Associates, Sherwin-Williams, Star Manufacturing, Sterling Drug, Thomas Industries, Union Carbide, U.S. Steel, Yellow Freight, New Jersey Economic Development Authority, Carpenter Technology, and 3M.

He is a member of the Society of Industrial Realtors, is Vice President of the New Jersey Chapter and Vice Chairman of the Society's National Education Committee. He is a former President of the Industrial Real Estate Brokers Association of the New York Metropolitan Area and serves on its Executive Committee. He has been selected by S.I.R. to teach appraisal theory and techniques in its sponsored courses. He has lectured on industrial real estate values before a wide variety of educational and professional groups. He has testified before governmental bodies and courts as an expert in the valuation of real property, including the Tax Court of New Jersey.

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