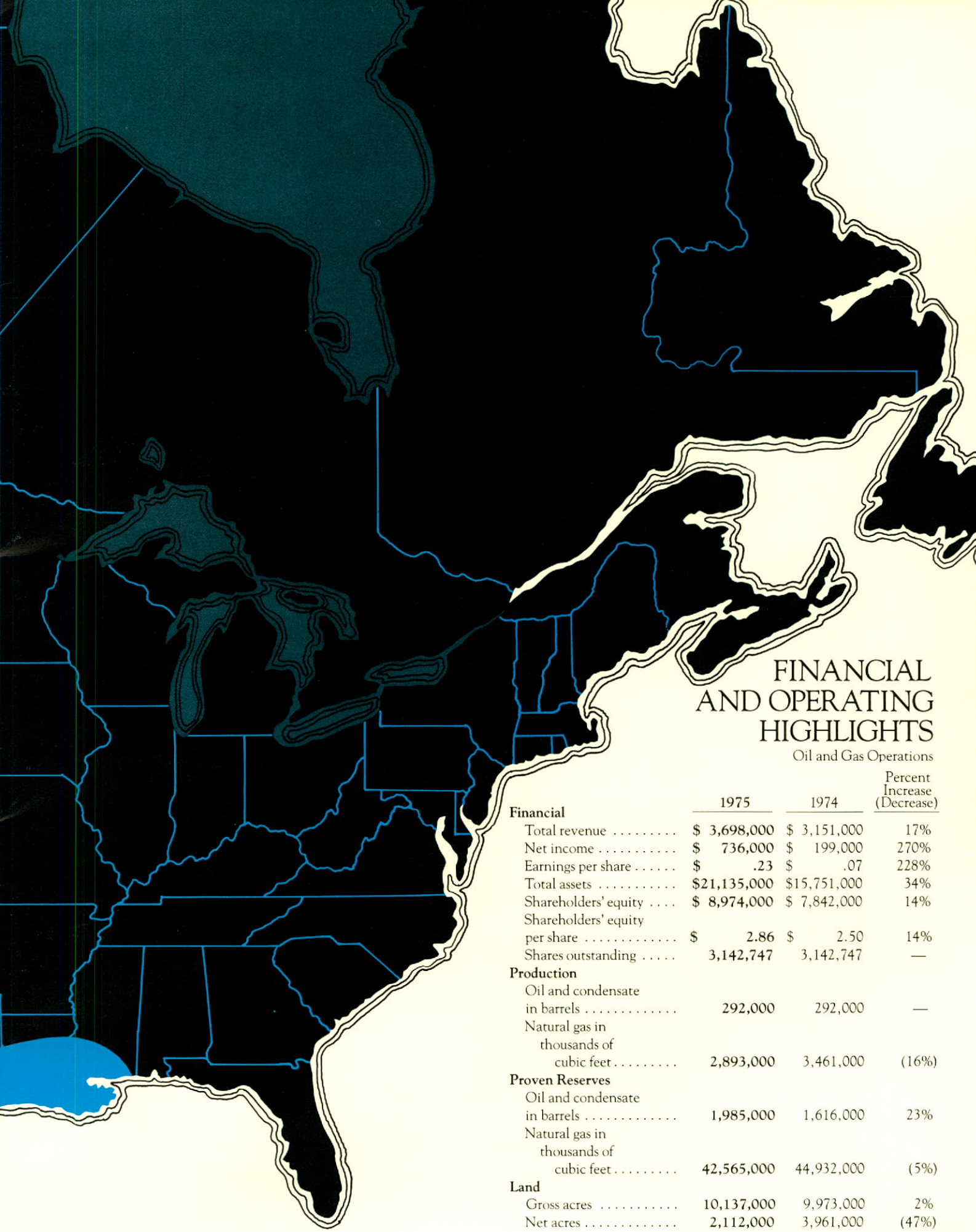
WAINOCO OIL LTD.
1975 ANNUAL REPORT


MAJOR AREAS OF OPERATION AND INTEREST
Currant and North Cache
Triassic gas discoveries coming on stream in 1976.
Oak Unit
Significant Triassic gas field Gas sales to commence in 1976
Swan Hills Unit
Waterflood installation nearing completion will enhance production
Maple Glen — Leo Unit
Gas field will be on stream in early 1976
Williston Basin
Oil production
Powder River Basin
Big Hand and Bone Pile oil fields
Sand Wash Basin
In excess of 100,000 acres under lease
West Texas — New Mexico
Oil and gas production
1975 Discoveries
5 oil and 6 gas completions
1976 Exploration Emphasis



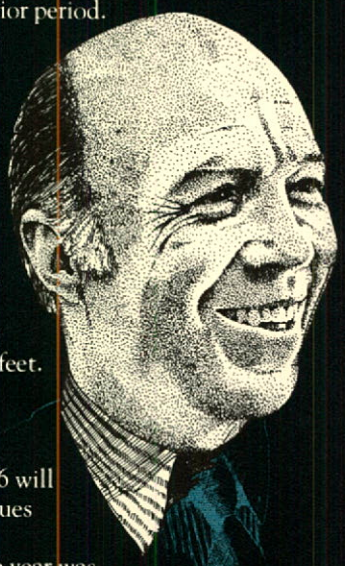
FINANCIAL AND OPERATING HIGHLIGHTS

Oil and Gas Operations

	1975	1974	Percent Increase (Decrease)
Financial			
Total revenue	$ 3,698,000	$ 3,151,000	17%
Net income	$ 736,000	$ 199,000	270%
Earnings per share	$ .23	$ .07	228%
Total assets	$21,135,000	$15,751,000	34%
Shareholders' equity	$ 8,974,000	$ 7,842,000	14%
Shareholders' equity per share	$ 2.86	$ 2.50	14%
Shares outstanding	3,142,747	3,142,747	—
Production			
Oil and condensate in barrels	292,000	292,000	—
Natural gas in thousands of cubic feet	2,893,000	3,461,000	(16%)
Proven Reserves			
Oil and condensate in barrels	1,985,000	1,616,000	23%
Natural gas in thousands of cubic feet	42,565,000	44,932,000	(5%)
Land			
Gross acres	10,137,000	9,973,000	2%
Net acres	2,112,000	3,961,000	(47%)

LETTER TO THE SHAREHOLDERS

An increase of 66% in net income highlighted a record year for Wainoco in 1975. Net income was $1,132,000 as compared to $680,000 in 1974. Earnings per share of $.36 were higher by 64% than those of $.22 in the prior period.



An improved profit margin in oil and gas operations as well as higher product prices were significant factors in the Company's earnings growth. Although the price increases received were mainly for its United States production, the price of Wainoco's Canadian gas has effectively doubled since November 1975 to an average in 1976 of $.64 per thousand cubic feet. The effect of this higher price coupled with the addition to production of several shut-in Canadian properties in early 1976 will considerably benefit future revenues and earnings.

Exploration drilling during the year was conducted in association with Wainoco 75 Company, a limited partnership owned 40% by the Company for which $5.7 million in subscriptions were sold. The partnership's funds were expended entirely in the United States on prospects located in the Gulf Coast and Rocky Mountain states.

Oil and gas operations in Canada consisted mostly of development work on four major prospects discovered in prior years. Three of these are gas properties which are being prepared for the commencement of production and the fourth is an oil property for which improved producing techniques were designed. Production from the three gas fields is expected to begin by the second quarter of 1976, and the enhanced oil recovery project should start in early summer. As a result of sales of this added production and the new price schedules, oil and gas revenues from our Canadian division are expected to be two and a half times greater in 1976 than in 1975.

The climate for exploration in Canada was clouded for most of the year by restrictive federal and provincial government policies and by product prices considerably below those in the United States. Toward the latter part of 1975, there appeared to be recognition by government officials of the tremendous loss of economic opportunities accruing to the country through lack of drilling activity. Subsequently, changes in these policies were introduced which somewhat cleared the view for industry. It is in this current environment of advanced prices, reduced royalties and various tax credits and incentives for drilling that management plans the resumption of Wainoco's exploration in Canada in 1976.

In line with the Company's aim of finding and developing oil and gas reserves in North America, we will continue to search in areas where our efforts have been most successful. In 1976, the focus of our exploration personnel will be directed toward the Gulf Coast and southwestern United States as well as western Canada by staffs in the Houston and Calgary division offices. Operations formerly conducted in the Rocky Mountain states from our Denver office will be managed by personnel in Houston.

Two events of major importance to Wainoco's growth and direction as an independent oil and gas producer were set in motion in 1975. One of these involves offers recently made by the Company to acquire property interests held by the limited partners of its first two public limited partnerships. Pursuant to partnership acquisition agreements, offers totaling $6,200,000 have been tendered to partners for their interests in Wainoco 70 Company and Wainoco 71 Company. These partnerships were formed in 1970 and 1971 respectively with capital funds contributed by limited partners in the amount of $4,230,000. Limited partner ownership of 70% of these partnerships' assets is equivalent to proved reserves of 18.6 billion cubic feet of gas and 45,000 barrels of oil, and probable reserves of 13.6 billion cubic feet of gas. It is not yet known what response will be made to the offers, but management expects overall acceptance to be greater than 50%. Financing for this initial partnership acquisition has been arranged with the Company's bank in Canada.

A second step in this move has been the execution of an agreement to sell for cash all of the assets of Wainoco's industrial section to Reichhold Chemicals Limited, Toronto. The contribution of the Travis Chemicals and Molsberry divisions

toward Wainoco's growth and development during its early period of minimal oil and gas revenues was most beneficial. Management believes, however, that the concentration of funds and efforts on oil and gas development will provide a stronger future for the Company. Consummation of the transaction is scheduled for the latter part of the second quarter.

In accordance with generally accepted accounting principles, these divisions have been reported as discontinued operations in our financial statements.

The confusion and uncertainty imposed on the oil and gas producing industry by governmental bodies in the United States and Canada the past two years has been monumental. The fact remains that producers must be able to operate under stable policies that permit profitability in order to fill an ever increasing demand. Wainoco has witnessed a growing subscription to this viewpoint in Canada and we are hopeful that those responsible in the United States will not wait long to address themselves to this same reality. Notwithstanding the unsettled condition of energy regulations today, Wainoco faces its future in the firm belief that requirements of energy supply remain vital enough to warrant a favorable economic climate for an expanding search for oil and gas reserves.

J. B. Ashmun
President

March 15, 1976

OIL & GAS OPERATIONS

Wainoco participated in the drilling of 76 wells during 1975. Twenty-one of these were located on the Texas-Louisiana Gulf Coast, 41 were tests in the Rocky Mountain states and 14 were drilled in Canada. These drilling operations resulted in 21 oil wells and 16 gas wells — a success ratio of 49%.

Houston Division

The Company's drilling in the Gulf Coast area was rewarding with the successful completion of five oil and six gas wells out of a total of 21 wells drilled. A success ratio of 40% was achieved in the drilling of 15 exploratory holes in association with Wainoco's limited partnerships. A total of $3.75 million was expended in this exploratory drilling in the states of Florida, Mississippi, Louisiana, Texas and New Mexico.

In Brazoria County, Texas, two Frio sand wells were completed; one a 4,500 MCF per day gas well, and the other producing 48 barrels of oil and 225 MCF of gas daily. A gas discovery was made in Cameron Parish, Louisiana, where a Miocene sand was tested at a rate of 1,000 MCF of gas per day. An extension to the Abbeville Field in Vermilion Parish was also completed with a well flowing 168 barrels of oil per day from a lower Miocene sand.

As a result of encouragement from our Gulf Coast operations, we have been acquiring a number of prospects in Louisiana and south Texas with the intention of expending a high proportion of 1976 drilling funds in this area. Acreage now held by the Houston division amounts to 106,000 gross and 32,000 net acres of leasehold.

Denver Division

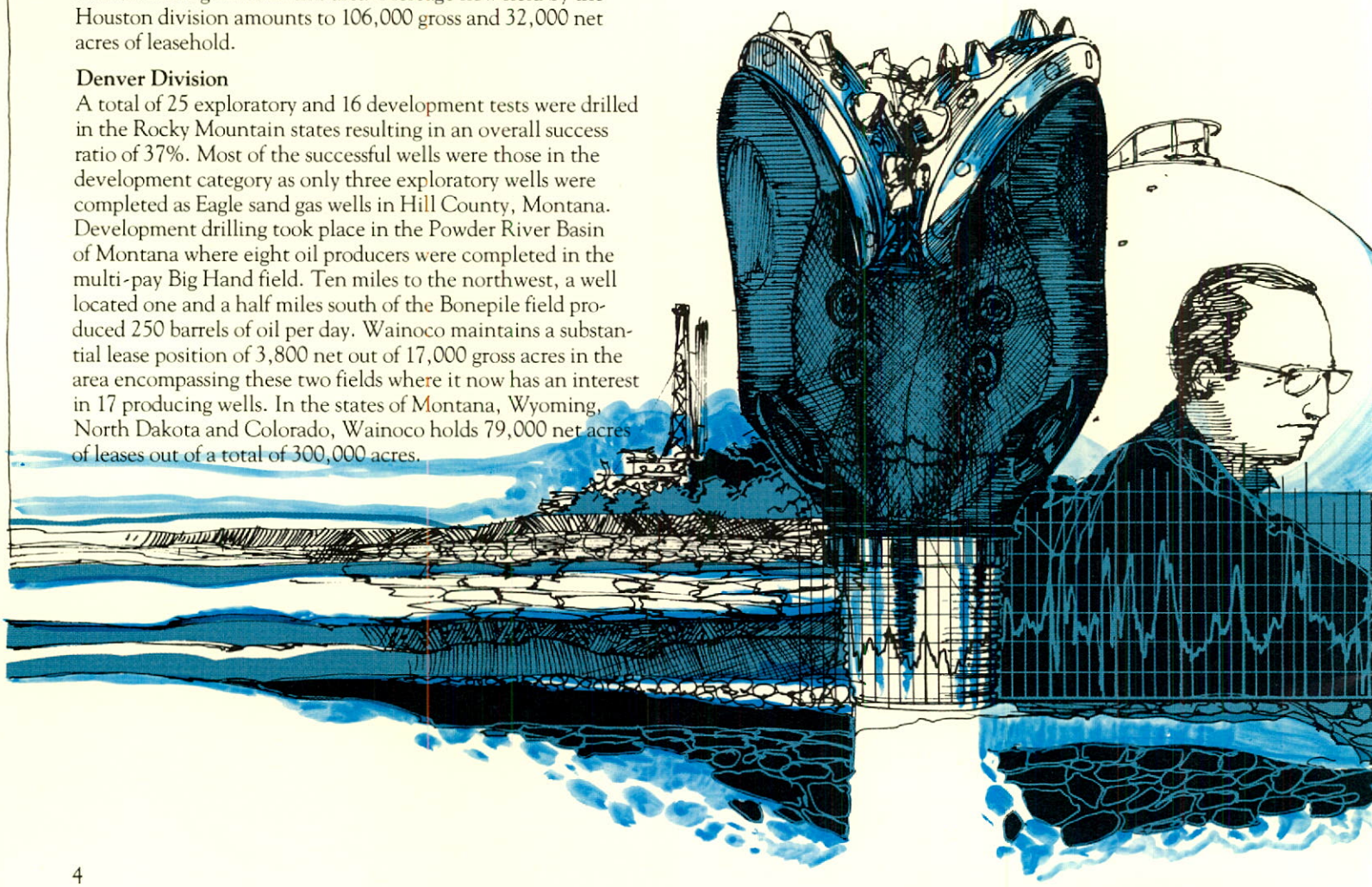
A total of 25 exploratory and 16 development tests were drilled in the Rocky Mountain states resulting in an overall success ratio of 37%. Most of the successful wells were those in the development category as only three exploratory wells were completed as Eagle sand gas wells in Hill County, Montana. Development drilling took place in the Powder River Basin of Montana where eight oil producers were completed in the multi-pay Big Hand field. Ten miles to the northwest, a well located one and a half miles south of the Bonepile field produced 250 barrels of oil per day. Wainoco maintains a substantial lease position of 3,800 net out of 17,000 gross acres in the area encompassing these two fields where it now has an interest in 17 producing wells. In the states of Montana, Wyoming, North Dakota and Colorado, Wainoco holds 79,000 net acres of leases out of a total of 300,000 acres.

Calgary Division

While Wainoco conducted limited exploratory drilling in Canada during 1975, the Company was active in development operations. As a result, three excellent gas producing properties will be coming on stream in 1976.

Maple Glen is a gas producing area in central Alberta discovered by Wainoco in 1970 which has been shut in waiting for a gas outlet. The Company unitized the field early in the year and with its partners owns approximately 41% interest in the unit. A processing plant and gathering facilities were constructed during the latter part of the year at a cost of $987,000 with the Company's share totaling $405,000 before equalization for wells drilled. The plant began operations in March 1976, with a processing capacity of 11 million cubic feet per day and will service not only the 32,960-acre Maple Glen unit with a deliverability rate of 5 million per day but will also process the gas from the Leo field six miles to the west.

Leo was discovered by Wainoco in 1971 and should deliver four million cubic feet per day to the Maple Glen plant. Wainoco and its partners own a 75% interest in Leo and will share in all plant and line costs, estimated to be $560,000. This property will not be unitized at this time. The Company and its partners own 8,960 gross and 5,952 net acres in the Leo area.



Wainoco and its 1970 and 1971 partnerships will be producing approximately five million cubic feet of gas per day from the Maple Glen plant. Adjusted gross gas price is projected at slightly over $1.00 per thousand cubic feet.

The Oak gas field in N.E. British Columbia was discovered by Wainoco in 1972 and will be tied in to pipeline facilities in 1976. The oil segment of this field is already being produced. Wainoco and its partners own 50% interest in this Triassic field in which four gas wells have been completed. Proven reserves of 32.8 billion cubic feet have been assigned the unit with a delivery rate of 10.7 million cubic feet per day of sales gas. The current gas price in British Columbia is $.55 per thousand cubic feet, royalty free. Wainoco and its partners' share of production will be somewhat in excess of five million cubic feet per day from this property.

Other areas in which development operations have been progressing are at the Swan Hills field in Alberta, and the Currant and North Cache fields in British Columbia. Two additional Devonian oil wells have been completed at Swan Hills and a waterflood installation is being completed. Water injection should commence in early summer when all unit negotiations have been finalized.

The gas well at Currant which was discovered by Wainoco in 1973 is now being tested and a pipeline is being laid for its production. The well flowed over 10 million cubic feet of gas per day from the Triassic sand on earlier tests and should deliver at its maximum daily allowable 1.7 million cubic feet at the current price of $.55 per thousand. Production should commence by the second quarter of 1976.

A gas pipeline is also being constructed for the sale of gas in the North Cache field, a 1974 Wainoco discovery. Completion is scheduled for the second quarter of 1976. A delivery rate of 1.7 million cubic feet per day of sales gas is expected from the Triassic halfway sand. Wainoco and its 74B partners own a 50% interest in 1,703 acres adjoining this well.

Production

The Company produced a net total of 291,754 barrels of crude oil and natural gas liquids and 2,893 million cubic feet of gas in 1975. This compares to 291,599 barrels of oil and 3,461 million cubic feet of gas produced in 1974. Production in the United States was 238,811 barrels of crude and 1,652 million cubic feet of gas. Canadian production totaled 52,943 barrels of oil and 1,241 million cubic feet of natural gas.

Wainoco owned at year end 1975, net proven reserves of 1,984,661 barrels of crude oil and natural gas liquids and 42,565 million cubic feet of natural gas. These figures represent a 23% increase in oil reserves as compared to the figures at year end 1974 and a 5% decrease in gas reserves. The decrease in reported gas reserves is due in part to the increase in Canadian royalties and in reserve adjustments in the Wilder and Flatrock fields in British Columbia and in the Maple Glen and Leo fields in Alberta. The Canadian portion of the Company's proven reserves totaled 796,495 barrels of oil and natural gas liquids and 32,330 million cubic feet of natural gas.

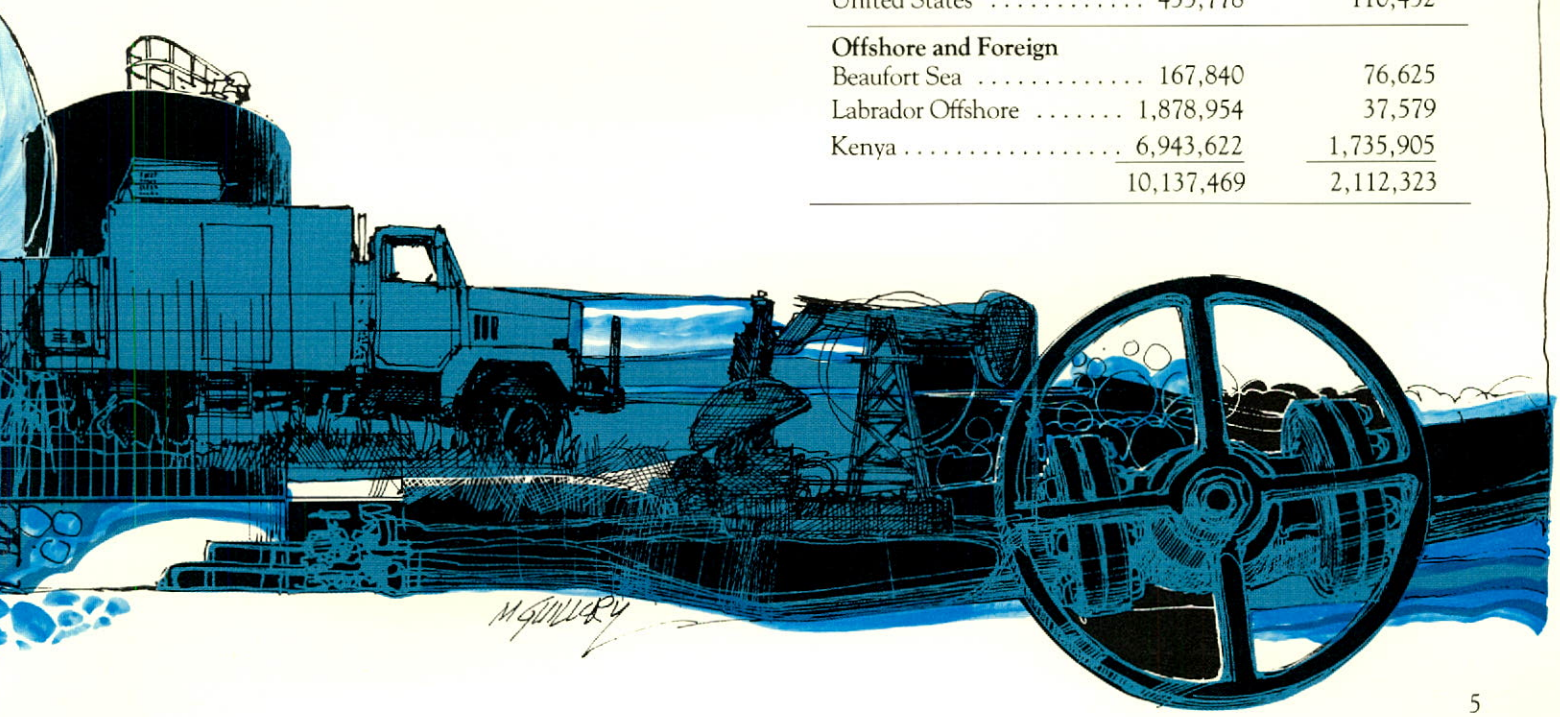
Wainoco's proven plus probable reserves totaled 2,935,925 barrels of crude oil and natural gas liquids and 51,370 million cubic feet of natural gas. Proven plus probable reserves were not reported in previous years.

Land

Wainoco owned a total 10,137,469 gross acres and 2,112,323 net acres at the end of 1975. The total owned a year previous was 9,972,849 gross and 3,960,946 net. The increase in gross reflects increased activity in the United States while a major part of the decrease in net reflects an agreement entered into by Wainoco during the year wherein the Company traded its offshore Labrador acreage maintaining an overriding royalty.

WAINOCO ACREAGE

	GROSS	NET
Canada	711,275	151,762
United States	435,778	110,452
Offshore and Foreign		
Beaufort Sea	167,840	76,625
Labrador Offshore	1,878,954	37,579
Kenya	6,943,622	1,735,905
	10,137,469	2,112,323



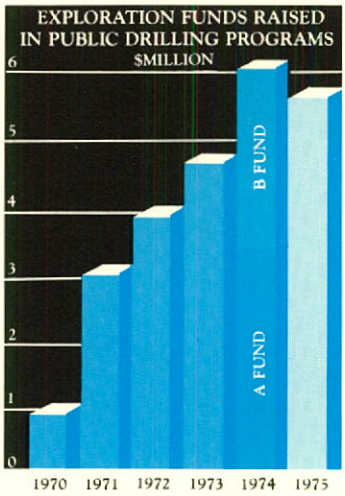
EXPLORATION PROGRAMS

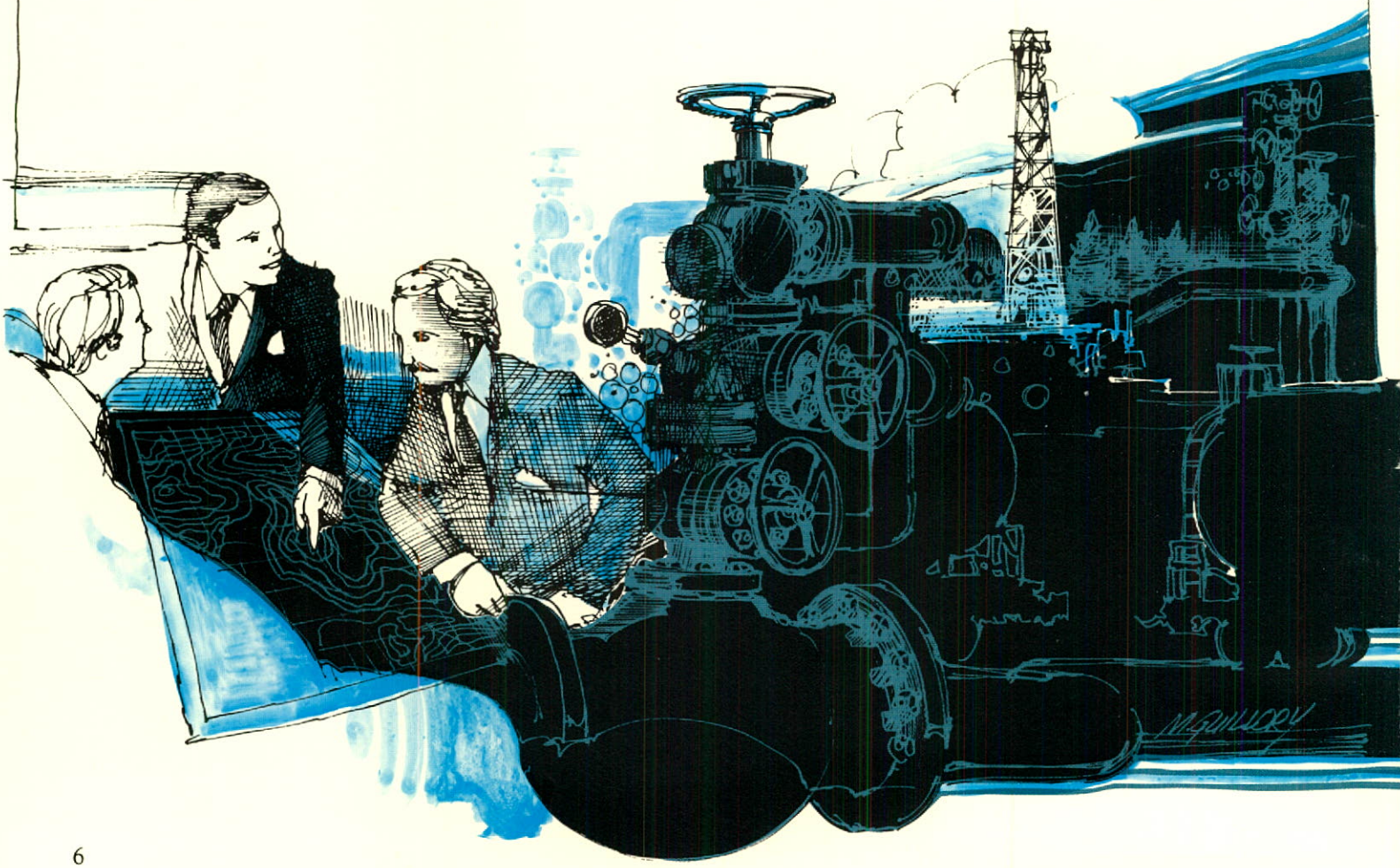
Since 1970 when Wainoco commenced funding its exploration through the sale of interests in public limited partnerships, some $25 million has been subscribed to and expended on behalf of limited partners. This mode of exploration financing affords investors with certain income tax savings as well as interests in hydrocarbon production and reserves.

It has provided the Company and its stockholders exposure to larger exploration budgets than would be feasible under internal or more traditional means of financing. As general partner, Wainoco manages the exploration activity, shares in costs on productive wells and obtains an interest (ranging from 30% in the early programs to 40% in the later programs) in the production and reserves.

These funds and additional investments by Wainoco and its limited partners have been directed toward the drilling of 244 exploratory and development wells, resulting in 26 oil wells, 76 gas wells and 142 dry holes.

For 1976, a total of $10,000,000 in partnership units has been registered with the Securities & Exchange Commission. It is anticipated that funds raised under this registration along with amounts contributed by the Company will provide the basis for an exciting exploratory program focusing on the Gulf Coast region of the United States.



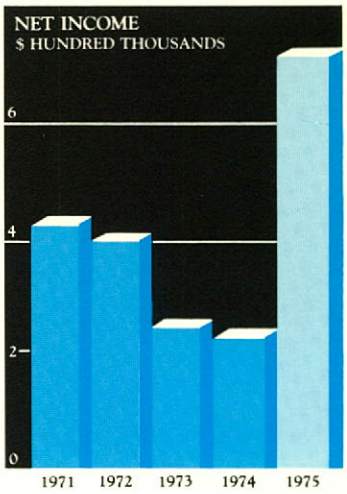


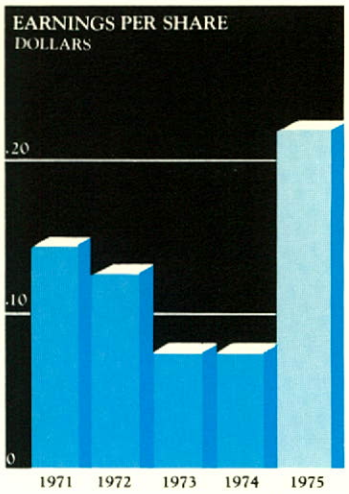
FINANCIAL REVIEW

Significant increases in both revenues and earnings highlighted the financial results for 1975. The results of Wainoco's oil and gas exploration and development activities began to reap financial benefits and returns as new production, price increases and cost controls enabled profit margin increases and dramatic earnings growth. The largest cost increase was interest while a cost decrease was recorded in general and administrative expense.

Capital expenditures totaled $2,800,000 or an increase of 63% over 1974. Expenditures were concentrated on three major areas: 1) development of gas properties owned in conjunction with limited partnerships in Canada, 2) development drilling in the Big Hand and Bone Pile oil fields, and 3) investment in the public limited partnership, Wainoco 75 Company.

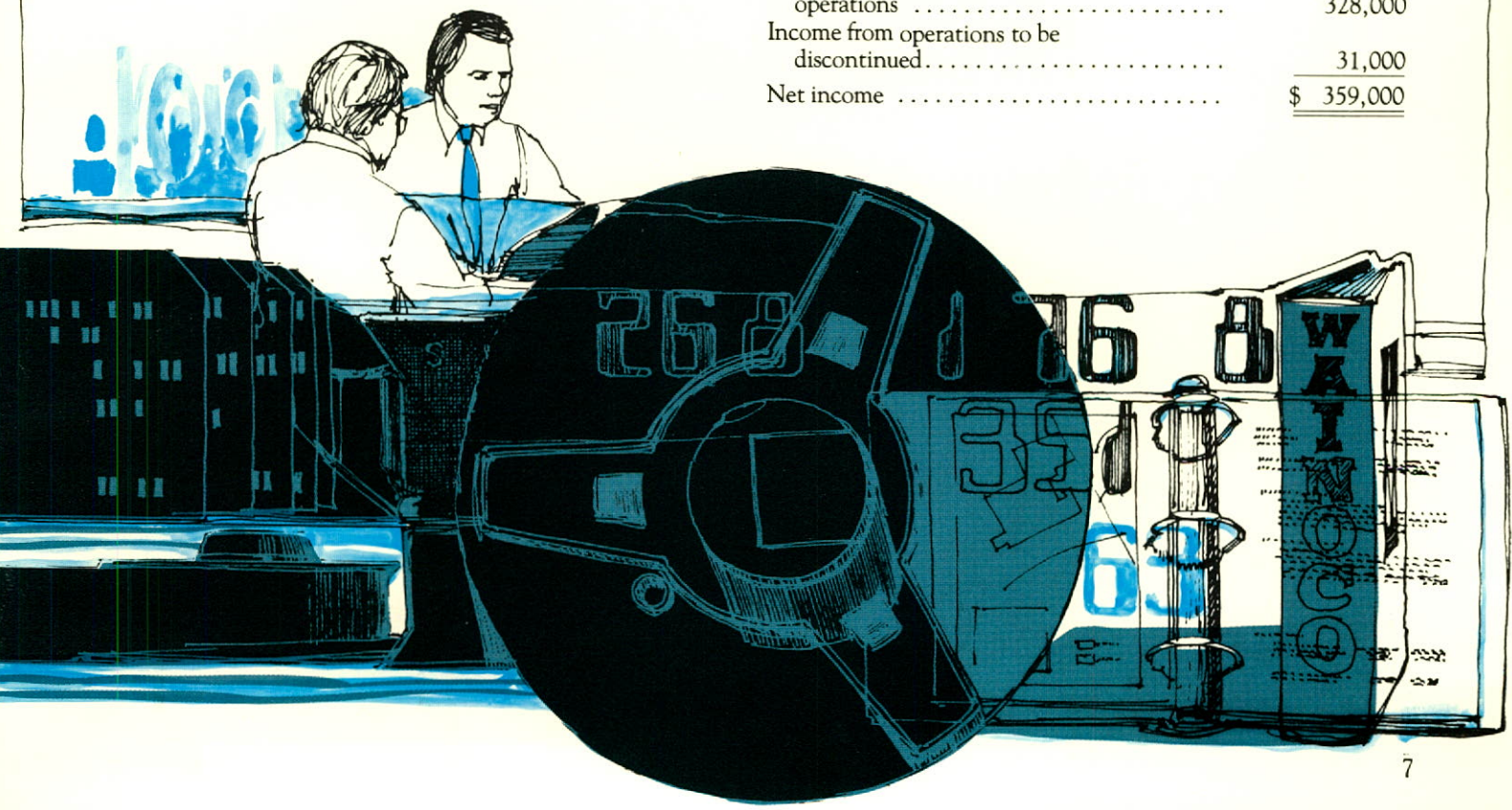
The balance sheet also improved substantially over the previous year. Working capital approached $1,000,000 as compared to some $500,000 last year. The investment in oil and gas properties approached $13 million at year end. Although internally generated cash flow exceeded $1,700,000, supplemental funds were required to finance expansion. Under arrangements with the Company's two major banks, credit lines were increased from $4.8 to $8.1 million. The long-term portion of the new financing, $5.6 million, replenishes working capital that had been invested in capital projects. The revolving credit lines of $2.5 million provide ready access to funds for general corporate purposes.

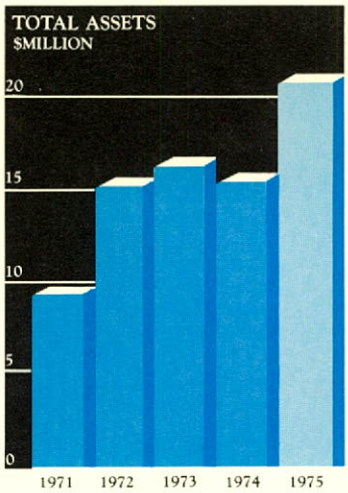


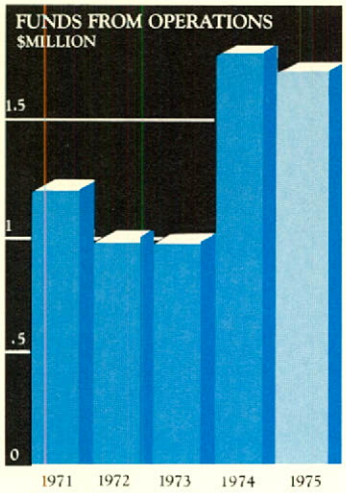


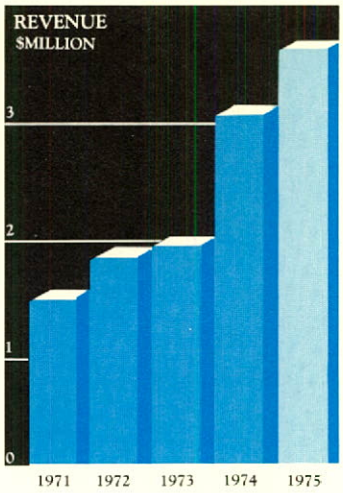
The fourth quarter of 1975 marked the best quarterly performance in the history of the Company. The results are as follows:

Revenues	$1,081,000
Operating costs	192,000
General, administrative and interest	167,000
Depreciation, depletion and amortization	294,000
	653,000
Income before income taxes	428,000
Provision for income taxes	100,000
Income from continuing operations	328,000
Income from operations to be discontinued	31,000
Net income	$ 359,000









The revenues reflect the increase in Canadian oil and gas prices that were effective November 1, 1975. In addition, certain production came on stream in the fourth quarter and contributed to revenues. General and administrative expense was lower in the fourth quarter than in previous quarters due to the charges made to Wainoco 75 Company during the height of its drilling operations. Other costs represented normal quarterly operating levels.

In accordance with generally accepted accounting principles, the operations of the Travis Chemicals and Molsberry divisions have been reported as discontinued operations for the year. Revenue of these two divisions increased 20% over 1974 but earnings were 12% below those of 1974. The decision to dispose of these divisions represents a deliberate thrust to concentrate all of the Company's resources in oil and gas operations where the returns appear to be the greatest.

In line with the Company's growth and plans, internal financial controls and policies were strengthened and long-range planning was formalized. The combination of record operating levels, solid financial position and management control processes will facilitate future growth and achievement of Company goals.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE SUMMARY OF OPERATIONS

As discussed earlier, the Company entered into an agreement to dispose of its Industrial Services Section which is comprised of Travis Chemicals and Molsberry. As these divisions are reported as discontinued operations, all of the comments and bar graphs relate to the oil and gas operations.

1975 Compared with 1974

Revenues of oil and gas sales increased 13% due primarily to price increases. Interest income was received on the promissory note from the sale of offshore properties. Other income, primarily management and operations fees, increased by 11%. The cost of operations which include lease operating costs such as labor, lease rentals, taxes, etc., increased 20% over the previous year due to the Company's operation and participation in increased activity as well as inflationary cost increases. General and administrative expenses decreased by $73,000 or 8% due to a leveling off of personnel additions and reductions in legal and other professional expense. The increase in depreciation, depletion and amortization of $38,000 or 4% represents higher rates of per unit cost of oil and gas exploration and development. Interest expense increased $176,000 or 46% due to increased borrowing. This expense was partially offset by interest charged on partnership advances. No interest was capitalized in 1975. In 1974 a charge of $245,000 was made in connection with abandonment of a mining prospect.

The provision for income tax decreased from a combined United States-Canadian tax rate of 46% in 1974 to 11% in 1975. This decrease is due to increased intangible drilling costs in the United States and the availability of certain tax incentives such as exploration credits and rebates in Canada.

In summary, the net income from operations increased almost fourfold over the previous year.

1974 compared with 1973

Oil and gas revenues increased by $1,082,000 or 52% due primarily to price increases but due also in part to a 16% increase in natural gas production. Cost of operating oil and gas properties increased by $201,000 or 47% due to higher costs for materials, wages and supplies as well as increased activity. In 1974, the Houston and Denver divisions were expanded and a corporate staff was established. These were the primary reasons for a 59% increase in general and administrative expense. Interest expense increased due to larger amounts of borrowing as well as interest rate increases. Depreciation, depletion and amortization increased $148,000 or 19% reflecting the advancing per unit cost of oil and gas exploration and development. In 1974 the decision was reached to abandon the Company's mining prospect. Accordingly $245,000 was charged to operations.

The provision for income tax was $171,000 or a rate of 46% on income before tax. In 1973, an income tax credit was due the Company because of its drilling activity and other tax credits. Because of the difference in the provision for income taxes, net income decreased $53,000 or 21% from the 1973 level.

SUMMARY OF OPERATIONS

For the five years ended December 31, 1975

	1975	1974	1973	1972	1971
Revenues:					
Oil and gas operations	$3,698,000	$3,151,000	$2,069,000	$1,906,000	$1,622,000
Expenses:					
Oil and gas operating costs	$ 755,000	$ 628,000	$ 427,000	$ 376,000	$ 238,000
General, administrative, and interest, net of interest capitalized of $179,000 in 1974, and $298,000 in 1973	1,146,000	976,000	614,000	637,000	413,000
Depreciation, depletion, and amortization	970,000	932,000	784,000	492,000	543,000
Mining prospects abandoned	—	245,000	—	—	—
	$2,871,000	$2,781,000	$1,825,000	$1,505,000	$1,194,000
Income from Continuing Operations Before Income Taxes	$ 827,000	$ 370,000	$ 244,000	$ 401,000	$ 428,000
Provisions (Credits) for Income Taxes	91,000	171,000	(9,000)	(12,000)	(20,000)
Income From Continuing Operations	$ 736,000	$ 199,000	$ 253,000	$ 413,000	$ 448,000
Industrial Services Section Operations to be Discontinued:					
Operating income	$ 791,000	$ 900,000	$ 836,000	$ 781,000	$ 632,000
Less-Applicable income tax	395,000	450,000	418,000	391,000	316,000
	$ 396,000	$ 450,000	$ 418,000	$ 390,000	$ 316,000
Discontinued Transportation Division Operations:					
Operating losses	—	—	—	$ (138,000)	$ (154,000)
Net loss on sale of assets	—	—	—	(123,000)	—
Less-Applicable income tax benefit	—	—	—	131,000	77,000
	—	—	—	$ (130,000)	$ (77,000)
Income Before Extraordinary Item	$1,132,000	$ 649,000	$ 671,000	$ 673,000	$ 687,000
Extraordinary Item	—	31,000	—	—	—
Net Income	$1,132,000	$ 680,000	$ 671,000	$ 673,000	$ 687,000
Average Common Shares Outstanding	3,142,747	3,142,539	3,140,572	3,063,356	3,033,601
Earnings Per Common Share:					
Income from continuing operations	$.23	$.07	$.08	$.13	$.15
Income from Industrial Services Section operations to be discontinued	.13	.14	.13	.13	.10
Loss from discontinued Transportation Division operations	—	—	—	(.04)	(.02)
Income before extraordinary item	$.36	$.21	$.21	$.22	$.23
Extraordinary item	—	.01	—	—	—
Net income	$.36	$.22	$.21	$.22	$.23

Wainoco Oil Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

December 31, 1975 and 1974
(Note 1)

ASSETS

	1975	1974
Current Assets:		
Cash	$ 127,000	$ 450,000
Accounts receivable —		
Trade, less allowance for bad debts of $7,000 in 1975 and $61,000 in 1974	258,000	1,865,000
Joint operators, pledged (Note 3)	1,407,000	1,159,000
Current portion of amounts due from associated partnerships (Note 6)	790,000	285,000
Inventory	—	987,000
Leases and equipment inventory, partially pledged (Notes 3 and 6)	1,593,000	613,000
Direct costs and overhead incurred on behalf of future partnerships (Note 6)	35,000	55,000
Assets of operations to be discontinued, pledged to secure bank indebtedness (Note 2)	3,639,000	—
Other	45,000	41,000
Total current assets	$ 7,894,000	$ 5,455,000
Property, Plant and Equipment, substantially all pledged (Notes 2 and 3):		
Oil and gas properties	$12,738,000	$ 9,896,000
Buildings, equipment, and fixtures	331,000	1,889,000
Other	90,000	145,000
	$13,159,000	$11,930,000
Less-Accumulated depreciation, depletion, and amortization	4,558,000	4,126,000
	$ 8,601,000	$ 7,804,000
Assets of Operations to be Discontinued, partially pledged (Notes 2 and 3)	$ 1,486,000	$ —
Other Assets:		
Unsecured note receivable, due in 1980, pledged (Note 3)	$ 1,487,000	$ 1,487,000
Receivables from associated partnerships, less current portion (Note 6)	872,000	—
Commissions on sale of partnership interests (Note 6)	601,000	601,000
Excess of purchase price over underlying net assets of subsidiaries (Note 2)	—	239,000
Other, including amounts due from officers and directors of $12,000 in 1975 and $23,000 in 1974	194,000	165,000
	$ 3,154,000	$ 2,492,000
	$21,135,000	$15,751,000

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

	1975	1974
Current Liabilities:		
Bank indebtedness, secured by current assets of operations to be discontinued, guarantee of United States subsidiary, and all other unencumbered assets (Note 2)	$ 2,455,000	$ 2,593,000
Current maturities of long-term debt and amount to be refinanced (Note 3)	1,530,000	661,000
Accounts payable and accrued liabilities	1,158,000	1,578,000
Liabilities of operations to be discontinued (Note 2)	1,471,000	—
Income taxes payable (Note 4)	327,000	166,000
Total current liabilities	$ 6,941,000	$ 4,998,000
Long-Term Debt, less current maturities (Note 3)	$ 3,220,000	$ 1,390,000
Liabilities of Operations to be Discontinued (Note 2)	$ 432,000	$ —
Deferred Income Taxes (Note 4)	$ 1,568,000	$ 1,521,000
Commitments and Contingencies (Notes 6 and 8)		
Shareholders' Equity (Note 5):		
Common stock, no par, 5,000,000 shares authorized, 3,142,747 shares outstanding	$ 1,640,000	$ 1,640,000
Paid-in capital	2,814,000	2,814,000
Retained earnings (Notes 3 and 9)	4,520,000	3,388,000
	$ 8,974,000	$ 7,842,000
	$21,135,000	$15,751,000

On behalf of the Board:
John B. Ashmun, Director
William A. Faubion, Director

Wainoco Oil Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

For the years ended December 31, 1975 and 1974
(Note 1)

	1975	1974
Revenues:		
Oil and gas sales	$3,294,000	$2,908,000
Interest income	135,000	—
Other	269,000	243,000
	$3,698,000	$3,151,000
Expenses:		
Oil and gas operating costs	$ 755,000	$ 628,000
General and administrative	829,000	902,000
Depreciation, depletion, and amortization	970,000	932,000
Interest —		
Long-term debt (1975 — $273,000; 1974 — $128,000) and other	557,000	381,000
Capitalized	—	(179,000)
Charged to associated partnerships	(240,000)	(128,000)
Mining prospects abandoned	—	245,000
	$2,871,000	$2,781,000
Income from Continuing Operations Before Income Taxes	$ 827,000	$ 370,000
Provision for Income Taxes (Note 4)	91,000	171,000
Income from Continuing Operations	$ 736,000	$ 199,000
Income from Operations to be Discontinued, net of applicable income taxes of $395,000 in 1975 and $450,000 in 1974 (Note 2)	396,000	450,000
Income Before Extraordinary Item	$1,132,000	$ 649,000
Extraordinary Item (Note 4)	—	31,000
Net Income	$1,132,000	$ 680,000
Earnings Per Common Share:		
Income from continuing operations	$.23	$.07
Income from operations to be discontinued	.13	.14
	$.36	$.21
Extraordinary Item	—	.01
Net Income	$.36	$.22

The accompanying notes are an integral part of these financial statements.

Wainoco Oil Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

For the years ended December 31, 1975 and 1974
(Note 1)

	1975	1974
Source of Funds:		
Funds provided by continuing operations —		
Income	$ 736,000	$ 199,000
Expenses not requiring current outlay of funds —		
Depreciation, depletion and amortization	970,000	932,000
Deferred income taxes	47,000	455,000
Mining prospects abandoned	—	245,000
	$ 1,753,000	$ 1,831,000
Funds provided by operations to be discontinued —		
Income	396,000	450,000
Depreciation not requiring current outlay of funds	200,000	168,000
Refinancings and long-term debt borrowings, including liabilities in 1975 of operations to be discontinued	2,942,000	2,064,000
Net proceeds from sale of offshore oil and gas properties	—	1,000,000
Other, net	—	57,000
Total	$ 5,291,000	$ 5,570,000
Application of Funds:		
Additions to property, plant and equipment, net	$ 3,214,000	$ 1,714,000
Other asset additions —		
Receivables from associated partnerships	872,000	—
Commissions on sale of partnership interests	—	393,000
Other	29,000	—
Payments on long-term debt and change in current maturities	680,000	833,000
Total	$ 4,795,000	$ 2,940,000
Increase in Working Capital	$ 496,000	$ 2,630,000
Changes in Working Capital Components:		
Cash	$ (323,000)	$ 319,000
Accounts receivable	(854,000)	1,310,000
Inventories	(7,000)	952,000
Net current assets of operations to be discontinued	2,168,000	—
Other current assets	(16,000)	38,000
Bank indebtedness	138,000	(1,915,000)
Demand note payable	—	2,150,000
Current maturities of long-term debt and amount to be refinanced	(869,000)	(406,000)
Accounts payable and accrued liabilities	420,000	348,000
Income taxes payable	(161,000)	(166,000)
Increase in Working Capital	$ 496,000	$ 2,630,000
Working Capital (Deficit), beginning of year	457,000	(2,173,000)
Working Capital, end of year	$ 953,000	$ 457,000

The accompanying notes are an integral part of these financial statements.

Wainoco Oil Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

For the years ended December 31, 1975 and 1974
(Notes 1 and 5)

	Common Stock				
	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Total
Balance, December 31, 1973	3,141,747	$1,638,000	$2,814,000	$2,708,000	$7,160,000
Issuance of common stock in connection with exercise of stock options	1,000	2,000	—	—	2,000
Net income	—	—	—	680,000	680,000
Balance, December 31, 1974	3,142,747	$1,640,000	$2,814,000	$3,388,000	$7,842,000
Net income	—	—	—	1,132,000	1,132,000
Balance, December 31, 1975	3,142,747	$1,640,000	$2,814,000	$4,520,000	$8,974,000

The accompanying notes are an integral part of these financial statements.

Wainoco Oil Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1975 and 1974

(1) Summary of significant accounting policies —

Principles of consolidation and currency translation —

The consolidated financial statements include the accounts of Wainoco Oil Ltd. and its subsidiaries (Wainoco), all of which are wholly owned. All significant intercompany transactions have been eliminated in consolidation. Certain reclassifications have been made in the 1974 financial statements to conform to current classifications. The accounts of United States subsidiaries have been translated to Canadian dollars on the basis that $1 United States equals $1 Canadian.

Property, plant, and equipment —

Oil and gas properties — All direct costs incurred in the acquisition, exploration, and development of oil and gas reserves, including nonproductive costs, are capitalized for financial reporting purposes and amortized on a composite unit-of-production method over the aggregate proven reserves of Wainoco as estimated by a firm of independent engineers. No gains or losses are recognized upon the sale or disposition of oil and gas properties, except in extraordinary transactions.

Buildings, equipment, and fixtures — Buildings, equipment, and fixtures are carried at cost and depreciation is provided on the straight-line method for depreciable assets of continuing operations and the declining-balance method for depreciable assets attributable to operations to be discontinued over the following estimated useful lives:

	Continuing Operations	Operations to be Discontinued
Buildings and improvements	2 years	5-40 years
Machinery and equipment	—	3-20 years
Automobiles and trucks	3 years	3 years
Furniture and fixtures	10 years	5 years

Gains or losses resulting from dispositions are included in earnings. Maintenance and repairs are charged against earnings when incurred. Renewals and betterments which extend the useful life of equipment are capitalized.

Income taxes —

Certain amounts are deducted for United States or Canadian income tax reporting purposes in different periods than for financial reporting purposes. Deferred taxes are provided on timing differences between taxable and financial statement income to the extent that taxes which would otherwise have been payable are reduced. Wainoco recognizes interaction with statutory depletion on its United States oil and gas operations and, accordingly, does not provide deferred taxes on United States oil and gas exploration and development costs which are capitalized for financial reporting purposes but deducted for income tax purposes so long as the estimated future tax deductions (including statutory depletion) exceed these costs. Wainoco follows the flow-through method of accounting for investment tax credit received in the United States whereby the credits available each year are applied as a reduction of the United States tax provision.

Inventories —

Inventories are stated at the lower of cost (first-in, first-out method) or net realizable value.

Earnings per common share —

Earnings per common share are based on the weighted average number of common shares outstanding of 3,142,747 in 1975 and 3,142,539 in 1974. Stock options are common stock equivalents but have not been included in the weighted average shares outstanding since they are not material.

(2) Operations to be discontinued —

In March, 1976, Wainoco accepted an offer to sell the assets of its Industrial Services Section, which is principally engaged in chemical sales operations and vegetation control services. The sale, which is subject to the approval of the Canadian Foreign Investment Review Agency, is expected to be closed in June, 1976.

Operating results of the Industrial Services Section for the years ended December 31, 1975, and 1974, are shown as income from operations to be discontinued in the accompanying consolidated statements of income and are summarized as follows:

	1975	1974
Revenues —		
Chemical	$10,606,000	$ 8,544,000
Vegetation control	1,892,000	1,858,000
	$12,498,000	$10,402,000
Expenses —		
Cost of sales and operating costs —		
Chemical	$ 8,877,000	$ 7,166,000
Vegetation control	1,177,000	1,112,000
Selling, administrative and interest	1,453,000	1,056,000
Depreciation	200,000	168,000
	$11,707,000	$ 9,502,000
Income before income taxes	$ 791,000	$ 900,000
Provision for income taxes	395,000	450,000
Income from operations to be discontinued	$ 396,000	$ 450,000

The consolidated balance sheet at December 31, 1974, includes the assets and liabilities of operations to be discontinued, at cost, in their historical classification, while the consolidated balance sheet at December 31, 1975, segregates such items as assets and liabilities of operations to be discontinued. The current liabilities of operations to be discontinued do not include any of Wainoco's short-term bank credit lines since this financing is applicable to Wainoco's consolidated operations and cannot specifically be related to the Industrial Services Section even though the assets of this section are pledged as partial security on such indebtedness. The assets and liabilities at December 31, 1975, of the operations to be discontinued are summarized as follows:

Assets:	
Current assets —	
Trade accounts receivable	$2,751,000
Inventory	880,000
Other	8,000
Total current assets	$3,639,000
Other assets —	
Land, buildings and equipment, net of accumulated depreciation of $686,000	$1,247,000
Excess of purchase price over underlying net assets of subsidiaries	239,000
Total other assets	$1,486,000
Total assets	$5,125,000
Liabilities:	
Current liabilities —	
Current maturities of long-term debt	$ 78,000
Accounts payable and accrued liabilities	1,393,000
Total current liabilities	$1,471,000
Note payable to a bank, net of current maturities (See Note 3)	432,000
Total liabilities	$1,903,000
Net assets at December 31, 1975 of operations to be discontinued	$3,222,000

The purchase price is to be based on (a) the carrying value of current assets at closing determined in accordance with generally accepted accounting principles, and (b) consideration of $1,910,000 for other assets including land, buildings and equipment plus cost of property additions which are approved by the purchaser. The purchaser has agreed to assume Wainoco's obligations for certain accrued liabilities and has the option to assume the note payable to a bank and any other liabilities and obligations of the Industrial Services Section . The purchase price would be reduced by the amount of liabilities assumed.

Wainoco is to receive the purchase price in cash at closing except for notes of the purchaser of $1,000,000 and $250,000 which will be due on January 1,1977 and 1978,respectively. Management currently estimates the gain on sale to be approximately $400,000 before considering the applicable income tax,which is presently not determinable. Such gain would be recorded in 1976 upon closing of the sale.

(3) Long-term debt —

Long-term debt attributable to continuing operations at December 31, 1975 and 1974, consisted of the following:

	1975	1974
Notes payable to be refinanced (see discussion below) —		
Due in monthly principal installments of $75,000 beginning January 1976, with balance due in February 1977, interest at 2% above the bank's prime commercial rate, secured by substantially all United States oil and gas properties and the $1,487,000 noncurrent note receivable	$3,000,000	$1,741,000
Short-term notes due in March 1976, interest at 2% above the bank's prime commercial rate, secured by equipment inventory and joint operator accounts receivable	1,100,000	—
Total to be refinanced	$4,100,000	$1,741,000
Demand note, not callable providing terms and conditions of the loan are met, due in monthly principal installments of $13,889 beginning February 1977, interest at 1½% above the bank's prime commercial rate, secured by Canadian oil and gas properties and all other unencumbered assets	500,000	—
Due in monthly principal installments of $5,556 through March 1977, interest at 2% above the bank's prime commercial rate, secured by certain United States oil and gas properties	83,000	150,000
Other	67,000	160,000
	$4,750,000	$2,051,000
Less — Current maturities and amount to be refinanced —		
Current maturities	$1,030,000	$ 661,000
Amount to be refinanced under a revolving line of credit	500,000	—
	$1,530,000	$ 661,000
	$3,220,000	$1,390,000

Wainoco's United States subsidiary and a bank have agreed to refinance $4,100,000 of bank loans outstanding at December 31, 1975, by entering into a loan agreement in 1976 for a term loan of $3,600,000 and a revolving line of credit. The term loan is to bear interest at 2% above the bank's prime commercial rate, be payable in monthly principal installments of $100,000 beginning April 1976, with the balance due in April 1977. The amount which the subsidiary can borrow under the revolving line of credit will be based on the lesser of $1,000,000 or the collateral value of the subsidiary's equipment inventory and accounts receivable from joint operators, and bears interest at 2% above the bank's prime rate plus an annual commitment fee of ½ of 1% of the unused portion of the revolving line of credit. The term loan and revolving line of credit are to be secured by substantially all of the subsidiary's United States oil and gas properties, the $1,487,000 noncurrent note receivable, equipment inventory, and accounts receivable from joint operators. The agreement is to be guaranteed by Wainoco and will require the subsidiary to maintain a current ratio of at least 1 to 1 and will restrict the subsidiary as to the payment of cash dividends, incurrence of additional indebtedness, and the sale or transfer of assets of the subsidiary.

Since the subsidiary intends to complete this refinancing in 1976, current maturities and amount to be refinanced shown in the above table includes $900,000 of current maturities which would be due under the term loan and $500,000 to be refinanced under the revolving line of credit.

Liabilities at December 31, 1975, attributable to operations to be discontinued consist of the following:

Demand note, not callable providing terms and conditions of the loan are met, due in monthly principal installments of $6,542 with balance due in June 1980, interest at 2½% above the bank's prime commercial rate, secured by land, buildings, and equipment of operations to be discontinued and all other unencumbered assets (Note 2)	$ 510,000
Less — Current maturities	78,000
	$ 432,000

Maturities of long-term debt —

Maturities of long-term debt subsequent to December 31, 1975, after giving effect to the expected refinancing, are as follows (excluding debt attributable to operations to be discontinued):

1976	$1,530,000
1977	2,873,000
1978	167,000
1979	167,000
1980	14,000

Short-term borrowing

The maximum amount of short-term borrowings outstanding as of any month-end was approximately $3,000,000 in 1975 and $4,302,000 in 1974, the approximate average amount outstanding was $1,585,000 in 1975 and $2,801,000 in 1974, and the average interest rate paid was approximately 11.5 percent in 1975 and 12.0 percent in 1974.

(4) Income taxes —

The provision for income taxes for 1975 and 1974 consisted of the following:

	1975	1974
Canadian income taxes —		
Current	$407,000	$ 131,000
Deferred	25,000	286,000
	$432,000	$ 417,000
United States Federal income taxes —		
Current	$ 32,000	$ 35,000
Deferred	22,000	169,000
	$ 54,000	$ 204,000
	$486,000	$ 621,000

The provision for income taxes has been allocated in the consolidated statements of income to continuing operations and operations to be discontinued as follows:

	1975	1974
Continuing operations	$ 91,000	$ 171,000
Operations to be discontinued	395,000	450,000
	$486,000	$ 621,000

Set forth below is a reconciliation between the provision for income taxes computed at the statutory Canadian income tax rate (50 percent) and United States Federal income tax rate (48 percent) on income before provision for income taxes and the provision for income taxes as reported.

	1975	1974
Provision for income taxes — Canada 50%; United States — 48%	$ 796,000	$ 612,000
Increases (decreases) in provision resulting from —		
Depreciation, depletion, and amortization of United States oil and gas properties for financial reporting purposes which is not deductible for United States income tax reporting purposes	356,000	345,000
Statutory depletion of United States oil and gas properties for United States income tax reporting purposes which is not included as an expense for financial reporting purposes	(313,000)	(303,000)
United States oil and gas exploration and development costs capitalized for financial reporting purposes, deducted for United States income tax reporting purposes	(375,000)	(115,000)
Canadian royalties, rentals, and similar payments deducted currently for financial reporting purposes which are not deducted for Canadian income tax purposes, net of related credits and rebates and oil and gas depletion allowance	(27,000)	26,000
Other, net	(5,000)	21,000
Ordinary income tax provision	$ 432,000	$ 586,000
United States minimum preference tax	54,000	35,000
Provision for income taxes, as reported	$ 486,000	$ 621,000

Deferred taxes result from timing differences in the recognition of revenue and expenses. The tax effect of these differences is as follows:

	1975	1974
Canadian deferred income taxes —		
Canadian exploration and development expenses and other costs capitalized for financial reporting purposes, deducted for income tax purposes	$ 37,000	$ 292,000
Other, net	(12,000)	(6,000)
	$ 25,000	$ 286,000
United States deferred income taxes —		
Commissions on sales of partnership interests capitalized for financial reporting purposes, deducted for income tax purposes	$ —	$ 179,000
Interest and other costs applicable to offshore oil and gas properties capitalized for financial reporting purposes, deducted for income tax purposes	—	130,000
Computer software costs deferred for financial reporting purposes, deducted for income tax purposes	28,000	48,000
Other, net	60,000	(37,000)
Excess of above timing differences over financial net income reduced by permanent differences	(88,000)	(110,000)
	$ —	$ 210,000
Deferred minimum preference tax	22,000	—
Investment tax credit	—	(41,000)
	$ 22,000	$ 169,000

During 1975, the Canadian Government enacted legislation amending the Income Tax Act. The legislation included a number of changes, several having retroactive effect to May 6, 1974, that substantially increased the income taxes of the oil and gas industry in Canada. These changes, among other measures, deny the deduction of royalty and similar payments to the government and impose limitations on the deduction of certain development expenses and on depletion allowances. The effect of these changes is partially offset by a reduction in the Candian Federal income tax rate applicable to oil and gas production profits. In addition, the province of Alberta enacted legislation which allows certain tax rebates and other credits to provide some measure of relief from the additional Federal tax levy. The effect of the Federal and provincial legislation was considered in the computation of the 1975 and 1974 income tax provisions.

In October, 1975, the Financial Accounting Standards Board (FASB) issued Statement No. 9 which required interperiod tax allocation effective January 1, 1975, for intangible drilling and development costs and other costs associated with the exploration for and development of oil and gas reserves that enter into the determination of United States taxable income and pretax accounting income in different periods except where companies elect to recognize interaction with percentage depletion. Wainoco has elected

to recognize interaction with percentage depletion, as provided for in the Statement, which is substantially the same income tax accounting policy Wainoco followed prior to 1975. The amount of costs for which United States income taxes have not been allocated at December 31, 1975, is approximately $2,000,000.

The ordinary United States Federal income tax provision in 1974 was partially eliminated by the utilization of a net operating loss carry-forward which is shown as an extraordinary item in the accompanying consolidated statements of income.

(5) Stock options —

Wainoco has two stock option plans which authorize the granting of options to purchase 362,000 shares of common stock, subject to a requirement of the Toronto Stock Exchange that the total number of options outstanding never exceed five percent of the common shares issued and outstanding. Options under the 1968 Plan are granted to Canadian employees at 85 to 90 percent of the market price at the date of grant and options under the 1973 Plan are qualified stock options under the United States Internal Revenue Code and are granted at not less than fair market value on the date of grant. Options under both plans are generally exercisable over a five-year period at the rate of 20% per year on a cumulative basis. No entries are made in the accounts until the options are exercised, at which time the proceeds are credited to common stock.

In 1974, options to purchase 34,800 shares of common stock under the plans were canceled and replaced with new options at current prices. Replacement options granted under the 1968 Plan expire approximately five years from the date of the canceled options. Options replacing the 1973 Plan options are exercisable at the original option prices until the expiration date of the replaced options and are then exercisable at the new prices for five years from the date of the replacement options.

A summary of the 1975 and 1974 stock option activity is as follows:

	1975		1974	
	Number of Shares	Option Price	Number of Shares	Option Price
Balance, beginning of year	109,800	$1.38-$6.44	43,800	$2.00-$6.75
Granted	75,000	$1.33-$2.19	114,800	$1.38-$6.44
Terminated and lapsed	(19,000)	$2.00-$6.44	(13,000)	$2.00-$6.44
Canceled	—	$3.00-$6.44	(34,800)	$4.16-$6.75
Exercised	—	—	(1,000)	$2.00
Balance, end of year	165,800	$1.33-$6.44	109,800	$1.38-$6.44

At December 31, 1975, options to purchase 84,900 shares were available to be granted under the plans.

(6) Associated partnerships —

Wainoco Oil Ltd. and/or its wholly owned subsidiary, Wainoco, Inc., are general partners in seven public limited partnerships. As general partners, they receive management fees varying from 2½ percent to 7½ percent of contributions as consideration for services rendered to six of the partnerships and are reimbursed for direct, administrative, and overhead costs incurred in conducting the business of all the partnerships except the two with management fees of 7½ percent.

For certain of the partnerships, the general partners have paid brokers' commissions for the sale of limited partnership interests, which are recoverable by the general partners from partnership revenues otherwise attributable to the limited partners. Such commissions totaled $601,000 as of December 31, 1975, and 1974.

In November, 1975, Wainoco formed Wainoco 76 Company, a public limited partnership which has not commenced operations. Certain acreage and equipment and direct costs and overhead had been incurred in anticipation of the formation of this and other future partnerships and are shown as current assets as of December 31, 1975.

As a general partner in these partnerships, the companies may be required to purchase the limited partners' interests as follows:

Partnership	General Partner(s)	Maximum Annual Repurchase Liability	Repurchase Liability Period
Wainoco 70 Company	Wainoco Oil Ltd.	$2,131,000	1976-1979
Wainoco 71 Company	Wainoco Oil Ltd.	2,618,000	1976-1980
Wainoco 72 Company	Wainoco Oil Ltd.	2,246,000	1976-1981
Wainoco 73 Company	Wainoco Oil Ltd.		
	Wainoco, Inc.	1,000,000	1976-1998
Wainoco 74 Company	Wainoco, Inc.	1,000,000	1976-1999
Wainoco 74B Company	Wainoco, Inc.	276,000	1976-1999
Wainoco 75 Company	Wainoco, Inc.	577,000	1977-2000

The purchase price will be based on the estimated discounted cash flow, after debt service, to the limited partners discounted for risk factors associated with developing and producing the reserves.

In March, 1976, Wainoco tendered an offer to acquire the properties and interest of limited partners in the Wainoco 70 Company and the Wainoco 71 Company for a total consideration of $6,200,000 consisting of $4,000,000 cash and assumption of the limited partners' share of partnership bank loans and other liabilities totaling $2,200,000. Wainoco intends to finance the cash portion of the consideration through a bank loan.

(7) Remuneration of officers and directors —

The total remuneration paid to the directors and senior officers (including the five highest paid employees) was $312,000 in 1975 and $214,000 in 1974, of which $246,000 in 1975 and $93,000 in 1974 were paid by a subsidiary.

(8) Commitments and contingencies —

Wainoco has two pension plans, one for Canadian employees and the other for United States employees. The Canadian plan is contributory, open to all employees over 21 years of age with six months of service, and has a normal retirement age of 60. The United States plan is noncontributory, open to all employees over 25 years of age with one year of service, and has a normal retirement age of 65. The total expense for both plans was $52,000 in 1975 and $71,000 in 1974, including amortization of unfunded prior service costs of $99,000 over 30 years. Wainoco's policy is to fund pension costs accrued. The pension assets were approximately equal to the actuarially computed value of vested benefits as of December 31, 1975. The United States plan was designed to comply with the Pension Reform Act of 1974.

In connection with the sale of Wainoco's interest in five offshore leases in 1974, a 10-year preferential right to purchase up to 3,000 barrels per day of Wainoco's United States oil production at competitive market prices was granted to the purchaser.

(9) Anti-inflation legislation —

In 1975, the Canadian government enacted anti-inflation legislation which initially restrictsWainoco during the period October 14, 1975, through October 13, 1976, from paying dividends exceeding 25 percent of 1974 net income.

AUDITORS' REPORT

To the Shareholders of Wainoco Oil Ltd.:

We have examined the consolidated balance sheets of Wainoco Oil Ltd. (an Alberta, Canada, corporation) and subsidiaries as of December 31, 1975 and 1974, and the related consolidated statements of income, shareholders' equity, and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Wainoco Oil Ltd. and subsidiaries as of December 31, 1975 and 1974, and the results of their operations and changes in their financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied during the periods.

ARTHUR ANDERSEN & CO.

Houston, Texas
March 15, 1976

DIRECTORS

John B. Ashmun
Houston, Texas
William A. Faubion
Houston, Texas
Henry D. Lindsley, III
Dallas, Texas
James S. Palmer
Calgary, Alberta
William Scheerer, II
New York, New York
Robert F. Smith
Calgary, Alberta

OFFICERS

John B. Ashmun
President
William A. Faubion
Vice President-Oil and Gas Operations
Robert J. Leslie
Vice President-Partnership Operations
Robert F. Smith
Vice President-Industrial Operations
Gary V. Woods
Vice President-Finance

OFFICES

Houston, Texas
Denver, Colorado
Calgary, Alberta
Edmonton, Alberta

REGISTRARS AND TRANSFER AGENTS

First City National Bank
Houston, Texas
Montreal Trust Company
Calgary, Alberta

PRINCIPAL BANKS

First City National Bank
Houston, Texas
Bank of Montreal
Calgary, Alberta

AUDITORS

Arthur Andersen & Co.
Houston, Texas

COUNSEL

Vinson, Elkins, Searls, Connally & Smith
Houston, Texas
Burnet, Duckworth & Palmer
Calgary, Alberta,

SUBSIDIARIES

Wainoco, Inc.
Laird Oil and Gas Incorporated
Wainoco Kenya, Inc.

COMMON STOCK

Wainoco Oil Ltd. common stock is listed for trading on the American Stock Exchange in the United States and the Toronto Stock Exchange in Canada under the symbol WOL. The high and low quarterly sales prices for the stock on the American Stock Exchange are shown below:

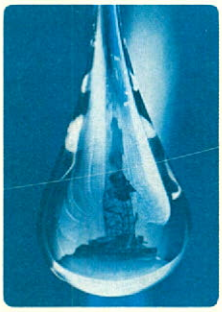
	High	Low
1975		
First Quarter	$2\frac{15}{16}$	$1\frac{1}{2}$
Second Quarter	$4\frac{1}{8}$	$1\frac{3}{4}$
Third Quarter	$3\frac{11}{16}$	$2\frac{1}{8}$
Fourth Quarter	$2\frac{11}{16}$	$1\frac{7}{8}$
1974		
First Quarter	$6\frac{11}{16}$	$4\frac{3}{8}$
Second Quarter	$4\frac{5}{8}$	$2\frac{3}{4}$
Third Quarter	$2\frac{15}{16}$	$1\frac{15}{16}$
Fourth Quarter	$2\frac{3}{4}$	1

AVAILABILITY OF FORM 10-K

The Company's Annual Report on Form 10-K which is filed with the Securities and Exchange Commission is available upon request, and may be obtained by writing to:
Vice President-Finance
Wainoco Oil Ltd.
1100 Milam Building
Suite 600
Houston, Texas 77002

ANNUAL MEETING NOTICE

The annual meeting of the shareholders of Wainoco Oil Ltd. will be held Thursday, April 29, 1976, at 9:30 a.m. in the First City East Auditorium, 1111 Fannin Street, Houston, Texas.



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