



560 Mission Street, Suite 3100  
San Francisco, California 94105  
(415) 397-2923  
fax (415) 397-8549  
www.seyfarth.com

Writer's direct phone  
(415) 544-1065  
Writer's e-mail  
solson@seyfarth.com

December 22, 2010

**VIA FACSIMILE**

**Facsimile No. (415) 989-0491**

David J. Cook, Esq.  
Robert J. Perkiss, Esq.  
Cook Collection Attorneys  
P.O. Box 270  
San Francisco, CA 94104-0270

Re: Payment Proposal by San Francisco Petroleum

Dear Counsel:

As you know, I am the corporate workout and restructuring counsel for San Francisco Petroleum. San Francisco Petroleum is facing significant liquidity issues. It is my understanding the TAB Bank has frozen San Francisco Petroleum's factoring account given an assignment order which was obtained by Coast Oil, and that no payments have been made to Coast Oil on account of its judgment for \$23,492.60. In order to stave off a likely bankruptcy filing, where meaningful recovery to Coast Oil would be uncertain, San Francisco Petroleum proposes the following:

- An immediate payment via wire transfer to Coast Oil of \$5,000, with the remaining balance to be paid in three equal installments on January 15, 2011, February 15, 2011 and March 15, 2011.
- The Assignment Order will be extinguished, but can be renewed immediately in the sole discretion of Coast Oil, without opposition from San Francisco Petroleum, should a payment be missed.
- The parties agree that the TAB Bank factoring account may be unfrozen, and utilized in its normal course, but that San Francisco Petroleum will maintain a minimum balance of at least \$5,000 to secure future payment to Coast Oil.

Please let me know if the foregoing terms are acceptable to Coast Oil. Given the current liquidity issues with the business of San Francisco Petroleum, any deal must be reached this week to avoid the prospect of bankruptcy.

ATLANTA BOSTON CHICAGO HOUSTON LOS ANGELES NEW YORK SACRAMENTO SAN FRANCISCO WASHINGTON, D.C. BRUSSELS

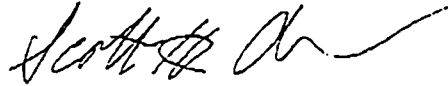
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ATTORNEYS **SHAW** LLP

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Feel free to call me to discuss.

Very truly yours,

SEYFARTH SHAW LLP



Scott H. Olson  
Workout Counsel for San Francisco Petroleum