

Laura J. Monroe, #14272300  
PERDUE, BRANDON, FIELDER,  
COLLINS & MOTT, L.L.P.  
P.O. Box 817  
Lubbock, Texas 79408  
(806) 744-5091  
FAX (806) 744-9953

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U.S. BANKRUPTCY COURT  
ALBUQUERQUE N.M.

ATTORNEY FOR:  
Andrews ISD and City of Andrews  
Andrews County Tax Office  
Midland County Tax Office  
Wichita County Tax Office

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF NEW MEXICO**

IN RE CASE NO. 01-10779-SA  
FURR'S SUPERMARKETS, INC.

DEBTOR CHAPTER 11

**OBJECTION TO THE DEBTOR'S AMENDED MOTION FOR (I) APPROVAL OF  
WIND-DOWN BUDGET...(VI) APPROVING THE SETTLEMENT OF SALE  
ESTATE CLAIMS AGAINST THE SECURED LENDERS...**

TO THE HONORABLE BANKRUPTCY JUDGE:

NOW COME Andrews Independent School District and City of Andrews,  
Andrews County Tax Office, Midland County Tax Office and Wichita County Tax  
Office, herein referred to as claimants, and file their Objection to the Debtor's Amended  
Motion for (i) Approval of Wind-Down Budget... (vi), Approving the Settlement of Sale  
Estate Claims Against the Secured Lenders... and would show the Court the following:

1. Claimants are political subdivisions of the State of Texas.

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2. There are property taxes for the year 2000 and estimated taxes for the year 2001 on the Debtor's property. These property taxes were duly assessed in accordance with the laws of the State of Texas and constitute a valid, liquidated secured claim against the Debtor's property and are entitled to priority over other secured claims under 11 U.S.C. § 506. The Tax Authorities have each filed a pre-petition secured claim as follows:

- a). Andrews ISD and City of Andrews in the amount of \$9,791.95
- b). Andrews County Tax Office in the amount of \$10,160.59
- c). Midland County Tax Office in the amount of \$7,264.58
- d). Wichita County Tax Office in the amount of \$10,601.08

3. While the debtor has proposed in its motion to retain funds in the amount of \$350,000.00 as adequate protection for taxes on the Texas and New Mexico properties, that amount is entirely inadequate. No less than the amount of \$37,818.20 should be retained and segregated for Andrews Independent School District and City of Andrews, Andrews County Tax Office, Midland County Tax Office and Wichita County Tax Office alone.

4. The laws of the State of Texas, Property Tax Code, Section 32.05(b), give the tax lien securing property taxes priority over any other claim lien against these properties. These tax claims are entitled to priority as a secured claim, and over other secured claims, according to the 11 U.S.C. § 506. Stanford v. Butler, 826 F.2d 353 (5<sup>th</sup> Cir. 1987).

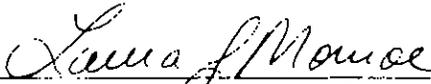
5. Inasmuch as these claims are oversecured and will be entitled to interest under §506(b) upon payment such portion of these claims as are presently delinquent should be paid promptly, to avoid the accumulation of interest to the estate.

6. WHEREFORE, claimants pray that the Court deny the relief being requested by this Motion and order the retention and segregation of no less than \$37,818.20 for Andrews Independent School District and City of Andrews, Andrews County Tax Office, Midland Count Tax Office and Wichita County Tax Office, order payment of delinquent taxes from the proceeds of this sale, including all applicable post-petition interest, and further request other and such relief as is just and proper.

Dated: August 20, 2001

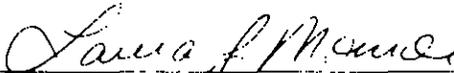
Respectfully submitted,

PERDUE, BRANDON, FIELDER,  
COLLINS & MOTT, L.L.P.

By   
Laura J. Monroe, Bar No. 14272300  
(806) 744-5091, FAX:(806) 744-9953

CERTIFICATE OF SERVICE

I hereby certify that the foregoing Objection to the Debtor's Amended Motion for (i) Approval of Wind-Down Budget, (vi) Approving the Settlement of Sale Estate Claims Against the Secured Lenders... to: Furr's Supermarkets, Inc., 4411 The 25 Way NE, Suite 100, Albuquerque, NM 87109; Robert H. Jacobvitz and David T. Thuma, Attorney for Debtor, JACOBVITZ, THUMA & WALKER, P.C., 500 Marquette NW, Suite 650, Albuquerque, NM 87102; Richard D. Levin and Stephen J. Lubben, SKADDEN, ARPS, SLATE, MEAGHER & FLOM, L.L.P., 300 South Grand Avenue, Suite 3400, Los Angeles, CA 90071-3144 on August 20, 2001, by First Class U.S. Mail.

  
Laura J. Monroe