PLAINTIFF'S EXHIBIT
CPRC-65

CHAMPLIN PETROLEUM COMPANY

Accountants' Report

Financial Statements - December 31, 1965

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

PEAT, MARWICK, MITCHELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
1400 ONE MAIN PLACE
DALLAS, TEXAS 75250

The Board of Directors
Champlin Petroleum Company:

We have examined the balance sheet of Champlin Petroleum Company, a subsidiary of Celanese Corporation of America, as of December 31, 1965 and the related statements of earnings and retained earnings for the year 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. The financial statements for 1964, included for comparative purposes, were examined by other certified public accountants.

In our opinion, the accompanying balance sheet and statements of earnings and retained earnings present fairly the financial position of Champlin Petroleum Company at December 31, 1965 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

January 28, 1966

CHAMPLIN PETROLEUM COMPANY

Statement of Earnings

Year ended December 31, 1965
with comparative figures for 1964

	1965	1964
Net sales	$ 83,410,282	78,126,178
Costs and expenses:		
Cost of products sold and operating expenses, exclusive of items below	44,055,558	44,739,888
Selling, general and administrative expenses	11,092,645	10,159,082
Depreciation, depletion and amortization (note 4)	9,775,581	9,058,434
Dry holes and surrendered leases	3,873,712	3,524,777
Interest expense	-	1,141,887
	68,797,496	68,624,068
Operating income	14,612,786	9,502,110
Other income:		
Interest income	130,294	118,102
Gain on sale of investments	-	961,485
Other, net	197,596	24,090
	327,890	1,103,677
Earnings before income taxes	14,940,676	10,605,787
Income taxes (note 4):		
Current	2,459,000	-
Deferred	116,000	65,000
State	25,000	35,000
	2,600,000	100,000
Net earnings	$ 12,340,676	10,505,787

See accompanying notes to financial statements.

CHAMPLIN PETROLEUM COMPANY

Statement of Retained Earnings

Year ended December 31, 1965
with comparative figures for 1964

	1965	1964
Amount at beginning of year (note 1)	$ 1,975,334	68,241,911
Net earnings for the year (note 1)	12,340,676	10,505,787
	14,316,010	78,747,698
Deduct:		
Dividends paid by Champlin Oil & Refining Co., predecessor of Champlin Petroleum Company (note 1):		
Convertible preference stock	-	225,000
Common stock	-	3,822,625
Amount transferred to capital surplus in connection with the organization of Champlin Petroleum Company (note 1)	-	72,724,739
Dividend paid to parent company	2,850,000	-
	2,850,000	76,772,364
Amount at end of year	$ 11,466,010	1,975,334

See accompanying notes to financial statements.

CHAMPLIN PETROLEUM COMPANY

Notes to Financial Statements

December 31, 1965

(1) General

The Company was organized on September 29, 1964 and shortly thereafter issued 44,847 shares of its $100 par value common stock for $4,484,700 in cash to Champlin Oil & Refining Co. Effective October 29, 1964 the Company acquired by donation from Champlin Oil & Refining Co. substantially all the assets, assumed certain liabilities and succeeded to the business of that company. The assets and liabilities were recorded in accounts of the Company at the amounts carried in the accounts of Champlin Oil & Refining Co. Capital surplus was credited with the excess of assets over liabilities.

On October 29, 1964 Champlin Oil & Refining Co. was merged into Celanese Corporation of America and Champlin Petroleum Company became a wholly-owned operating subsidiary of Celanese.

For comparative purposes the accompanying financial statements set forth figures for 1964. The statement of income for that year includes the operations of Champlin Oil & Refining Co. to October 29, 1964 and the operations of its successor, Champlin Petroleum Company, for the remainder of the year.

(2) Inventories of crude oil and refined products

The inventories of crude oil and refined products are stated at average cost which is less than market. The valuation of these inventories does not include depreciation, depletion and amortization of property, plant and equipment.

(3) Investments in unconsolidated subsidiaries

The investments in and advances to unconsolidated subsidiaries relate to three wholly-owned subsidiary companies. On the basis of financial statements not covered by the accompanying accountants' report, the aggregate equities underlying these investments are approximately $102,000 less than the total amount at which the investments are carried.

(4) Federal income taxes

The Company will join with its parent company in the filing of a consolidated Federal income tax return for 1965.

CHAMPLIN PETROLEUM COMPANY

Notes to Financial Statements, Continued

(4) Federal income taxes, cont.

The Company follows a general policy of providing for depreciation over the estimated useful life of depreciable assets on a straight-line basis. For Federal income tax purposes the Company uses the declining balance method of computing tax depreciation of certain facilities. This policy results in tax depreciation which is generally higher than depreciation used for financial statement purposes. Amounts equal to the tax reductions resulting from the use of this liberalized depreciation method are charged to income and concurrently set aside to offset the increase in taxes that is expected to occur when deductions claimed are less than they would be if the tax depreciation method had not been adopted.

Deferral accounting has been adopted for the investment tax credit. Under this accounting, the credits are not taken into income in the year in which they are claimed but are deferred and taken into income over the lives of the assets to which they relate.

(5) Retirement and pension plans

The Company has a contributory retirement plan and a noncontributory pension plan for the benefit of its employees. On the basis of the most recent actuarial determinations, the unfunded past service costs of the plans were estimated to be approximately $2,845,000. The cost of the plans to the Company for the year ended December 31, 1965 amounted to approximately $1,068,000.