

European Vinyls Corporation (Americas), Inc

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November 18, 1989

**Mr. Eric Meyer
Vista Chemical Company
P.O. Box 200135
Austin, TX 78720-0135**

Dear Eric,

Re: Continuous Stripping of PVC Resin Slurries

Since speaking with you shortly after your return from your European tour I have had several conversations with Chris Jones on Vista's VCM stripping project. Even though you have indicated that you are leaning towards the use of someone else's technology, we want to keep in the race with you until you make your final decision.

I trust you have solved any problems you might have encountered in arranging for the shipment of slurry samples. We would like to obtain a 5 gallon sample of the same slurry that you ship out for tests. Also, we would like to receive a sample, preferably a 50 pound bag, of each grade of resin that you want to strip in a new column. There are a number of tests which we can make in our laboratory to make our own judgement of the stripability of VCM from the PVC resin. We have data of our own that we can compare the results with. We are confident that you would not be making a mistake in selecting our stripping technology process which has been developed, designed and operated in Australia for 10 years. As you know, this same technology is being installed in at least two of our plants in different parts of the world, with the first plant at Wilhelmshaven scheduled for start-up in March of 1990. A PVC licensing package that we will probably be doing early in 1990 will include the technology.

We have some further information to present to you in the form of a cover letter from Geoff Stephens, who we know well from ICI Australia, and an attachment prepared by Peter Grosskopf at ICI's Botany plant in Australia. Your questionnaire was sent there, but as you can see it took them a little while to answer it. Our earlier response to your questionnaire was prepared by our people both here and people from our Runcorn and Wilhelmshaven

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locations. You will find that the Australian response contains a lot of good detailed information about the operation of the stripping column, the results of performance and consumption on several grades of resin. You will find it adds a lot to our earlier response to your questionnaire.

One very special note regarding the answers to the questions in your questionnaire: As you will see at the top of Page 1 of the answers regarding contamination, there are two key factors accounting for no dead spaces and hence no contamination. These two factors we consider to be extremely confidential and proprietary, and we look to Vista also to maintain this information in particular in the strictest of confidence under our secrecy agreement.

If you can send us the samples we will analyze and report to you the results of our tests and our conclusions. Please direct the samples to Chris Jones at Runcorn.

We are so confident about the performance of our stripper and Vista's subsequent satisfaction that we are prepared to offer Vista a proposal which you should find attractive. It covers and includes doing the work and services, first at our cost only to bring the project to completion, start-up and testing, and to wait for our "profit" until the performance is demonstrated, as I have outlined below.

The scope for the project is:

- we would have a kick-off meeting for perhaps one or two days in our offices here in Wilmington, Delaware
- we would prepare the basic engineering design package including PFD's with material balance and energy requirements, P&ID's, complete equipment specifications, raw material consumptions, and utility consumptions, etc.-- anything that is needed for the basic engineering design.
- we would deliver this package to Vista within sixty days after the Kick-off meeting. The basic engineering design would be used by Vista or its contractors to perform the detailed engineering and construction. Secrecy agreements would be required with these contractors also.

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- we would provide Vista with an operating manual within sixty days after the delivery of BED. We would review and approve fabrication drawings for the major equipment items. We would provide the necessary time for advice, consultation and review by EVC specialists with representatives of Vista and/or its contractor.
- we would provide our representative for a few days at your plant to check out the newly constructed plant facility shortly before it is completed.
- we would provide one specialist with experience in the technology to be present at your plant to advise and consult at the start-up and continuous operation at the plant thereafter for at least one week. If the system does not quickly perform properly, we would keep our specialist working with you until it does work properly, or until we are convinced that it will not work properly.
- we will guarantee our process for capacity, steam consumption, and residual VCM to less than 1 ppm, with our of liability limited to 100% of the engineering fee stated below for fix-up work to make modifications if necessary.

We will perform all the above for a fee of U.S. \$150,000, with 50% payable within 30 days of signing an agreement and 50% payable within 30 days of Vista's receipt of the operating manual, the BED having been delivered earlier.

We will work very closely with your engineers in running the performance test for a period of 72 hours to demonstrate our process guarantees. If process performance test runs do not show that the performance meets our guarantees, then Vista would not owe EVC any further money for the use of our technology in Vista's first column. I say first column because, if it does not run satisfactorily, it will be expected that Vista would not build a second or subsequent column with our stripping technology.

If the stripping performance is such that it equals or betters the guarantees, then we would ask that Vista pay EVC U.S. \$250,000 for the technology in the first column. For a second column in the future, we would look for Vista to pay EVC \$200,000, (no BED or process guarantees) and then for a third column, \$150,000 (no BED or process guarantee). Thereafter Vista would have a paid up license for use of the technology in the U.S. The license fee for

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the first plant (if payable) would be payable within three months of the start-up of the first column, and the license fees for the second and third columns would each be payable within 30 days of each start-up.

After you have had a chance to review this proposal and discuss it with your associates, we would be happy to come to Houston to discuss the proposals with you, and if you need it, to provide any further explanation about our technology and our proposal. We are prepared to work expeditiously with Vista on this project and to continue to expand the cooperation which is developing so well between our companies.

Best regards,

A handwritten signature in cursive script that reads "A. B. Stryker". To the right of the signature is a circular stamp or mark.

A. B. Stryker
Licensing Sales Manager

ABS-649