PLAINTIFF'S
EXHIBIT
KRC-308

AGREEMENT

THIS AGREEMENT made as of January 1, 1974 between the undersigned, being all of the stockholders of Southwestern Oil & Refining Company ("Southwestern"), a Texas corporation, and Royal Petroleum Corporation ("Royal"), a New York corporation (all such stockholders being hereinafter referred to as the "Sellers"), Kerr-McGee Corporation ("Kerr-McGee"), a Delaware corporation, and Southwestern Oil & Refining Company ("Buyer"), a Delaware corporation wholly owned by Kerr-McGee, as follows:

1. Agreement to Purchase and Sell. Upon the basis of the representations and warranties and on the terms and subject to the conditions set forth in this Agreement, each Seller severally agrees to sell to Buyer, and Buyer agrees to purchase from each Seller, the number of shares of common stock of Southwestern and Royal set forth opposite the name of each Seller in Appendix A hereto. The total consideration to be paid by Buyer to the Sellers for all such common stock is $80,000,000, of which 29% shall be paid in cash on the Closing Date and the remainder shall be evidenced by Buyer's 7% promissory notes guaranteed by Kerr-McGee ("Notes") dated the Closing Date and in substantially the form attached hereto as Appendix B. The Notes shall be equally and ratably secured in accordance with the terms of a Security Agreement ("Security Agreement") to be executed by Kerr-McGee in substantially the form attached hereto as Appendix C. The consideration to be paid by Buyer to each Seller is set forth in Appendix A.

2. Depository Bank. As soon as possible after the execution of this Agreement and in any event prior to the Closing Date, each Seller shall deposit with Fidelity Bank, N.A., Oklahoma City, Oklahoma (the "Depository Bank") all certificates representing all shares of common stock of Southwestern and Royal to be sold by such

DEPOSITION
EXHIBIT

Seller hereunder, together with a duly executed Letter of Transmittal in the form attached hereto as Appendix D, to be held by the Depository Bank subject to the terms and conditions of this Agreement and the Letter of Transmittal. All certificates deposited with the Depository Bank shall be accompanied by duly executed stock powers or otherwise be in form for good delivery and transfer into the name of Buyer in accordance with the directions contained in the Letter of Transmittal and instructions attached hereto as Appendix D. On the Closing Date the Depository Bank shall effect delivery of such certificates against delivery by Buyer to the Depository Bank of (i) certified or bank cashier's checks and duly executed Notes, guaranteed as aforesaid, in the respective principal amounts and payable to the respective Sellers as set forth in Appendix A hereto and (ii) the Security Agreement duly executed by Kerr-McGee. The obligation of Buyer to purchase the stock of any Seller shall be conditioned upon there having been so deposited with the Depository Bank and tendered to Buyer at the closing, all of the outstanding shares of Southwestern and Royal, free of liens and encumbrances, unless Buyer shall elect to proceed to close as to such shares as are deposited at the time of closing or to postpone the closing to allow time for additional shares to be deposited.

3. Closing. The closing shall take place at the office of Fidelity Bank, N.A., Oklahoma City, Oklahoma, at 10:00 A.M. on February 21, 1974 or on such other date as the parties may agree. The date of closing is referred to herein as the "Closing Date".

4. Representations and Warranties of the Sellers. Each Seller severally represents and warrants that on the Closing Date such Seller will own, free of liens and encumbrances, the number of shares of common stock of Southwestern and Royal set forth opposite his name in Appendix A hereto and that such Seller has full power and authority to transfer to Buyer on the Closing Date good and valid title to such shares free of liens and encumbrances. Each Seller severally represents that any Notes to be acquired by him hereunder will be acquired for investment and that he will not

dispose of all or any part thereof under circumstances which would violate the Securities Act of 1933. In addition, each Seller severally makes each of the representations and warranties set forth in Appendix E hereto.

5. Representations and Warranties of Buyer and Kerr-McGee. Buyer and Kerr-McGee make the representations and warranties set forth in Appendix F and Appendix G, respectively.

6. Covenants of the Sellers. The Sellers agree as follows:

(a) The Sellers will cause Southwestern and Royal to give to Kerr-McGee and its counsel, accountants, engineers and other representatives, during normal business hours, full access to all the properties, books, contracts, commitments and records of Southwestern and Royal and will furnish to Kerr-McGee all such documents and information respecting the business and affairs of Southwestern and Royal as Kerr-McGee may from time to time reasonably request. In the event the transactions contemplated by this Agreement are not consummated, Kerr-McGee shall return to Southwestern and Royal all documents, work papers and other material so obtained and will take all practicable steps to have any information so obtained kept confidential.

(b) The Sellers shall cause Southwestern and Royal to prepare as promptly as possible a balance sheet of Southwestern and Royal, respectively, as of December 31, 1973 and related statements of income and retained earnings for the year then ended, all of which shall be certified by Arthur Andersen & Co. to the extent required by Buyer. Such balance sheets and statements of income and retained earnings shall be prepared in accordance with generally accepted accounting principles applied on a basis consistent with those of the two preceding years, which were certified by William A. Southerland, certified public accountant, in the case of Southwestern and by N. Tannenbaum & Co., certified public accountants, in the case of Royal, and shall be certified by William A. Southerland and N. Tannenbaum & Co., respectively.

In connection with such financial statements as of December 31, 1973 (i) a physical inventory of crude oil, refined and semi-refined products shall be taken as of 7:00 A.M. on January 1, 1974 and valued at cost or market, whichever is lower, with cost of refined products to be determined on a sales realization method and (ii) a reserve for all unpaid real and personal property taxes for the year then ended shall be reflected.

(c) The Sellers shall cause Southwestern to promptly furnish to Kerr-McGee for its examination abstracts of title down to date, and a supplemental abstract to the Closing date, covering all properties in Nueces County upon which Southwestern's refinery, tank terminals, docks and wharves are located. Sellers shall cause Royal to promptly obtain and furnish Kerr-McGee title insurance binders from reputable companies under the terms of which policies of title insurance in amounts satisfactory to Buyer will be issued to Buyer on properties in New York and New Jersey upon which Royal's tank terminals, docks and wharves are located.

7. Conditions to Buyer's Obligation to Close. The obligation of Buyer to purchase the shares of common stock of Southwestern and Royal from the Sellers hereunder is subject to the fulfillment, at or prior to the Closing Date, of each of the following conditions which, subject to events beyond the reasonable control of Southwestern, Royal and Sellers, Sellers agree to use their best efforts to meet or cause to be met:

(a) The representations and warranties of the Sellers contained in this Agreement and in Appendix E shall (except as affected by transactions permitted by this Agreement) be true in all material respects as though made as of the Closing Date; each Seller shall have performed and complied with all terms and conditions required by this Agreement to be performed or complied with by him on or prior to the Closing Date; and Buyer shall have received a certificate with respect to such representations and warranties and compliance with such terms and conditions duly executed by or on behalf of each Seller.

(b) The financial statements of Southwestern and Royal as of December 31, 1973 referred to in Section 6(b) hereof shall have been delivered to Kerr-McGee and shall reflect a total net worth of Southwestern and Royal combined of not less than $40,000,000.00 .

(c) Kerr-McGee shall have received the opinion, dated the Closing Date, of Messrs. Head & Kendrick, to the effect that:

(i) Southwestern and Royal each is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation and has power to own all its properties and assets and to carry on its business. Royal is duly qualified to do business in the State of New Jersey;

(ii) Southwestern has good and merchantable title, subject only to the title exceptions set forth in Section 4 of Appendix E, to all properties in Nueces County upon which Southwestern's refinery, tank terminals, docks and wharves are located; and

(iii) This Agreement has been duly authorized, executed and delivered by or on behalf of each Seller and is valid and binding upon each Seller in accordance with its terms; each Seller has good title to the shares of common stock of Southwestern and Royal to be sold by such Seller hereunder and has full legal right and power to enter into this Agreement and to sell, transfer and deliver such shares; upon delivery of such shares against delivery of the consideration payable therefor in accordance with the terms of this Agreement, Buyer will acquire good title to all the outstanding shares of common stock of Southwestern and Royal free and clear of any liens or encumbrances.

Such opinion shall also contain a statement that except as disclosed to Buyer in any schedule or document delivered to it on or prior to the Closing Date such counsel knows of no material suit or proceeding pending or threatened against Southwestern or Royal. In rendering such opinion such counsel may rely upon his prior title opinions and opinions of other counsel and as to matters of fact upon certificates of any officer of Southwestern or Royal or of any Seller provided the fact of such reliance is specified in the opinion and the certificates, prior title opinions and opinions of other counsel are attached to the opinion.

(d) All legal matters relating to the consummation of the transactions contemplated hereby shall have been completed to the satisfaction of counsel for Buyer in all material respects.

(e) No Federal, state or local governmental authority or other person shall have instituted or threatened to institute any litigation or proceedings against Buyer, Kerr-McGee, Southwestern, Royal or any of the Sellers challenging the legality or validity of the transactions provided for herein which, in the judgment of Buyer or Kerr-McGee, is of such materiality as to render the transactions contempleted by this Agreement inadvisable or impracticable.

(f) There shall have been delivered to Buyer the resignations, to be effective immediately after the closing, of such officers and directors of Southwestern, Royal or any of their subsidiaries as Buyer shall have designated not less than 5 days prior to the Closing Date.

(g) There shall have been delivered to Buyer certificates of the Presidents and Treasurers of Southwestern and Royal, respectively, dated the date of closing, to the effect that no material adverse changes have occurred in the condition, financial or otherwise, of Southwestern or Royal, viewed as a whole, subsequent to October 31, 1973.

8. Conditions to Sellers' Obligation to Close. The obligation of the Sellers to sell the shares of common stock of Southwestern and Royal to Buyer hereunder is subject to the fulfillment, at or prior to the Closing Date, of each of the following conditions:

(a) The representations and warranties of Buyer and Kerr-McGee contained in Appendix F and Appendix G, respectively, shall (except as affected by transactions permitted by this Agreement) be true in all material respects as of the Closing Date; Buyer and Kerr-McGee shall each have performed and complied with all terms and conditions required by this Agreement to be performed or complied with by it on or prior to the Closing Date; and the Sellers shall have received a certificate with respect to such representations and warranties and compliance with such terms and conditions duly executed by or on behalf of Buyer and Kerr-McGee.

(b) The Sellers shall have received the opinion, dated the Closing Date, of William E. Heimann, Esq. counsel to Buyer and Kerr-McGee, to the effect that:

(i) Buyer and Kerr-McGee each is duly organized, validly existing and in good standing under the laws of the State of Delaware and has power to own all its properties and assets and to carry on its business.

(ii) This Agreement has been duly authorized, executed and delivered by or on behalf of Kerr-McGee and Buyer and is valid and binding upon Kerr-McGee and Buyer in accordance with its terms; the Notes, the guarantees of the Notes and the Security Agreement have been duly authorized and, upon execution and delivery of the Notes, the guarantees of the Notes and the Security Agreement against delivery of the shares of common stock of Southwestern and Royal in accordance with the terms of this Agreement, the Notes will be valid and binding upon Buyer and the guarantees of the Notes and the Security

Agreement will be valid and binding upon Kerr-McGee in accordance with their terms.

Such opinion shall also contain a statement that except as disclosed to the Sellers in any schedule or document delivered to the Sellers on or prior to the Closing Date such counsel knows of no suit or proceeding pending or threatened against Buyer or Kerr-McGee where the amount involved, exclusive of interest and costs, is in excess of 10 percent of the current assets of Kerr-McGee and its subsidiaries on a consolidated basis. In rendering such opinion counsel may rely on opinions of other counsel and as to matters of fact upon certificates of any officer of Buyer or Kerr-McGee provided the fact of such reliance is specified in the opinion and the certificates and opinions of other counsel are attached to the opinion.

(c) All legal matters relating to the consummation of the transactions contemplated hereby shall have been completed to the satisfaction of counsel for the Representatives of the Sellers in all material respects.

(d) No Federal, state or local governmental authority or other person shall have instituted or threatened to institute any litigation or proceedings against Buyer, Kerr-McGee, Southwestern, Royal or any of the Sellers challenging the legality or validity of the transactions provided for herein which, in the judgment of the Sellers, is of such materiality as to render the transactions contemplated by this Agreement inadvisable or impracticable.

9. Guarantee by Kerr-McGee. Subject to consummation of the transactions contemplated by this Agreement, Kerr-McGee agrees to guarantee the Notes at the closing by executing the guarantees in the form contained in Appendix B.

10. Effect of Termination; Right to Proceed. In the event that this Agreement shall be terminated because of the failure to satisfy any of the conditions specified in Sections 7 or 8, all further obligations of Buyer, Kerr-McGee and of the Sellers under

this Agreement shall terminate without any further liability except for the obligation of Kerr-McGee under Section 6(a) hereof. Nevertheless, anything in this Agreement to the contrary notwithstanding, if any of the conditions specified in Section 7 hereof have not been satisfied, Buyer shall have the right to waive any such condition and to proceed with the transactions contemplated hereby and, if any of the conditions specified in Section 8 hereof have not been satisfied, the Sellers shall have the right to waive any such condition and to proceed with the transactions contemplated hereby.

11. Loss or Damage to Properties. If prior to the closing the properties of Southwestern or Royal or a substantial part thereof are destroyed or damaged by fire, explosion, storm, natural disaster or other cause, Buyer may terminate this Agreement and all obligations and rights of the parties hereunder without liability on Buyer's or Kerr-McGee's part by written notice if in Buyer's sole judgment such destruction or damage materially reduces the value of the properties to Buyer or the restoring or replacing of the destroyed or damaged properties would require an extended period of time; or Buyer may at its option elect, in lieu of terminating the Agreement, to proceed with the purchase. Sellers agree to cause Southwestern and Royal to continue in full force and effect all insurance coverage (including adequate workmen's compensation, general and automobile liability and property damage insurance) now maintained by each with respect to its properties and the operation thereof.

12. Survival of Representations and Warranties; Limitation on Liability. The representations and warranties of the parties included or provided for herein shall survive the Closing, except that no claim for any breach of a representation or warranty shall be made after the third anniversary of the day of closing.

The liability of each Seller with respect to the representations and warranties contained in this Agreement and in Appendix E or in any certificate or document delivered pursuant hereto as to any matter referred to in such Agreement or Appendix E shall be limited as follows:

(a) The Sellers shall have no liability (i) for the first $200,000 aggregate amount of actual net loss or damage incurred by Buyer as a result of the breach of such representations and warranties, or (ii) for any matter the existence of which constitutes a condition precedent to Buyer's obligation to close but which is waived in writing by Buyer on or prior to the Closing Date, or (iii) for any claim paid without first offering Sellers the opportunity at Sellers' expense to contest the validity thereof or (iv) for any liabilities attributable to adjustments required by the Economic Stabilization Act or similar governmental laws, rules and regulations affecting prices.

(b) Any liability in excess of such $200,000 shall be limited as to any Seller to that proportion which the total consideration to be received by him hereunder bears to the total consideration to be received by all the Sellers. Any such liability shall be dischargeable first out of any unpaid installments of the Notes then outstanding in inverse order of maturity of such installments.

(c) In the event that Buyer considers that the Sellers have become liable to Buyer pursuant to this Agreement, Buyer shall notify Sellers of the amount thereof and the reasons therefor and of its intention to reduce the principal amount of each Note by a pro rata portion of such amount. Such action shall be binding on all Sellers unless within sixty days after such notice, Sellers' Representatives notify Buyer that Sellers dispute such liability or a portion thereof. In such event, the dispute shall be resolved by negotiation, arbitration or judiciary proceedings between Buyer and the Sellers' Representatives and the resolution thereof shall be binding on Buyer, Kerr-McGee and all Sellers. Buyer shall not be required to make any payment on the Notes which will reduce the remaining principal amount below the amount in dispute until such dispute is resolved and Sellers shall be liable to Buyer for any amount in excess of the remaining principal balance due on the Notes.

13. Appointment of Representatives: Amendments, Waivers and Termination Rights. By his execution hereof each Seller irrevocably appoints S. S. Seltzer, Jr. or the President or any Vice President of La Compagnie de Charlevoix Limitee (as indicated opposite his signature hereto) as his agent and attorney-in-fact ("Representative") for the purposes of this Agreement. Such Representative is hereby authorized, on behalf of such Seller, to do each and every act and exercise any act which such Seller is permitted or required to do under this Agreement, including, without limitation, the execution and delivery of the certificate of each Seller required by Section 7(a), the waiving any condition to closing which such Seller is entitled to have fulfilled or waiving any other rights or exercising any election granted to such Seller hereby or making any amendment or modification in the terms hereof.

14. Brokerage. The parties hereto agree that no third person has in any way brought the parties together or been instrumental in the making of this Agreement. Accordingly, each party agrees to indemnify and hold the other parties harmless from any claim by any third person for any commission, brokerage or finder's fee which, by reason of any action or agreement taken or made by it, may be payable in connection with this transaction.

15. Miscellaneous.

(a) This Agreement shall be construed under and in accordance with the laws of the State of Texas.

(b) Any notices or other communications required or permitted hereunder shall be sufficiently given if sent by registered mail or certified mail postage prepaid, if to Buyer or Kerr-McGee, addressed as follows:

Kerr-McGee Corporation
Kerr-McGee Center
Post Office Box 25861
Oklahoma City, Oklahoma 73125

Attn: Mr. D. A. McGee
Chairman of the Board

and if to the Sellers, addressed to each respective Seller at the respective addresses of each shown on Appendix A hereto, or such other address as shall be furnished in writing by any party named above, and any such notice or communication shall be deemed to have been given as of the date so mailed.

(c) This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Nothing in this Agreement, express or implied, is intended to confer upon any party, other than the parties hereto and their respective heirs, legal representatives, successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

(d) This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to Buyer. To the extent that this Agreement has been executed by a trustee, executor, or other fiduciary and such capacity is noted by his signature hereto, this Agreement has been executed by such fiduciary only in his representative capacity as such and such fiduciary shall never have any individual or personal liability hereunder.

(e) This Agreement embodies the entire agreement and understanding between the Sellers and Kerr-McGee and Buyer and supersedes all prior agreements and understandings relating to the subject matter hereof

IN WITNESS WHEREOF, Kerr-McGee and Buyer have each caused this Agreement to be executed on its behalf by its officer thereunto duly authorized and each of the Sellers has executed this Agreement or has caused the same to be executed on its behalf, all as of the day and year first above written.

KERR-McGEE CORPORATION

Executed on January 31, 1974 by Kerr-McGee and Buyer and by the undersigned Seller on JANUARY 30, 1974.

By ____________________
Chairman of the Board

SOUTHWESTERN OIL & REFINING COMPANY (Buyer)

By ____________________
President

Agent designated pursuant
to Section 11 (Check One)

S.S.Seltzer, Jr.	President or any Vice President of La Compagnie de Charlevoix Limitee	Sellers:
		Mrs. Betty Dobel
✓		Hayden W. Head
		Hayden W. Head, Trustee Under Sally Lee Seltzer Trust
✓		Hayden W. Head
		Hayden W. Head, Trustee Under Susan Dunn Seltzer Trust
		Alexia Hogan
✓		Sally Lee Seltzer King
		Sally Lee Seltzer King
		La Compagnie de Charlevoix Limitee
		By ________ Title
		Mrs. Louise Simard Massicotte
		Virginia S. Nelson
		Virginia S. Nelson, Custodian for Shermane Sarah Nelson, A Minor, Under Article 8A Personal Property Law of New York
		Mrs. Claire Simard Odermatt
		John S. Pritchard
		Roytor & Co.
		By ________ A Partner
✓		Frances Lee Seltzer
		Frances Lee Seltzer
✓		S. S. Seltzer, Jr.
		S. S. Seltzer, Jr.
		Arthur Simard
		Jean Simard

Agent designated pursuant t Section 11 (Check One)

S.S.Seltzer, Jr.	President or any Vice President of La Compagnie de Charlevoix Limitee
______________	______________
______________	______________

Sellers:

Trust General du Canada for Estate of Joseph Simard

By______________________
Title:

Trust General du Canada

By______________________
Title

Names and Addresses of Sellers	Shares of South-western	Shares of Royal	Consideration to be received	
			Cash	Notes
Mrs. Betty Dobell c/o Montreal Trust Co. P. O. Box 1900 Station B Montreal, P.Q., Ca. 110	1,400	1,400	$102,851.53	$251,808.93
Hayden W. Head, Trustee Under Sally Lee Seltzer Trust 707 Wilson Tower Corpus Christi, Texas 78401	1,360	1,360	99,912.92	244,614.39
Hayden W. Head, Trustee Under Susan Dunn Seltzer Trust 707 Wilson Tower Corpus Christi, Texas 78401	2,182	2,182	160,301.46	392,462.20
Alexia Hogan 6[illegible] Sutton Place South New York, New York	800	800	58,772.30	14[illegible],890.82
Sally Lee Seltzer King 4813 Woolridge Road Corpus Christi, Texas 78413	422	422	31,002.39	75,902.41
La Compagnie de Charlevoix Limitee c/o Trust General Du Canada 909 Dorchester Blvd., W. Montreal, P.Q., Ca. 113 Attn: Mr. J.A. St. Aubin	162,528	162,528	11,940,181.45	29,232,858.02
Mrs. Louise Simard Massicotte c/o Trust General Du Canada 909 Dorchester Blvd., W. Montreal, P.Q., Ca. 113 Attn: Mr. J.A. St. Aubin	1,000	1,000	73,465.38	179,863.52
Virginia S. Nelson 5 Colonial Avenue Larchmont, N.Y. 10538	27,990	27,990	2,056,296.01	5,034,379.90
Virginia S. Nelson, Custodian for Shermane Sarah Nelson, A Minor, Under Article 8A Personal Property Law of New York 5 Colonial Avenue Larchmont, N.Y. 10538	300	300	22,039.61	53,959.06
Mrs. Claire Simard Odermatt c/o Trust General Du Canada 909 Dorchester Blvd., W. Montreal, P.Q., Ca. 113 Attn: Mr. J.A. St. Aubin	1,000	1,000	73,465.38	179,863.52

ıes and Addresses of Sellers	Shares of South-western	Shares of Royal	Consideration to be received	
			Cash	Notes
John S. Pritchard 1304 Cleaver Dr. Oakville, Ontario, Ca.	1,400	1,400	$102,851.53	$251,808.93
Roytor & Co. c/o The Royal Bank of Canada 20 King Street West Toronto 1, Ontario, Ca. Attn: S.K. 4401	20,200	20,200	1,484,000.70	3,633,243.08
Frances Lee Seltzer c/o S. S. Seltzer, Jr. Southwestern Oil & Ref. Co. P. O. Box 9217 Corpus Christi, Texas 78408	300	300	22,039.61	53,959.06
S. S. Seltzer, Jr. So"thwestern Oil & Ref. P. O. Box 9217 Corpus Christi, Texas 78408	54,091	54,091	3,973,815.92	9,728,997.61
Arthur Simard c/o Trust General Du Canada 909 Dorchester Blvd., W. Montreal, P.Q., Ca. 113 Attn: Mr. J.A. St.Aubin	1,000	1,000	73,465.38	179,863.52
Jean Simard c/o Trust General Du Canada 909 Dorchester Blvd., W. Montreal, P.Q., Ca. 113 Attn: Mr. J.A. St. Aubin	1,000	1,000	73,465.38	179,863.52
Estate of Joseph Simard c/o Trust General Du Canada 909 Dorchester Blvd., W. Montreal, P.Q., Ca. 113 Attn: Mr. J. A. St. Aubin	1,300	1,300	95,505.00	233,822.57
Trust General du Canada 909 Dorchester Blvd., W. Montreal, P.Q., Ca. 113 Attn: Mr. J.A. St.Aubin	37,522	37,522	2,756,568.05	6,748,838.94
	315,795	315,795	$23,200,000	$56,800,000

SOUTHWESTERN OIL & REFINING COMPANY

Secured Promissory Note

$____________ ______________, 1974

FOR VALUE RECEIVED, Southwestern Oil & Refining Company, a Delaware corporation (hereinafter called the "Company") hereby promises to pay to the order of ____________________ (hereinafter called the "Payee") at the office of Fidelity Bank, N.A. in Oklahoma City, Oklahoma the principal amount of ____________________ Dollars ($) payable in installments on the dates hereinbelow provided, in lawful money of the United States of America as at the time shall be legal tender for the payment of public and private debts, and to pay interest on the unpaid portion of said principal sum from January 1, 1974 at the rate of seven percent (7%) per annum, in like lawful money, such interest to be payable semiannually with the first such payment being due on ______________, 1974 and succeeding payments of interest being due on ______________ and ______________ * each year. Any installment of principal or any interest payment not paid when due and payable shall bear interest at the rate of ten percent (10%) per annum until paid, provided, however that in no event shall such rate of interest be more than the maximum allowed by law.

This Note is issued in part payment for the purchase price for shares of stock of Southwestern Oil & Refining Company, a Texas corporation (hereinafter called "Southwestern") and shares of stock of Royal Pétroleum Corporation, a New York corporation (hereinafter called "Royal"), pursuant to an Agreement made as of January 1, 1974 between the Company and the stockholders of said corporations, to which Agreement reference is hereby made for a statement of the terms and conditions under which this Note is issued, and the obligation of the Company to pay this Note is hereby expressly made subject to any rights which the Company may have arising out of any untrue representation or breach of warranties or covenants under said Agreement, and in particular the principal of this Note may be reduced pursuant to said Agreement.

The Company covenants and agrees that it will pay the principal amount of this Note to the Payee in five equal annual installments on the day after each anniversary hereof as set forth below:

____________, 1975	$____________
____________, 1976	$____________
____________, 1977	$____________
____________, 1978	$____________
____________, 1979	$____________

* The dates will be six months and twelve months after the date of closing.

If any installment of principal or payment of interest shall become due on a Saturday, Sunday or legal holiday under the laws of Oklahoma, such payment shall be made on the next succeeding business day in the manner hereinbefore provided.

The Company, at its election, subject to the giving of notice as provided below, may at any time on or prior to the day after the first anniversary hereof prepay this Note in whole and at any time after such date prepay this Note in whole or in part, without premium or penalty, upon the payment to the Payee of the principal amount thereof being prepaid, together with accrued interest thereon to the date fixed for prepayment. All prepayments shall be applied to the unpaid installments of principal in the inverse order of their normal maturity.

In the case of each prepayment of this Note or any part thereof, notice thereof shall be given to Payee by registered or certified mail not less than fifteen nor more than thirty days prior to the date fixed for such prepayment. Such notice shall be mailed to the Payee at his most recent address filed with the Company for such purpose (or, if no address has been so filed, at the most recent address known to the Company). Each such notice shall specify the aggregate principal amount of this Note to be prepaid and the date fixed for prepayment. Upon notice of any prepayment being given as aforesaid, there shall become due and payable, on the date specified in such notice, the principal amount of this Note designated for prepayment with the interest accrued on such principal amount to the date fixed for prepayment. Upon the due prepayment in part of this Note the holder shall present the Note to Fidelity Bank, N.A. for notation hereon of the payment of the portion of the principal of the Note so prepaid and the Note shall thereupon be returned to or on the order of the holder hereof.

This Note is entitled to the benefits of a Security Agreement dated as of the date hereof by and between Kerr-McGee Corporation and Fidelity Bank, N.A. as Escrow Agent for the former shareholders of Southwestern and Royal, securing the guarantee below including the security arrangements referred to therein.

If the Company shall default in the payment of the principal of or interest on the Note and any such default shall continue for a period of ten (10) calendar days, or if there shall occur an Event of Default as described in the Security Agreement, the unpaid principal amount of this Note and all interest accrued thereon may be declared due and payable in the manner and with the effect provided in the Security Agreement.

SOUTHWESTERN OIL & REFINING COMPANY

By ______________________________
Chairman of the Board

GUARANTY

FOR VALUE RECEIVED, the undersigned, Kerr-McGee Corporation, a Delaware corporation, hereby unconditionally guarantees to each holder of the foregoing Note the due and prompt payment of all sums becoming due and payable on said Note, whether as principal or interest, as the same shall become due and payable whether by maturity, declaration, demand or otherwise, together with all lawful charges and expenses of enforcing or obtaining, or endeavoring to enforce and obtain, payment thereof in the event of default.

The undersigned hereby waives any and all presentment, notice of demand, notice of dishonor or non-payment, protest or notice of protest, and all other notices and demands, and agrees that, in the event any sum is not promptly paid in full when due in accordance with the provisions of said Note, it will pay such sum forthwith and that it shall not be a condition to the recovery of any such sum from it that any claim first be made against the maker or that any other remedy first be exhausted. The undersigned agrees that its liability as guarantor shall in nowise be impaired or affected by any renewal or extension which may be made, with or without its knowledge or consent, of the time of payment of said Note, or by any forbearance or delay in enforcing payment thereof, or by any modification of the terms, tenor or provisions of said Note.

The obligations of the undersigned hereunder shall not be affected by the bankruptcy, insolvency or reorganization of the maker.

This guaranty shall be binding upon the undersigned, its successors and assigns.

IN WITNESS WHEREOF, Kerr-McGee Corporation has caused these presents to be signed in its name and behalf by its Chairman of the Board thereunto duly authorized and its seal to be affixed hereto as of ______________________, 1974.

KERR-McGEE CORPORATION

By______________________________
Chairman of the Board

SECURITY AGREEMENT

AGREEMENT made February __, 1974 between KERR-McGEE CORPORATION, a Delaware corporation, ("Kerr-McGee"), and FIDELITY BANK, N.A., a National Banking Association in Oklahoma City, Oklahoma, ("Fidelity").

WHEREAS, Southwestern Oil & Refining Company ("New Southwestern"), a Delaware corporation, all of the stock of which is owned by Kerr-McGee, is simultaneously herewith purchasing (i) all the stock of Southwestern Oil & Refining Company ("Old Southwestern") a Texas corporation, and (ii) all of the stock of Royal Petroleum Corporation ("Royal"), a New York corporation, and paying for the stock of Old Southwestern and Royal the sum of $80,000,000, of which 29% is being paid in cash and the remainder by promissory notes of New Southwestern of even date herewith payable in installments (the "Notes"); and

WHEREAS, Kerr-McGee is guaranteeing the payment of the principal of and the interest on the Notes being delivered by New Southwestern, and

WHEREAS, Kerr-McGee is to pledge the stock of New Southwestern as security for payment and performance of the guarantee of said Notes of New Southwestern;

IT IS, THEREFORE, AGREED:

1. Pledge. Kerr-McGee hereby grants a security interest to Fidelity, in trust for the holders of the Notes to secure payment and performance of the guarantee of the Notes by Kerr-McGee, in 710 shares of capital stock of New Southwestern, being 71% of the capital stock thereof, represented by Certificates Nos. 2 - 6 inclusive, duly endorsed in blank or with stock powers attached and herewith delivered to Fidelity as Pledgee.

Fidelity shall hold said certificates as escrow agent for the equal pro rata security of the several holders of the Notes in accordance with their terms. If New Southwestern or Kerr-McGee shall pay or cause to be paid to the holders of said Notes the principal and interest due thereon, then this pledge shall terminate and the shares of stock hereby pledged shall be returned to Kerr-McGee. If New Southwestern or Kerr-McGee shall pay or prepay or cause to be paid or prepaid to the holders of said Notes any portion of the principal amount of said Notes, then the interest hereby granted in such proportion of the shares originally hereby pledged as the amount so paid shall bear to the original principal amount, calculated in the case of a fractional interest to the nearest lesser whole number of shares, shall terminate and said proportionate number of the said shares hereby pledged shall be returned to Kerr-McGee. If necessary to permit the appropriate number of shares to be returned, the certificates pledged shall be returned to the issuer and Kerr-McGee shall cause new certificates to be issued and shall duly endorse them in blank or attach stock powers and deliver them to Fidelity as Pledgee.

2. Dividends. So long as no Event of Default shall have occurred and be continuing, all dividends declared on the shares hereby pledged shall be paid to Kerr-McGee.

3. Voting Rights. So long as no Event of Default shall have occurred and be continuing, Kerr-McGee shall have the right to vote the pledged shares and Fidelity shall execute due and timely proxies in favor of Kerr-McGee to this end.

4. Adjustments. In the event that any stock dividend, reclassification, readjustment or other change is declared or made in the capital structure of New Southwestern, any substituted and additional shares, or other securities, issued with respect to pledged shares shall be held by Fidelity under the terms of this agreement in the same manner as the pledged shares.

5. Covenants. During the term of this pledge Kerr-McGee will not permit New Southwestern or a successor to sell the refinery in Corpus Christi, Texas heretofore owned by Old Southwestern.

6. Events of Default. If any of the following events shall occur and be continuing for any reason whatever: if New Southwestern defaults in the payment of any part of the principal of any Note for more than ten days after the date due; or if New Southwestern defaults in the payment of any interest on any Note for more than

ten days after the date due; or if New Southwestern shall sell the aforesaid refinery; then the holder or holders of two-thirds of the principal amount of the Notes outstanding may, at its or their option, by ten days' notice in writing to New Southwestern and Fidelity, declare all of the Notes to be, and all of the Notes shall thereupon be and become, forthwith due and payable, together with interest accrued thereon. Thereupon, and also if all unpaid principal and interest shall not be paid upon final maturity of the Notes, Fidelity, as Pledgee, shall have the rights and remedies provided in the Uniform Commercial Code in force in the State of Oklahoma at the date of this agreement and in this connection Fidelity upon 20 days' notice to Kerr-McGee sent by registered mail to Kerr-McGee Corporation, Kerr-McGee Center, Oklahoma City, Oklahoma, to the attention of Mr. D. A. McGee, Chairman of the Board, and without liability for any diminution in price which may have occurred, may (unless Kerr-McGee shall prior to the expiration of such 20 days pay such indebtedness) sell all the pledged shares then held by it in such manner and for such price as it may determine. At any public sale Fidelity shall be free to purchase, as trustee, all or any part of the pledged shares. Out of the proceeds of any sale Fidelity shall retain an amount equal to the principal and interest then due on the Notes and the amount of the expenses of the sale, and shall pay any balance of any such proceeds to Kerr-McGee. The proceeds retained by Fidelity, after deducting the said amount of the expenses of the sale, shall be distributed by it as trustee pro rata to the holders of the Notes, upon surrender thereof. In the event that the proceeds of any sale are insufficient to cover the unpaid principal and interest of the Notes plus expenses of the sale, New Southwestern and Kerr-McGee shall remain liable to the holders of the Notes for any deficiency.

7. Exculpation of Fidelity. Fidelity, its successor or successors, shall not be in any way or manner liable or responsible by reason of permitting or suffering Kerr-McGee to exercise the rights reserved to it in regard to the shares pledged hereunder; and shall not incur any responsibility or liability whatsoever, except for wilful or intentional neglect and shall not

at any time be required to undertake any proceedings at law or in equity or otherwise for the protection of the Note holders except as provided in the case of an Event of Default.

8. Payment of Fidelity. Kerr-McGee shall pay the reasonable charges of Fidelity and such reasonable expenses as may be incurred by it in the administration of the provisions of this agreement.

9. Successors and Assigns. This agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Agreement.

KERR-McGEE CORPORATION, Pledgor

By ______________________________
Chairman of the Board

FIDELITY BANK, N.A., Pledgee, As Escrow Agent For The Benefit Of The Holders Of Notes of Southwestern Oil & Refining Company.

By ______________________________
Vice President

LETTER OF TRANSMITTAL OF SHARES OF COMMON STOCK
OF
SOUTHWESTERN OIL & REFINING COMPANY
AND
ROYAL PETROLEUM CORPORATION

The Trust Department
Fidelity Bank, N.A., as
Depository Bank
Oklahoma City, Oklahoma 73102

Dear Sirs:

Pursuant to an agreement between the undersigned, Kerr-McGee Corporation ("Kerr-McGee") and Southwestern Oil & Refining Company, a Delaware corporation (the "Subsidiary") made as of January 1, 1974 (the "Agreement"), the undersigned, as registered owner of the number of shares of Common Stock of Southwestern Oil & Refining Company, a Texas corporation ("Southwestern"), and Royal Petroleum Corporation ("Royal") set forth below, hereby transmits to Fidelity Bank, N.A. (the "Depository Bank") for deposit certificates representing such shares of Common Stock, such certificates to be held by the Depository Bank subject to the terms and conditions of the Agreement and this letter. The undersigned hereby directs the Depository Bank to deliver such certificates on the Closing Date specified in the Agreement in exchange for delivery by the Subsidiary to the Depository Bank of (i) certified or bank cashier's check and note guaranteed by Kerr-McGee and (ii) the Security Agreement duly executed by Kerr-McGee, all as called for by the Agreement.

The undersigned has enclosed certificates for the shares of Common Stock owned by him duly endorsed in blank or accompanied by stock transfer powers duly executed in blank by him or on his behalf and in either case with signatures duly witnessed and guaranteed per the Instructions to this letter.

The undersigned represents that no stock transfer taxes are due upon the transfer of his shares, or that if any are due, he is enclosing his check in the amount thereof.

LETTER OF TRANSMITTAL OF SHARES OF COMMON STOCK
OF
SOUTHWESTERN OIL & REFINING COMPANY
AND
ROYAL PETROLEUM CORPORATION

The Trust Department
Fidelity Bank, N.A., as
Depository Bank
Oklahoma City, Oklahoma 73102

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The undersigned has enclosed certificates for the shares of Common Stock owned by him duly endorsed in blank or accompanied by stock transfer powers duly executed in blank by him or on his behalf and in either case with signatures duly witnessed and guaranteed per the Instructions to this letter.

The undersigned represents that no stock transfer taxes are due upon the transfer of his shares, or that if any are due, he is enclosing his check in the amount thereof.

All authority herein conferred or agreed to be conferred shall survive the death or incapacity of the undersigned, and all obligations of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors or assigns of the undersigned.

Company	Certificate Number(s)	Number of Shares

DATE AND SIGN HERE

_______________________, 1974
(Please date)

____
Signature(s) Owner(s)

Must be signed by registered holder(s) exactly as name(s) appears in Certificate(s)

Name _______________________
(Please Print)
Address _______________________

____
(zip code) __________

____
(area code) (telephone number)

Signature(s) Guaranteed By:

____

INSTRUCTIONS

1. Fill in the information describing the certificate(s) for your shares of Common Stock in the body of this Letter of Transmittal and enclose the certificate(s) for your shares. Your signature on the endorsement or the stock power must be guaranteed by a commercial bank or trust company having an office or correspondent in New York City, The Royal Bank of Canada, a member of a registered national securities exchange or the National Association of Securities Dealers, Inc. ("NASD") and have appropriate evidence of the authority of any officer or agent endorsing any such certificate(s) or executing any such stock transfer power on behalf of the registered owner.

2. This Letter of Transmittal or a facsimile thereof must be signed and dated by the registered holder of the shares of Common Stock tendered.

3. The amount of any stock transfer tax stamps, or funds to cover such stamps, must accompany this instrument.

4. In sending Certificates and the Letter of Transmittal to the Depository Bank, registered or certified mail, properly insured, is recommended since the risk of loss in transit is yours. The certificates and Letter of Transmittal may be mailed addressed as indicated in the Letter of Transmittal or delivered in person to the Depository Bank. An addressed envelope is enclosed for your use if you so desire.

Representations and Warranties of the Sellers

In addition to the representations and warranties contained in Section 4 of the Agreement, and except as otherwise disclosed by letter to Kerr-McGee prior to the date of execution of this Agreement by Kerr-McGee, each Seller severally represents and warrants as follows:

(1) The authorized capital stock of Southwestern consists of 500,000 shares of Common Stock ($2.50 par value) of which 315,795 shares are outstanding and the authorized capital stock of Royal consists of 560,000 shares of Common Stock (62 1/2¢ par value) of which 315,795 shares are outstanding. All such outstanding shares are validly issued, fully paid and nonassessable. There are no outstanding obligations, options or rights issued by either Southwestern or Royal entitling others to acquire, or any outstanding securities or other instruments issued by either Southwestern or Royal convertible into, shares of capital stock of any class of either Southwestern or Royal.

(2) Southwestern and Royal are duly organized, validly existing and in good standing under the laws of the State of Texas and the State of New York, respectively, with requisite corporate power to own their properties and assets and to carry on their respective businesses as now conducted. Royal is duly qualified to do business and is in good standing in the State of New Jersey. Neither the operations or properties of Southwestern or Royal are such as to require the qualification of either in any other state. The execution and delivery of this Agreement do not, and the consummation of the transactions contemplated hereby will not, violate any provisions of the articles of incorporation or bylaws of either Southwestern or Royal, or any provision of, or result in the acceleration of any obligation under or result in the termination of, or require any consent under, any mortgage, lease, or agreement providing for indebtedness

for borrowed money, or any of the contracts referred to in paragraph 10 of this Appendix, to which Southwestern or Royal is a party.

(3) The balance sheets of Southwestern as of December 31, 1971 and 1972 and the related statements of operations and surplus of Southwestern for the years then ended, certified by William A. Southerland, certified public accountant, and the unaudited balance sheet as of October 31, 1973 and related statement of earnings for the period then ended, and the balance sheets of Royal as of December 31, 1971 and 1972 and the related statements of income and retained earnings for the years then ended, certified by N. Tannenbaum & Co., certified public accountants, and the unaudited balance sheets as of October 31, 1973 and related statements of earnings of the period then ended, copies of which have been furnished to Kerr-McGee, including the notes to the balance sheets of October 31, 1973 delivered to Buyer prior to the execution of this Agreement by Buyer, present, and the balance sheets and statements of income and retained earnings to be prepared pursuant to Section 6(b) of the Agreement will present, fairly and completely the respective financial positions of Southwestern and Royal as of such dates and the results of their respective operations for the periods then ended, in conformity with generally accepted accounting principles consistently applied.

(4) Southwestern and Royal each has good and merchantable title to, and each owns free and clear of any liens or encumbrances, or has a valid leasehold interest in, all real and personal property owned or leased by it, including all real or personal property shown on its balance sheet as of October 31, 1973 referred to in paragraph 3 above or in its balance sheet as of December 31, 1973 referred to in Section 6(b) of the Agreement except (i) current assets and other personal property disposed of since October 31, 1973 in the ordinary course of business or with the written consent of Kerr-McGee, (ii) liens referred to in such balance sheet of October 31, 1973 or in the notes relating thereto, (iii)

a mortgage with the First National Bank of Chicago on Southwestern's refinery on account of construction advances in an amount that will not exceed $7,000,000, (iv) statutory liens not yet delinquent, and (v) easements, minor defects and irregularities in the title to any property which do not materially impair the use of such property for the purposes for which it is held by such company. The amount of accounts receivable of Southwestern and Royal, net of reserves, as shown on such balance sheets are or will be collectible at such amount and all such accounts receivable were incurred in the ordinary course of business. The facilities of neither Southwestern nor Royal encroach on the property of others. The condition of the properties of Southwestern and Royal at the time of closing will be the same as their present condition, normal wear and tear resulting from regular and proper operation thereof alone excepted. The facilities and operations of Southwestern and Royal conform with and are not in violation of any building, zoning, antipollution or other applicable law, ordinance, rule or regulation. No complaints are pending or threatened with respect to the employment practices of Southwestern and Royal under the Civil Rights Act of 1964, as amended, applicable state laws and all applicable regulations.

(5) Since October 31, 1973 there has not been

(i) any material adverse change in the condition, financial or otherwise, of Southwestern and Royal viewed as a whole;

(ii) any damage, destruction or loss (whether or not covered by insurance) materially and adversely affecting the business or properties of Southwestern or Royal viewed as a whole;

(iii) any indebtedness for borrowed money incurred by either company except short-term borrowings in the ordinary course of business, not in excess of $16,000,000 principal amount at any one time outstanding since October 31, 1973 in the case of Southwestern, all of which has been repaid, and $6,500,000 principal amount at any one time outstanding since October 31, 1973 in the case of Royal, not more than $4,700,000 of which was outstanding on the date hereof, and not more than $7,000,000 principal amount outstanding since October 31, 1973 in the case of Southwestern on account of refinery construction advances; and inter-company advances in the ordinary course of business.

(6) Sellers severally represent, warrant and covenant that during the period October 31, 1973 until closing, unless Buyer shall otherwise consent thereto in writing, there has not been and will not be:

(i) any acquisition of any shares of capital stock of Southwestern or Royal or any declaration, setting aside or payment of any dividend or other distribution in respect of the capital stock of either Southwestern or Royal (except for payment of dividends in the year ended December 31, 1973, at the rate of $2.25 per share per annum in the case of Southwestern and $0.75 per share per annum in the case of Royal);

(ii) any amendment in the certificate of incorporation or by-laws of either Southwestern or Royal;

(iii) any change in the authorized or issued corporate shares of either Southwestern or Royal nor any option granted to purchase any of such shares or any sale or other disposition of shares held in treasury;

(iv) any increase since December 31, 1973 in the compensation payable or to become payable by Southwestern or Royal to any of its officers, employees or agents whose annual rate of compensation as of December 31, 1973 was in excess of $20,000;

(v) any term employment contract, stock option agreement, or bonus payment or arrangement;

(vi) any transaction entered into by Southwestern or Royal other than in the ordinary course of business.

(7) Southwestern and Royal have filed all tax returns which are required to be filed, all such returns are correct and Southwestern and Royal have paid all taxes (including, if applicable, penalties and interest) due from either. Adequate provision has been made for Federal income taxes for the year 1973. Audit by the Internal Revenue Service of all years prior to 1969 has been completed and no additional assessment will be made. Audit has not been completed by the Internal Revenue Service of Southwestern's separate returns for the periods January 1, 1969 - February 19, 1970, and February 26 - December 31, 1971, and of Royal's separate returns for the period January 1, 1969 - February 19, 1970, and February 26 - December 31, 1971, and of Southwestern's and Royal's consolidated returns with Penn Central Company for the periods February 20 - December 31, 1970, and January 1 - February 25, 1971. Any increase in the income tax liability of Southwestern or Royal for any period shall not be considered a breach of the representations or warranties made by Sellers to the extent that such increase is attributable to a determination that (a) a cost which was treated as an expense should have been capitalized, or if capitalized, was depreciated too rapidly; (b) any portion of the contribution to the Company's pension and profit sharing plan is not deductible in the period paid if such portion is allowed as a carryover deduction to another period; (c) an item of income or deduction which was reported in one period should have been reported in another period; or (d) an item of income or deduction of Southwestern or Royal should have been allocated in whole or in part to the other.

(8) Neither Southwestern nor Royal have any subsidiaries except Royal Southwestern Chemical Co., a wholly-owned Texas subsidiary of Southwestern, and Royal-Southwestern Corporation, a wholly-owned New York subsidiary of Royal. Neither of such subsidiaries is currently carrying on any business and neither has assets in excess of $9,000 or liabilities to any persons or companies other than Southwestern or Royal.

(9) Except as disclosed to Kerr-McGee by letter of even date herewith from Counsel for Southwestern and Royal, there are no material suits or proceedings pending or, to the knowledge of such Counsel, threatened against or affecting either Southwestern or Royal, or the properties or business of either Southwestern or Royal, and neither Southwestern nor Royal is charged with or, to the knowledge of such Counsel, threatened with a charge or violation, or under investigation with respect to a possible violation, of any provision of any Federal, state or local law or administrative ruling or regulation relating to any material aspect of its business, including without limitation any infringement by either Southwestern or Royal on the rights of others under any patents, trademarks, copyrights, processes or formulae.

(10) Neither Southwestern nor Royal is in default in any material respect under the contracts listed in this Section 10 or Appendix I or under any other significant contract to which it is a party.

(i) Southwestern's crude oil and gas purchase contracts, as follows; copies of which have been delivered to Kerr-McGee: Contract with Exxon Corporation or a subsidiary pursuant to which Southwestern is entitled to receive 27,000 barrels per day of crude oil to April 1, 1974; Contract with The Permian Corporation pursuant to which Southwestern is entitled to receive 15,000 barrels per day of crude oil through June 30, 1974; Contract with Exxon Corporation or a subsidiary pursuant to which Southwestern is entitled to receive 10,000,000 cubic feet of gas per day through 1973 and approximately 14,000,000 cubic feet of gas per day thereafter through June 30, 1976; Contracts with Tejas Gas Corp. and Lo-Vaca Gathering Company pursuant to which Southwestern is entitled to receive 25,000,000,000 cubic feet of gas during a term ending July 1, 1982.

(ii) Construction Contracts. Contracts for the design and construction of new facilities at Southwestern's refinery, copies of which have been delivered to Kerr-McGee. Construction is under way on a new crude unit and vacuum still, together with offsite equipment appurtenant thereto, and engineering design work, together with the ordering of certain equipment and fabrication of vessels (which equipment and vessels, on order as of December 31, 1973, and the purchase price thereof, are listed in Appendix H) contemplated by such contracts is in progress on hydrogen desulfurization units. The Sellers shall cause Southwestern to use its best efforts to cause construction to continue on the units currently under construction, and to cause engineering design to continue on the desulfurization units as expeditiously as possible. Without the prior written consent of Kerr-McGee, Sellers will not permit Southwestern to enter into any contracts, or any amendments to the existing contracts, which would materially change plant design or construction beyond the scope outlined.

(iii) Other Contracts. Attached hereto as Appendix I is a list of all material contracts to which Southwestern or Royal is presently a party which have (i) a term (not cancellable) extending beyond six months from the date of the Agreement or (ii) require expenditures by Southwestern or Royal of more than $100,000 or (iii) are not customary in the ordinary course of the business of Southwestern and Royal. A copy of each such contract shall be delivered to Kerr-McGee within 10 days of the execution of this Agreement.

(11) Copies of Southwestern's and Royal's certificate of incorporation, and all amendments thereof to date, and all of each corporation's by-laws as amended to date, which

have been delivered to Kerr-McGee, are complete and correct as of the date of this Agreement.

(12) Southwestern and Royal have each paid in full all real and personal property taxes which have heretofore become due and payable with respect to their respective properties.

(13) Except to the extent reflected or reserved against in their respective balance sheets of October 31, 1973 and subject to the provisions of Section 7, neither Southwestern, nor Royal, as of such date, had liabilities or obligations of any nature, whether accrued, absolute, contingent or otherwise.

(14) Without making any commitment on behalf of Buyer or Kerr-McGee, Sellers will use their best efforts to cause Southwestern and Royal to preserve its business organization intact, to keep available to Buyer and Kerr-McGee the services of its present officers and employees and to preserve for Buyer and Kerr-McGee the goodwill of its suppliers, customers and others having business relations with it.

(15) Royal Southwestern Chemical Co. and Royal-Southwestern Corporation will not carry on any business, hire any employee, incur any liability or enter into any contract.

Appendix F

Representations and Warranties of Buyer

Buyer represents and warrants that it is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with requisite corporate power to own its properties and assets and to carry on its business as now conducted. The execution and delivery of this Agreement do not, and the consummation of the transactions contemplated hereby will not, violate any provisions of the certificate of incorporation or by-laws of Buyer or any provision of, or result in the acceleration of any obligation under or result in the termination of, or require any consent under, any mortgage, lease, or agreement providing for indebtedness for borrowed money, or any other significant contract to which it is a party. Buyer has taken all action required by law, its certificate of incorporation, its by-laws or otherwise to authorize the execution and delivery of the Agreement and, subject to the execution and delivery of the Agreement by the Sellers, the Agreement constitutes a valid and binding obligation of Buyer in accordance with its terms. The Notes have been duly authorized and, when executed and delivered in accordance with the terms of the Agreement, will be duly executed and delivered and will constitute valid and binding obligations of Buyer in accordance with their terms.

Representations and Warranties of Kerr-McGee

Kerr-McGee represents and warrants as follows:

(1) Kerr-McGee is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with requisite corporate power to own its properties and assets and to carry on its business as now conducted. The execution and delivery of this Agreement do not, and the consummation of the transactions contemplated hereby will not, violate any provisions of the certificate of incorporation or by-laws of Kerr-McGee or any provision of, or result in the acceleration of any obligation under or result in the termination of, or require any consent under, any mortgage, lease, or agreement providing for indebtedness for borrowed money, or any other significant contract to which it is a party. Kerr-McGee has taken all action required by law, its certificate of incorporation, its by-laws or otherwise to authorize the execution and delivery of the Agreement and, subject to the execution and delivery of the Agreement by the Buyer and the Sellers, the Agreement constitutes a valid and binding obligation of Kerr-McGee in accordance with its terms. The Guarantees and the Security Agreement have been duly authorized and, when executed and delivered in accordance with the terms of the Agreement, will be duly executed and delivered and will constitute valid and binding obligations of Kerr-McGee in accordance with their terms.

(2) The balance sheet of Kerr-McGee and its consolidated subsidiaries as of December 31, 1971 and 1972 and the related statements of earnings for the years then ended, certified by Arthur Andersen & Co., and the unaudited statement of earnings for the nine month period ended September 30, 1973, copies of which have been furnished to Representatives of the Sellers, fairly present the consolidated financial positions of Kerr-McGee as of such dates and the results of its operations for the periods then ended, in conformity with generally accepted accounting principles consistently

applied. The unaudited balance sheet of Kerr-McGee and its consolidated subsidiaries as of December 31, 1973 and the related statement of earnings for the year then ended will be furnished to the Representatives of the Sellers prior to the closing.

(3) Since December 31, 1972 there has not been

(i) any material adverse change in the condition, financial or otherwise, of Kerr-McGee and its consolidated subsidiaries viewed as a whole; or

(ii) any damage, destruction or loss (whether or not covered by insurance) materially and adversely affecting the business or properties of Kerr-McGee and its consolidated subsidiaries viewed as a whole.

CONSTRUCTION AND ENGINEERING CONTRACTS
CONSTRUCTION, ENGINEERING AND EQUIPMENT COSTS

1. Cost commitments as of December 31, 1973.

2. Shell Scott Process Agreement dated November 23, 1973.

3. Chevron Research Company: Isomax Process Unit

   a. Letter of Agreement dated April 21, 1972.
   b. Isomax Process Secrecy Agreement, dated October 9, 1972.
   c. Process and Catalyst Guarantees, dated May 25, 1973.
   d. Agreement Relating to Isomax Process: License dated March 28, 1973.
   e. Agreement Relating to Process Design and Services, Isomax Process, dated March 28, 1973.
   f. Isomax Process Supplemental Agreement, dated March 28, 1973.

4. Ford, Bacon & Davis Texas, Inc. (Engineers), Berry Contracting (Construction): Sulfur Recovery Facilities

   a. Proposal dated June 13, 1973.
   b. Invoice dated November 1, 1973, and letter regarding payment schedule for Fixed Fee, dated October 31, 1973.
   c. Letter of Intent dated December 3, 1973.
   d. Cover Letter and Proposed Contract, dated January 24, 1974.

5. Williams Brothers Waste Control, Inc. (Engineers), Berry Contracting (Construction): Waste Treatment Facilities

   a. Acceptance of Proposal dated June 11, 1973.
   b. Milestone Payment Schedule and Master Project Schedule, dated November 6, 1973.
   c. Change Order No. 1, dated November 30, 1973.

6. Esso Research and Engineering Company: Petroleum Processes

   a. Cover Letter and executed copy of Confidentiality Agreement, dated September 20, 1972, and September 1, 1972.
   b. Confirmation of verbal agreement, dated January 10, 1973.
   c. Kerosene Hydrofining Process Guarantee Agreement, dated February 1, 1973.
   d. Engineering Services Agreement, dated February 1, 1973.
   e. Hydrofining Process License Agreement, dated February 1, 1973.

7. Hydrocarbon Construction Company (Engineers), Berry Contracting (Construction): Kerosene and Diesel Desulfurizer

   a. Proposed Contract, letter of transmittal dated January 22, 1974.
   b. Proposal No. 3042.
   c. Letter covering Firm Price Bid, dated February 26, 1973.
   d. Invoice No. 11-38, dated November 29, 1973.
   e. Changes in Job Scope.

8. Berry Contracting - Proposal for Gas Oil Desulfurization Unit, Dated June 5, 1973.

9. Western Steel Company - Purchase Order No. 64694, dated January 25, to furnish and erect metal warehouse extension building.

MATERIAL CONTRACTS

I. Royal Petroleum Corporation

a. Contractual Agreement for the storage and thru-put of Royalheat No. 2 and No. 4 Fuel Oils by Universal Utilities, Inc., dated May 30, 1973.

b. Lease and Sub-Lease - 330 Madison Avenue, N. Y., N. Y.

II. Southwestern Oil & Refining Company

a. American Mineral Spirits Co. Contract dated December 1, 1968. Product - Solvent 100. 12/1/68 to 7/31/74.

b. Confirmation of Agreement with BASF and Southwestern Oil. Conversion of Benzene into Cyclohexane.

c. Coastal States Crude Gathering Company. Corpus Christi to Houston via Coastal Pipeline. Product - #2 Oil. Tarriff Pending.

d. Coastal-Lo-Vaca-Tejas - Gas Purchase Contract. Dated June 30, 1972; expires July 1, 1982. 5,110,000 MCF of gas per year.

e. Delhi Gas Pipeline Corporation - Natural Gas Contract. Dated March 1, 1973; expires September 1, 1975. 5,000 MCF/day averaged annually.

f. Correspondence and contracts with Exxon covering purchase of crude oils.

g. Contract for the Sale and Purchase of Gas between Southwestern and Humble Oil & Refining Company (Exxon Corporation, U.S.A.).

h. Mobil Oil Corporation Contract for purchase of approximately 2,700 barrels per day of Seeligson Crude Oil. Dated July 26, 1972. Deliveries to begin April 1, 1973, and end January 1, 1974. Continuation beyond this date under negotiation.

i. Permian Corporation Contracts covering Refugio Light, Sweden Type, Heyser Type, Light Plymouth Type Crude Oils.

j. Triangle Refineries, Inc., Contract covering purchases of premium and regular gasolines, kerosene and diesel. Delivered evenly over the interval of January 1, 1974, through April 30, 1974.

k. Wanda Contracts and Agreements toward converting sale of isobutane to Southwestern into an exchange for Southwestern's excess propane production.

APPENDIX "I"

CERTIFICATE OF INCORPORATION

OF

SOUTHWESTERN OIL & REFINING COMPANY

* * * * *

1. The name of the corporation is SOUTHWESTERN OIL & REFINING COMPANY.

2. The address of its registered office in the State of Delaware is No. 100 West Tenth Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

3. The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

4. The total number of shares of stock which the corporation shall have authority to issue is one thousand (1,000) and the par value of each of such shares is One Dollar ($1.00) amounting in the aggregate to One Thousand Dollars ($1,000.00).

5. The name and mailing address of each incorporator is as follows:

NAME	MAILING ADDRESS
S. E. Widdoes	100 West Tenth Street Wilmington, Delaware 19801
W. J. Reif	100 West Tenth Street Wilmington, Delaware 19801
R. F. Andrews	100 West Tenth Street Wilmington, Delaware 19801

6. The corporation is to have perpetual existence.

7. In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized to make, alter or repeal the by-laws of the corporation.

8. Meetings of stockholders may be held within or without the State of Delaware, as the by-laws may provide. The books of the corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the by-laws of the corporation. Elections of directors need not be by written ballot unless the by-laws of the corporation shall so provide.

9. The corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

WE, THE UNDERSIGNED, being each of the incorporators hereinbefore named, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, do make this certificate, hereby declaring and certifying that this is our act and deed and the facts herein stated are true, and accordingly have hereunto set our hands this 14th day of January, 1974.

S. E. Widdoes

W. J. Reif

K. F. Andrews

State of Delaware

Office of Secretary of State

I, **Robert H. Reed,** *Secretary of State of the State of Delaware,* **do hereby certify** *that the above and foregoing is a true and correct copy of* Certificate of Incorporation of the "SOUTHWESTERN OIL & REFINING COMPANY", as received and filed in this office the fourteenth day of January, A.D. 1974, at 10 o'clock A.M.

In Testimony Whereof, *I have hereunto set my hand and official seal at Dover this* fourteenth *day of* January *in the year of our Lord one thousand nine hundred and* seventy-four.

Robert H. Reed — *Secretary of State*

G. A. Biddle — *Ass't Secretary of State*

FORM 120

CERTIFICATE OF AMENDMENT TO THE
CERTIFICATE OF INCORPORATION OF
SOUTHWESTERN OIL & REFINING COMPANY
BEFORE PAYMENT OF CAPITAL

We, the undersigned, being a majority of the Directors of SOUTHWESTERN OIL & REFINING COMPANY, a corporation organized and existing under and by virtue of the General Corporation Laws of the State of Delaware,

DO HEREBY CERTIFY:

FIRST: That Article One of the Certificate of Incorporation be and it hereby is amended to read as follows:

1. The name of the corporation is
SOUTHWESTERN REFINING COMPANY, INC.

SECOND: That the Corporation has not received any payment for any of its stock.

THIRD: That the amendment was duly adopted in accordance with the provisions of Section 241 of the General Corporation Laws of the State of Delaware.

IN WITNESS WHEREOF, we have signed this Certificate this 28th day of January, 1974.

[illegible]
Director

[illegible]
Director

STATE OF OKLAHOMA)
) ss.
COUNTY OF OKLAHOMA)

BE IT REMEMBERED that on this 28th day of [illegible], 1974, personally came before me, a notary public in and for the County and State aforesaid, [illegible] and [illegible], Directors of Southwestern Oil & Refining Company, a corporation of the State of Delaware, known to me personally to be such, and they duly executed the foregoing Certificate of Amendment to the Certificate of Incorporation before me and severally acknowledged said instrument to be their act and deed and the act and deed of said corporation and that the facts stated therein are true; and that the signatures of said Directors are in the handwriting of each of said Directors.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year aforesaid.

NOTARIAL SEAL

[illegible]
Notary Public

My Commission Expires:
June 11, 1977

State of Delaware

Office of Secretary of State

I, Robert H. Reed, Secretary of State of the State of Delaware, do hereby certify that the above and foregoing is a true and correct copy of Certificate of Amendment Before Payment of Capital of the "SOUTHWESTERN OIL & REFINING COMPANY", as received and filed in this office the twelfth day of February, A.D. 1974, at 10 o'clock A.M.

In Testimony Whereof, I have hereunto set my hand and official seal at Dover this twelfth day of February in the year of our Lord one thousand nine hundred and seventy-four.

Robert H. Reed

Robert H. Reed, Secretary of State

G. A. Biddle

G. A. Biddle, Ass't Secretary of State

FORM 122

KERR-McGEE CORPORATION
Kerr-McGee Bldg., Okla. City, Okla.
ontact: Porter Wharton, Jr.
none: (405) 236-1313, Ext. 491

FOR IMMEDIATE F

February 22, 1974

OKLAHOMA CITY -- Kerr-McGee Corporation announced today the purchase of all the outstanding stock of Southwestern Oil & Refining Company and Royal Petroleum Corporation.

In making the announcement, D. A. McGee, Kerr-McGee chairman and chief executive officer, said the two acquired companies are being merged into Southwestern Refining Company, Inc., as a new wholly owned subsidiary of Kerr-McGee. McGee said the total consideration was $80 million.

The new subsidiary will continue to operate a 100,000-barrel-per-day oil refinery in Corpus Christi and four fuel oil and kerosene terminals in the New York City area, which were formerly operated by Southwestern Oil and Royal Petroleum respectively.

Kerr-McGee Executive Vice President J. Howard Barksdale has been elected chairman and chief executive officer of the new subsidiary. S. S. Seltzer, Jr., who served as president of both Southwestern and Royal, is president of the new subsidiary, and Herbert R. Sager is executive vice president, the same position he held with the two merged companies. Robert L. Berry, formerly vice president of Royal, was also elected vice president of the new subsidiary.

# # #

KMPR 74-6

Tabs 1, 2, 3, 4, 6, 9, 11, 12, 15, 16, 22, S-2, S-3, S-4

ARTICLES OF MERGER

OF

SOUTHWESTERN OIL & REFINING COMPANY,
a Texas corporation,

INTO

SOUTHWESTERN REFINING COMPANY, INC.
a Delaware corporation

Pursuant to the provisions of Article 5.16 of the Texas Business Corporation Act, Southwestern Refining Company, Inc., a corporation organized under the laws of the State of Delaware, and owning all of the outstanding shares of Southwestern Oil & Refining Company, a corporation organized under the laws of the State of Texas ("Southwestern"), hereby executes the following Articles of Merger:

1. The following is a copy of a resolution of the Board of Directors of Southwestern Refining Company, Inc., adopted on February , 1974,

> WHEREAS, this corporation, Southwestern Refining Company, Inc., a Delaware corporation, owns all the stock of Southwestern Oil & Refining Company ("Southwestern"), a Texas corporation; and
>
> WHEREAS, it is deemed expedient that the estate, property, rights, privileges and franchises of Southwestern shall vest in and be held and enjoyed by this corporation as fully and entirely without change or diminution as the same are now held and enjoyed by Southwestern but subject to all of its liabilities and obligations and the rights of all creditors; and
>
> NOW, THEREFORE, BE IT RESOLVED, that effective February ____, 1974, Southwestern Refining Company, Inc. merge Southwestern into itself and assume all its obligations; and
>
> FURTHER RESOLVED, that the President or any Vice President and the Secretary or any Assistant Secretary of this corporation are directed to execute in the name and under the seal of this corporation a Certificate of Ownership and Merger merging Southwestern into this corporation and to file the same in the office of the Secretary of State of the State of Delaware; and to execute in the name and under the seal of this corporation Articles of Merger merging Southwestern into this corporation and to file the same in the office of the Secretary of State of the State of Texas; and
>
> FURTHER RESOLVED, that the officers of this Corporation be and they hereby are authorized and directed to take all such other action, whether within the State of Delaware or the State of Texas or elsewhere, which may be in any way requisite or proper for the full and complete accomplishment of the intent of the foregoing resolutions.

2. The number of outstanding shares of each class of the subsidiary corporation and the number of shares of each class owned by the surviving corporation is:

Class	No. of Shares Outstanding	No. of Shares Owned by Parent
Common	315,795	315,795

3. The laws of Delaware, the jurisdiction under which Southwestern Refining Company, Inc. said foreign corporation is organized, permits such a merger.

4. Southwestern Refining Company, Inc., the surviving corporation hereby: (a) agrees that it may be served with process in the State of Texas in any proceeding for the enforcement of any obligation of the domestic corporation party to the merger, and (b) irrevocably appoints the Secretary of State of Texas as its agent to accept service of process in any such proceeding and that the post office address to which the Secretary of State may mail a copy of any process that may be served upon him is, C T Corporation System, 277 Park Avenue, New York, N.Y. 10017.

5. The surviving corporation is organized under the laws of the State of Delaware and the address, including street number, if any, of its registered or principal office in said State is 100 West Tenth Street, Wilmington, Delaware 19899.

DATED this _____ day of February, 1974.

SOUTHWESTERN REFINING COMPANY, INC.

By James J. Kelly
James J. Kelly, President

By Carter G. Dudley
Carter G. Dudley
Assistant Secretary

STATE OF OKLAHOMA)
) SS.
COUNTY OF OKLAHOMA)

I, ____________, a Notary Public, do hereby certify that on this _____ day of February, 1974, personally appeared before me JAMES J. KELLY, who being by me first duly sworn, declared that he is the President of Southwestern Refining Company, Inc., that he signed the foregoing document as President of said corporation, and that the statements therein contained are true.

____
Notary Public

My Commission Expires:
June 14, 1975

In the name and by the authority of

The State of Texas

OFFICE OF THE SECRETARY OF STATE

CERTIFICATE OF INCORPORATION
OF

SOUTHWESTERN OIL & REFINING COMPANY

The undersigned, as Secretary of State of the State of Texas, hereby certifies that duplicate originals of Articles of Incorporation for the above corporation duly signed and verified pursuant to the provisions of the Texas Business Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Incorporation and attaches hereto a duplicate original of the Articles of Incorporation.

Dated February 25, 1974

Secretary of State

In the Office of the SOR-1
Secretary of State of Texas

FEB 25 1974

Bill Kimbrough
Director, Corporation Division

ARTICLES OF INCORPORATION
OF
SOUTHWESTERN OIL & REFINING COMPANY

We, the undersigned natural persons of the age of twenty-one years or more, at least two of whom are citizens of the State of Texas, acting as incorporators of a corporation under the Texas Business Corporation Act, do hereby adopt the following Articles of Incorporation for such corporation:

ARTICLE ONE

The name of the corporation is SOUTHWESTERN OIL & REFINING COMPANY.

ARTICLE TWO

The period of its duration is perpetual.

ARTICLE THREE

The purpose or purposes for which the corporation is organized are:

> "To engage in the transaction of any or all lawful business for which corporations may be incorporated under the Texas Business Corporation Act."

ARTICLE FOUR

The aggregate number of shares which the corporation shall have authority to issue is One Thousand (1,000) of the par value of One Dollar ($1.00) each.

ARTICLE FIVE

The corporation will not commence business until it has received for the issuance of its shares consideration of the value of One Thousand Dollars ($1,000.00), consisting of money, labor done or property actually received, which sum is not less than One Thousand Dollars ($1.000).

ARTICLE SIX

The street address of its initial registered office is Republic National Bank Building, c/o C T Corporation System, Dallas, Texas 75201, and the name of its initial registered agent at such address is C T Corporation System.

ARTICLE SEVEN

The number of directors of the corporation may be fixed by the Bylaws. The number of directors constituting the initial board of directors is Three (3), and the name and address of each person who is to serve as director until the first annual meeting of the shareholders or until a successor is elected and qualified are:

NAME	ADDRESS
D. A. McGee	Kerr-McGee Center, Okla. City, Okla. 7312[illegible]
James J. Kelly	SAME
J. H. Barksdale	SAME

ARTICLE EIGHT

The names and addresses of the incorporators are:

NAME	ADDRESS
G. L. Holland	Republic Nat'l Bank Bldg., Dallas, Tex. 75201
B. I. White	Republic Nat'l Bank Bldg., Dallas, Tex. 75201
V. L. Alexander	Republic Nat'l Bank Bldg., Dallas, Tex. 75201

IN WITNESS WHEREOF, we have hereunto set our hands this 19th day of February, 1974.

G. L. Holland
G. L. Holland

B. I. White
B. I. White

V. L. Alexander
V. L. Alexander

STATE OF TEXAS)
) ss.
COUNTY OF DALLAS)

I, Nora L. Braden, a notary public do hereby certify that on this 19th day of February, 1974, personally appeared before me, G. L. Holland, B. I. White, and V. L. Alexander who each being by me first duly sworn, severally declared that they are the persons who signed the foregoing document as incorporators, and that the statements therein contained are true.

Nora L. Braden
Notary Public

My Commission Expires:

NORA L. BRADEN
Notary Public, Dallas County, Texas
My Commission Expires June 1, [illegible]75

The State of Texas

Secretary of State

DEC. 20, 1988

ANITA BRODRICK
KERR-MCGEE CENTER
OKALHOMA CITY ,OK 73125

RE:
SOUTHWESTERN OIL & REFINING COMPANY
CHARTER NUMBER 00338632-00

IT HAS BEEN OUR PLEASURE TO APPROVE AND PLACE ON RECORD YOUR ARTICLES OF DISSOLUTION. THE APPROPRIATE EVIDENCE IS ATTACHED FOR YOUR FILES; THE ORIGINAL HAS BEEN FILED IN THIS OFFICE.

PAYMENT OF THE FILING FEE IS ACKNOWLEDGED BY THIS LETTER.

IF WE CAN BE OF FURTHER SERVICE AT ANY TIME, PLEASE LET US KNOW.

VERY TRULY YOURS,

RECEIVED
DEC 27 1988
Law Department

Secretary of State