

Vista Chemical Company

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October 20, 1989

TEG: JCL: EOL: MJH: AJO: RF

XF: Desk

VISTA

Mr. Terry L. Thoem
Manager, Environmental &
Occupational Health Services
Conoco, Inc.
Marland Building 1142
P. O. Box 2197
Houston, Texas 77252

Re: Lake Charles Chemical Complex Groundwater Liability Buy-Out
Proposal of August 14, 1989

Dear Terry:

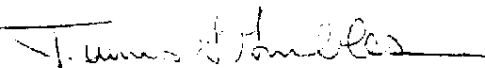
Vista is in receipt of the above referenced offer, but unfortunately is unable to accept Conoco's offer of \$1.8 million as part of a liability settlement.

This proposal has been reviewed at length with Vista Manufacturing Management in Houston and Lake Charles. We agree that a cash-out settlement would be advantageous to both parties. Both companies have agreed to the risks listed in your letter and the highly uncertain potential cost should one or more of the risks occur. The level of uncertainty has created a situation where the two companies management are unable to agree on the value or scope of a cash-out and release at this time.

Vista management recognizes and appreciates the good faith attempts of the companies negotiating teams to reach an equitable settlement, and the thought and energy that has gone into the effort.

Based on both company's desire to negotiate an appropriate cost allocation of the project in an expeditious manner, we are available to discuss another "term" cost-sharing agreement that will allow us to mutually get through the next project period. At that time the risks may be better defined and a cash-out value more accurately determined.

Sincerely,


Thomas G. Grumbles, C.I.H.
Environmental Quality Manager

VVV 000014276

dlj

cc: J. Friend, M. G. Hayes-LCCP, D. Conrad-LCVC, T. H. Huffman, R. D. Gamblin, W. L. McClain, N. C. Frost, J. A. DeBernardi