JONES DAY

2727 NORTH HARWOOD STREET • DALLAS, TEXAS 75201-1515 • MAILING ADDRESS: P.O. BOX 660623 • DALLAS, TEXAS 75266-0623
TELEPHONE: 214-220-3939 • FACSIMILE: 214-969-5100

214-969-5134
kellystewart@jonesday.com

JP131252:skh
049107-130053

October 29, 2004

VIA FEDERAL EXPRESS

Mark R. Cuker, Esq.
Williams, Cuker, Berezofsky
One Penn Center at Suburban Station
1617 J.F.K. Boulevard, Suite 800
Philadelphia, Pennsylvania 19103-1819

Re: *Holmes, et al. v. Airco, et al.*,
Superior Court of New Jersey, Law Division L, Cause
No. 001307-04, Burlington County

Dear Mark:

Enclosed as a supplemental production are documents OXY/HOLMES 000636 to OXY/HOLMES 001192.

Sincerely,

Kelly Stewart

W. Kelly Stewart

Enclosures

cc w/o encl.: Kelly Crawford
David Field, Esq.

ATLANTA • BEIJING • BRUSSELS • CHICAGO • CLEVELAND • COLUMBUS • DALLAS • FRANKFURT • HONG KONG • HOUSTON
IRVINE • LONDON • LOS ANGELES • MADRID • MENLO PARK • MILAN • MUNICH • NEW DELHI • NEW YORK • PARIS
PITTSBURGH • SAN DIEGO • SAN FRANCISCO • SHANGHAI • SINGAPORE • SYDNEY • TAIPEI • TOKYO • WASHINGTON

OXY
Occidental Chemical Corporation
Executive Offices

MEMO

TO: John Huber

FROM: W. H. Childs

SUBJECT: Shell VCM Toll Fee - July

Copy to:
L. G. King
W. J. Wetzel
R. F. Gervais
S. P. Dominick
H. H. Kaster
J. F. Riordan
T. A. Sugalski
P. W. Fiedler
R. C. Corwin

Shell has nominated a new July toll fee based on a more realistic 3¢ VCM increase. Their new July nomination is 17.75 (17.25 for volume over 15 million lbs.).

W.H.C.

W. H. Childs

WHC/sr

OC-1007.A (ED. 7-82)

SEPARATOR SHEET

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H. Kastor

Return Doc

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

July 1, 1982

RECEIVED
JUL 2 1982
DAVID W. CALHOUN

Mr. David Calhoun
Director of Purchasing
Occidental Chemical Corporation
P. O. Box 4289
Houston, TX 77210

Dear Dave:

This confirms our telephone conversation relative to Shell's nominated VCM toll fee as shown below:

June 1982	12.00 CPP
July 1982	Base 12:00 CPP plus one-half of average PVC increase divided by two to 17 MM/LBS
	11.50 CPP plus average PVC increase divided by two for all over 17 MM LBS

We believe this nomination represents the level of support required by you to effectively compete in the present marketplace and affords you a special position with Shell.

Very truly yours,

R. F. Weigle
Corporate Account Manager

SEPARATOR SHEET

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Contract file

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

June 19, 1981

Mr. David Calhoun
Hooker Chemical Company
1980 South Post Oak
P.O. Box 4289
Houston, TX 77210

Dear Dave:

On June 9, 1981, we sent you a letter advising a July 1, 1981, Confidential Conversion Fee for VCM of 20.2 cpp. At the same time we would establish a TVA of 0.3 cpp, bringing your effective fee to 19.9 cpp. Due to the competitive marketplace, we will increase the announced TVA of 0.3 cpp to 2.9 cpp, effective July 1, 1981, bringing your effective fee back to 17.3 cpp for the month of July. On August 1, 1981, Shell will change the 2.9 cpp TVA to 1.2 cpp, bringing you effective fee on August 1, 1981, to 19 cpp.

We look forward to seeing you on the 23rd of June to get the long term discussions back on track. In the meantime, if you have any questions, please give me a call.

Very truly yours,

George

G. W. Ash
Corporate Account Manager

cc: J. R. Hopper

RECEIVED
JUN 23 1981
DAVID W. CALHOUN

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

Contract file

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

June 9, 1981

Mr. David Calhoun
Hooker Chemical Company
1980 South Post Oak
P.O. Box 4289
Houston, TX 77210

Dear Dave:

Confirming your conversation of June 2, 1981, with Dave Litton, please be advsied that Shell, effective July 1, 1981, will remove the existing Temporary Voluntary Allowance and establish a new confidential conversion fee for VCM of 20.2 cpp, Tank Car delivery, FOB Shell's shipping location. At the same time we will establish a new TVA of 0.3 cpp for Hooker, bringing your effective fee to 19.9 cpp. As in the past, this TVA may be removed or changed at any time with notice.

We are looking forward to seeing you on the 17th, at which time we can discuss this increase in more detail. In the meantime, if you have any questions, please give me a call.

Very truly yours,

George

G. W. Ash
Corporate Account Manager

cc: J. R. Hopper

RECEIVED
JUN 10 1981
DAVID W. CALHOUN

Dow went ↑ 2¢ 8/1/81

SEPARATOR SHEET

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file

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

January 28, 1980

Mr. Herbert H. Kaster
Director - Materials Management
Hooker Chemical Corporation
P. O. Box 456
Burlington, New Jersey 08016

Dear Herb:

RE: VINYL CHLORIDE FORCE MAJEURE

We are pleased to advise you that even though we experienced a force majeure situation at Norco in December, we will not have to reduce our VCM obligation quantities to you in 1980. We have been able to adjust our supply plans so that the impact of the ethylene curtailment was not as severe as originally anticipated. The lost VCM production was small. If we shipped you VCM in December against January's entitlement, those shipments would count against our 1980 obligation and the quantity would be applied over the total obligation rather than solely against January's business.

Herb, I have not been able to verify from the files Dud gave me that you received a letter outlining this Force Majeure situation. Since it will have no impact on our obligation we can discuss it further when I see you again in the near future.

We thank you for your understanding in this matter.

Yours very truly,

George W. Ash
Corporate Account Manager

cc: David Calhoun ✓
Hooker Chemical Company
1980 South Post Oak Road
P. O. Box 4289
Houston, Texas 77210

RECEIVED
JAN 29 1980
DAVID W. CALHOUN

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

Contract file

HOOKER CHEMICAL COMPANY

P.O. BOX 4289 • HOUSTON, TEXAS 77210 • (713) 840-7535 • TWX 910-881-6327 • TELEX 774-349

December 24. 1980

Mr. George Ash
Shell Chemical Company
One Shell Plaza
P. O. Box 2463
Houston, TX 77001

Dear George:

This will confirm the telephone conversation Dave Litton and I had on December 23, 1980, regarding the enclosed amendment dated December 18, 1980 to our conversion contract of July 24, 1978.

Firestone assigned its interest in thier agreement with Shell dated July 10, 1978, to Hooker Chemical Company at the time when our purchase of their plastics operation was consummated. Accordingly, we feel there is no need in obtaining consent from Firestone to terminate said agreement. Consequently, we have executed the proposed change in the amendment letter as you will note at the bottom of page 1.

Please initial the proposed deletion and return an executed amendment letter to me.

Very truly yours,

James G. Parsons

James G. Parsons
Manager - Raw Material Supply

JGP/akf
Attachment

cc: William Merritt
D. W. Calhoun
J. T. Anderson

0096m

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

December 18, 1980

PRIVATE AND CONFIDENTIAL

Hooker Chemicals and Plastics Corporation
ATTN Mr. D. W. Calhoun
Director Energy and Raw Material Supply
1980 South Post Oak Road
Houston, Texas 77056

Gentlemen:

In accordance with our discussions following your recent purchase of the former Firestone PVC facilities, this letter when executed by you in the manner indicated below, will constitute an amendment to the confidential VCM Conversion Agreement between Shell Chemical Company and Hooker Chemicals and Plastics Corporation dated July 24, 1978 as follows:

A. Article 2. The table entitled "Quantity Of VCM To Be Converted - Million Pounds" is deleted in its entirety and replaced with the following:

" Quantities To Be Converted - Million Pounds

YEAR	MINIMUM	MAXIMUM
1979	150	180
1980	150	180
1981	330	380
1982	330	380
1983	330	380
1984 and Annually Thereafter	330	380 "

B. All other Terms and Conditions of Contract remain in full force and effect.

This amendment incorporates the quantities of VCM formerly committed by Shell to Firestone but does not include additional other volumes presently under discussion but not yet finally agreed to.

Effective on the date you execute this amendment, the VCM Contract between Firestone and Shell dated July 10, 1978, will be considered terminated by mutual consent. ~~and we will obtain the written concurrence of Firestone~~

We sincerely appreciate the excellent business relationship between our two companies and look forward to serving your VCM requirements for many years to come.

Very truly yours,

George W. Ash

G. W. Ash
Corporate Account Manager

ACCEPTED AND AGREED TO THIS 23 DAY OF December, 1980

HOOKER CHEMICALS AND PLASTICS CORPORATION

BY William J. Wetzel

TITLE Vice President

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

December 18, 1980

PRIVATE AND CONFIDENTIAL

Hooker Chemicals and Plastics Corporation
ATTN Mr. D. W. Calhoun
Director Energy and Raw Material Supply
1980 South Post Oak Road
Houston, Texas 77056

Gentlemen:

In accordance with our discussions following your recent purchase of the former Firestone PVC facilities, this letter when executed by you in the manner indicated below, will constitute an amendment to the confidential VCM Conversion Agreement between Shell Chemical Company and Hooker Chemicals and Plastics Corporation dated July 24, 1978 as follows:

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We sincerely appreciate the excellent business relationship between our two companies and look forward to serving your VCM requirements for many years to come.

Very truly yours,

George W. Ash

G. W. Ash
Corporate Account Manager

ACCEPTED AND AGREED TO THIS 23 DAY OF December, 1980

HOOKER CHEMICALS AND PLASTICS CORPORATION

BY William J Wetzel

TITLE Vice President

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

Contract File

VINYL CHLORIDE MON.

PRIVATE & CONFIDENTIAL

CONVERSION AGREEMENT

This Agreement is made this 24th day of July 1978, by and between SHELL CHEMICAL COMPANY, a division of SHELL OIL COMPANY, a Delaware corporation with offices at One Shell Plaza, Houston, Texas 77002 (hereinafter referred to as "Shell") and HOOKER CHEMICALS & PLASTICS CORP., a subsidiary of Occidental Petroleum Corporation, a California corporation, with offices at/River Road, Burlington, New Jersey 08016 ~~345 Third Street, Niagara Falls, New York 14302~~ (hereinafter referred to as "Hooker").

WHEREAS, Shell and Hooker have entered into previous agreements dated January 24, 1973 and October 24, 1974 for the sale by Shell to Hooker of Vinyl Chloride Monomer (hereinafter referred to as "VCM") during the year 1974 and for the conversion by Shell of Hooker's chlorine to VCM in subsequent years for delivery to Hooker; and

WHEREAS, Shell and Hooker desire to maintain a mutually beneficial long-term agreement for the conversion of Hooker chlorine into VCM by Shell.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter set forth, the parties hereby agree as follows:

WITNESSETH

1. TERM.

A. This Agreement shall be binding upon the parties upon and after the execution hereof. It shall remain in full force and effect for a Primary Period of six (6) years, beginning on January 1, 1979, and shall continue thereafter unless and until terminated. Either

company w/ 18 months termination notice
HC can Terminate if build VCM plant

party may terminate as of the last day of the Primary Period or at any time thereafter by giving notice of termination to the other party at least eighteen (18) months in advance; however, Hooker may terminate this agreement earlier under the sole circumstances described in Article 1.B. below.

B. If Hooker decides to build or acquire VCM manufacturing capability, Hooker may terminate this agreement at the end of three (3) years or at the end of four and one-half (4-1/2) years providing that Hooker has given Shell written notice eighteen (18) months in advance of the proposed termination date. If Hooker has failed to notify Shell of its intent to terminate this agreement by July 1, 1980, the option to terminate at the end of three (3) years lapses and Hooker may then not terminate this agreement until the end of four and one-half (4-1/2) years. If Hooker subsequently fails to notify Shell of its intent to terminate by January 1, 1982, then the termination provisions of Article 1.A./ and 12 are the sole conditions of termination.

2. <u>QUANTITIES - CONVERSION</u>. During the term of this Agreement, Hooker shall deliver liquid chlorine to Shell by pipeline at Shell's Norco, Louisiana plant, or by mutual consent, by 90 ton tank car to such Shell location(s) as Shell shall designate, pursuant to Article 6 hereof, to be held by Shell in storage for Hooker's account and to be converted subsequently into such amounts of VCM as Hooker shall order, at a conversion ratio of 0.64 pounds of chlorine to 1.0 pound of VCM. In no event shall Shell be obligated to deliver to Hooker in any calendar month a quantity of VCM exceeding 1/11 of the applicable calendar year maximum quantity shown below or, cumulatively, 1/6 of such calendar year maximum in any two (2) succeeding months.

monthly
limitation

QUANTITIES OF VCM TO BE CONVERTED - MILLION POUNDS

YEAR	MINIMUM	MAXIMUM
1979 and each year thereafter	150/100 m # chlorine	180 /115 m # chlorine

Hooker shall notify Shell not less than nine (9) months prior to the start of ~~1979~~ 1980 and any future year as to its nomination of the quantities of VCM desired during that calendar year within the range of the applicable minimum and maximum amounts specified above./ Hooker's nomination for 1979 is 170,000,000 lbs. Except as further limited by such applicable calendar year minimum and maximum quantities, Hooker will be required to receive not less than 95% of the nomination for each succeeding calendar year (Hooker's "obligated quantity"), and Shell will be required to deliver up to, but not in excess of (except at its option), 105% of the nomination for such calendar year (Shell's "obligated quantity").

If Shell has additional VCM capacity after allowing for the supply of its other current or planned obligations, as determined by Shell, then Shell shall offer Hooker on at least a quarterly basis, such excess quantity. If under these conditions Hooker accepts such offer, or if for any other reason Hooker requests Shell to deliver more VCM in any calendar year than the applicable calendar year Shell obligation (105% of such year's nominated quantity or maximum quantity, whichever is applicable) and Shell so agrees, then the applicable calendar year minimum and maximum and the nominated quantity for such year, will be amended to include the added quantity or quantities.

In the event Shell requests Hooker to have less chlorine converted into VCM in any calendar year than the applicable calendar

year minimum, and Hooker so agrees, then the applicable calendar year minimum and maximum shall be of no effect for such year, and that amount requested by Shell and agreed to by Hooker shall be treated as the nomination for such calendar year.

3. PERFORMANCE. If Hooker fails, for reasons other than those provided for in Article 10 hereof, to order and accept its obligated quantity for any calendar year, the provisions outlined in Paragraphs A, C and D shall apply and the amount of the obligated quantity shall reflect any adjustments under Paragraph B. If, however, Hooker gives notice of termination of this agreement at the end of the primary period or anniversary thereof or prior to the end of the primary period as provided for in Article 1.B., then option 1 of Paragraph A shall not be available to Hooker in the last year (twelve-month period) of the agreement.

A. Subject to Paragraphs B. and C. of this Article 3; at Hooker's option exercised within 15 days after notice from Shell of any underlift for the prior calendar year, either (1) the minimum and maximum quantities specified in Article 2 for all years of this Agreement subsequent to the year of such underperformance by Hooker shall be reduced by the difference between its obligated quantity for the year of underperformance and the quantity actually ordered and accepted by Hooker during such year or, (2) Hooker shall pay to Shell as liquidated damages for each pound of VCM below such obligated quantity not ordered and accepted during the year an amount to be calculated as follows:

$$\text{Payment} = CF - 0.48E - 1.0 \text{ cent per pound}$$

CF = average conversion fee hereunder expressed in cents per pound for the year in question.

E = Shell's valuation of ethylene in VCM expressed in cents per pound as determined by Shell and consistent with the average conversion fee hereunder.

If option (2) is applicable, payment shall be made by Hooker within thirty (30) days after the date of Shell's invoice.

B. If no later than ninety (90) days prior to January 1 of any calendar year of the Term hereof Hooker requests Shell to attempt to sell elsewhere a specific portion of the obligated quantity of VCM that Hooker is required to order and accept hereunder during that next calendar year, then to the extent that Shell may, after exercising its best efforts, sell such portion thereof at a price considered by Shell, in its sole judgment, to be satisfactory, Hooker's obligated quantity for that next calendar year in question shall be correspondingly reduced. If Hooker, at the time of its request for Shell to sell a specific portion of its obligated quantity, requests that such sale be limited to the quantity for that next calendar year, then Shell will not, without prior consultation with Hooker, commit such quantity for future periods if such quantity would reduce Hooker's ability to have said quantity converted by Shell in subsequent years. Hooker may also request that Shell sell elsewhere a portion of the obligated quantity for any calendar year up to ninety (90) days after January 1 of such calendar year of the term hereof but Shell may, at its option, decline to sell such material for any reason, including but not limited to disruption of Shell's sales

plan or interference with sales to Shell's other contract customers. The minimums and maximums specified in Article 2 hereof for each calendar year or years shall be correspondingly reduced by any specific portion of Hooker's obligated quantity sold elsewhere by Shell hereunder at Hooker's request.

C. If after Hooker requests Shell to sell a specific portion of its obligated quantity in accordance with Paragraph B above, and Hooker fails to order and accept that portion of its obligated quantity not requested of Shell to be sold to third parties during that year, then the provisions of Paragraph A above shall apply with regard to the underlifted quantity (i.e., the difference between the obligated quantity not requested of Shell to be sold to third parties by Shell and the quantity actually ordered and received by Hooker during the year), provided, however, that as to such underlifted quantity the choice of option 1) or option 2) of Paragraph A shall reside in Shell, not Hooker.

D. Notice of any underlifting or option elected by Shell under Paragraph C shall be given by Shell, within fifteen (15) days following the year in which the underperformance by Hooker occurs.

4. CONVERSION FEE. For all VCM converted for and delivered to Hooker hereunder, Hooker shall pay Shell FOB Shell's plant a conversion fee, to be nominated by Shell ninety (90) days in advance of January 1, 1979. As of the date this agreement is signed, such conversion fee is effectively 10.75 cents per pound (11.85 cents per pound conversion fee, less a Temporary Voluntary Allowance of 1.1 cent per pound). This fee may be reasonably increased at any time after it has been in effect ninety (90) days upon thirty (30) days' notice given to Hooker by Shell.

Any conversion fee in effect hereunder may be decreased by Shell at its option at any time and reinstated subsequently by Shell at any time upon notice to Hooker by Shell.

For any calendar year, if Hooker provides Shell satisfactory written evidence that a third party is willing to convert Hooker chlorine into at least 75 million pounds of VCM at an overall delivered cost including Hooker chlorine transportation fees which is lower by more than 0.25 cents ($0.0025) per pound for VCM converted hereunder for the same time period, and such competitive offer is made without disclosure by Hooker of the conversion fee hereunder, then unless Shell elects (and so advises Hooker in writing) within thirty (30) days to meet such competitive fee for the quantities so offered, the offered quantities shall be deducted from the obligated quantity of both parties hereunder for such calendar year. In the event Shell elects to meet such a competitive offer, no later offer of the same competitor or of the same parcel, made within twelve (12) months of the date of Shell's election, shall be considered to be a competitive offer within the meaning of this Article 4.

Further if Hooker provides written evidence satisfactory to Shell that Shell's chlorine conversion fee puts Hooker at a significant competitive disadvantage, i.e., 0.25 cents ($0.0025) per pound, as determined in good faith by Shell to costs for VCM otherwise actually available to Hooker from any of the three largest domestic VCM producers other than Shell, then Shell will either reduce its chlorine conversion fee to be competitive or give Hooker the option to reduce its obligated quantity by an amount equal to Hooker's actual purchases from non-Shell sources for all remaining years of the contract.

5. PAYMENT. Payment of the conversion fee for VCM delivered hereunder shall be made to Shell within thirty (30) days after the date of Shell's invoice.

6. DELIVERIES.

A. General: Not less than 10 days prior to the beginning of each calendar month Hooker shall, if Shell desires, advise Shell as to the quantity of chlorine it desires to have converted into VCM, at the conversion ratio set out in Article 2 for subsequent delivery to Hooker during the following three (3) months.

It is intended that Hooker shall deliver liquid chlorine to Shell's facilities at Norco, Louisiana via pipeline. By mutual consent, liquid chlorine deliveries may be made by 90 ton tank car to such Shell location(s) as Shell shall designate.

Hooker will provide and maintain necessary facilities, including a pipeline to Hooker's Taft, Louisiana property line at Hooker's cost and expense, to deliver such amounts of liquid chlorine as required to produce the appropriate quantity of VCM as specified hereunder. Shell shall transport such quantities of chlorine from Hooker's property line to Shell's Norco, Louisiana Plant in a pipeline to be maintained at Shell's cost and expense. Hooker shall pay Shell on a monthly basis a reasonable pipeline charge for chlorine transported through Shell's pipeline and used for conversion to Hooker's VCM. Shell's pipeline charge will be computed by Shell and be comprised of a reasonable capital charge based on costs for installing Shell's pipeline and on operating costs both prorated on the basis that Hooker's throughput of chlorine for conversion to Hooker's VCM bears to the total throughput of chlorine

[illegible]

through the line provided, however, that such pipeline charge shall not exceed Hooker's equivalent rail cost for movement of chlorine in Hooker's 90 ton rail cars from Hooker's Taft, Louisiana Plant to Shell's Norco, Louisiana Plant.

It is intended that Shell shall deliver the VCM converted hereunder in tank cars acceptable to Shell and furnished by Hooker. With prior mutual agreement such deliveries may be supplemented by tank cars furnished by Shell.

Deliveries shall be made from Shell's plant at Norco, Louisiana, or from other locations at Shell's option on reasonably advanced notice.

If the chlorine necessary for conversion into VCM as set forth above is not in Shell's storage, or readily accessible at the time of conversion, then Shell shall be excused from delivery of the volume of VCM not produced and Hooker's entitlement to VCM for the calendar year then in effect will be correspondingly reduced. Both parties shall make best efforts to maintain the chlorine delivered in balance with VCM shipped. The intent is to maintain balance at all times but should an imbalance occur it shall be redressed during the following month. Imbalances created by planned shutdowns of the VCM plant for maintenance shall be redressed by means mutually agreed to prior to the shutdown. Hooker shall notify Shell in writing by the 20th of each month of the planned chlorine deliveries for the following three months. These quantities will be modified as required to redress imbalances.

B. Liquid Chlorine: Measurements of the quantities of liquid chlorine shipped to Shell hereunder shall be made in accordance with the procedures set forth below:

1. <u>For Shipments by Pipeline</u>. The quantity of liquid chlorine delivered by pipeline will be determined by a turbine meter or mutually acceptable volumetric flow meter. The meter will be checked regularly by a mutually acceptable method and Shell shall have the right to have representatives present during checking and calibration of the meter. Shell shall have the right to approve the piping arrangement through the meter to the pipeline to insure accurate measurement.

2. <u>For Shipment in Tank Cars</u>. Measurement of the net quantity of liquid chlorine shipped to Shell in tank cars shall be made using railroad type weigh scales. The type scales, their calibration and use in weighing shall conform to the requirements set forth by American Association of Railroad (A.A.R.) rule.

Cars shall be weighed at rest on stationary scales, the capacity and platform of which will enable each car to be weighed singly. Cars to be weighed shall be uncoupled from any other railroad equipment when placed on the scale for weighing.

The weigh scale shall be calibrated every six months in accordance with regulations as set forth by the A.A.R. rule. Shell's designated representative from time to time, upon request to Hooker's designated representative, shall be permitted to witness the weighing of the chlorine cars to be shipped to Shell to verify the accuracy of the weights.

The tare or light weight of each car to be loaded is to be measured immediately before loading with liquid chlorine. A weight document for each car shall be furnished to Shell which shall

include the time of day, date, weight, weigher and car number for the tare and gross weight. Car seal numbers shall be recorded.

C. VCM by Tank Car. The quantity or weight of VCM delivered into tank cars for Hooker's account shall be determined on the basis of outage tables with appropriate corrections for temperature, or on the basis of certified weights of the common carrier of each loaded tank car utilizing printed tare of such tank cars or some other means which is mutually acceptable. "Heel" allowance shall be computed on the basis of the standard factor at 5 psig of 3 pounds per 100 gallons of car capacity, provided such cars are returned to Shell with a VCM pressure of between 5 and 10 psig prior to loading and with an oxygen content less than 1,000 ppm. In the event that the oxygen content exceeds 1,000 ppm, no heel allowance will be granted and Hooker shall pay the actual cost (plus plant overhead) of purging the car to make it suitable for loading.

7. GOVERNMENTAL CHARGES. All new taxes and other governmental charges other than those based on income, which are imposed on VCM, or on the raw materials, process materials or catalysts from which the VCM is produced, or on Shell (including without limitation its VCM manufacturing facility), or required to be paid or collected by Shell by reason of the production, conversion, transportation, or delivery of the VCM hereunder, shall be paid to Shell by Hooker in addition to the conversion fee and within thirty (30) days after the date of Shell's statement.

8. TITLE, COMMINGLING AND RESPONSIBILITY FOR LOSS. Title to all chlorine delivered to Shell and held by Shell for Hooker's account and all VCM converted hereunder shall be and remain in Hooker's account

but Shell shall have the right to commingle with its own chlorine all chlorine delivered to Shell and held by Shell for Hooker's account hereunder. Shell shall have also the right to commingle with its own VCM or other VCM held for the account of third parties, all VCM converted for Hooker's account hereunder.

To the extent caused by Shell's negligence, Shell shall be responsible for all loss or damage 1) to chlorine delivered to Shell and held by Shell for Hooker's account hereunder, 2) to all VCM converted from such chlorine while on Shell's property and 3) to all Hooker tank cars, full or empty, while on Shell's property.

Any chlorine required for conversion in excess of the conversion ratio shall be supplied by Shell at no cost to Hooker. Any chlorine remaining in Shell's storage because of conversion efficiency shall become the property of Shell.

9. LIABILITIES - CLAIM. Hooker warrants that the chlorine delivered hereunder will meet the specifications set forth in Exhibit "A" and Shell warrants that the VCM converted from such chlorine will meet the specifications set forth in Exhibit "B" or subsequently modified by mutual written agreement, but Shell and Hooker make NO OTHER WARRANTIES hereunder, WHETHER OF MERCHANTABILITY, FITNESS OR OTHERWISE, AND NONE SHALL BE IMPLIED. Hooker shall accept Shell's analysis of VCM converted hereunder as determined on the contents of Shell's storage spheres prior to delivery to Hooker and Hooker shall accept Shell's Certificate of Analysis therefore as representative of the quality of the VCM delivered hereunder with respect to meeting the specifications warranted unless proven to be in error. Hooker shall have the right on reasonable advance

notice to obtain from Shell, from time to time, a sample of the VCM delivered hereunder in a sample container provided by Shell and purchased from Shell by Hooker.

Shell shall have no liability for, and Hooker shall indemnify Shell against all claims, loss, liability and expense on account of any injury or death of persons (including Hooker's employees) or damage to property (including Hooker's) to the extent caused by Hooker's negligence in unloading, storage, handling or use of the VCM delivered hereunder after the VCM is safely loaded into suitable tank cars and on execution by appropriate railroad representative of a nonnegotiable bill of lading.

Hooker shall have no liability for, and Shell shall indemnify Hooker against all claims, loss, liability and expense on account of any injury or death of persons (including Shell's employees) or damage to property (including Shell's) to the extent caused by Shell's negligence in unloading, storage, handling or use of the chlorine delivered hereunder after arrival of the chlorine upon Shell's premises.

Neither Shell nor Hooker shall have any liability to the other for any claims arising directly or indirectly out of or in connection with this Agreement, unless the claimant gives the other party notice of the claim setting forth fully the facts on which it is based within ninety (90) days after the date of delivery or other transaction or occurrence giving rise to the claim.

10. EXCUSES FOR NONPERFORMANCE. Neither Shell nor Hooker shall be liable for failure or delay in the performance of this Agreement, to the extent that, in Shell's case, its ability to produce or deliver the VCM converted hereunder, or in Hooker's case, its ability to

produce or deliver the chlorine converted hereunder or to consume the VCM which Shell converts hereunder, is delayed, impaired, or prevented, by any circumstances (except financial) reasonably beyond its control, or by fire, explosion, breakdown in machinery or equipment, failure of catalyst, or riots, strikes, labor disputes, condemnation or conveyance under threat of condemnation, voluntary or involuntary compliance with any law, order, regulation, recommendation, or request of any governmental authority (including, without limitation, those relating to price controls and product allocation), or total or partial failure of the usual means of transportation of chlorine, ethylene, Dichloroethane, VCM or PVC or inability or delay in obtaining all or any part of the feedstocks, process materials or catalysts used in the manufacture of chlorine, Dichloroethane, VCM or PVC, from earlier established internal or third party sources of supply. As used herein, "labor dispute" shall mean any controversy to which either Shell or Shell's source for feedstocks, process materials or catalysts or Hooker or Hooker's source of feedstocks, process materials or catalysts has an interest involving wages, hours or working conditions, and includes any strike, picketing, lockout, suspension of construction or any other action taken in connection with or because of the labor dispute. Neither Shell nor Hooker shall have any obligation to participate in any settlement of a labor dispute, or to request its agents or contractors or raw material suppliers to do so. The quantities of VCM consequently undelivered as a result of causes so excused hereunder shall not be required to be made up by Shell upon resumption of full deliveries of VCM hereunder and such excused quantities shall be deducted from the applicable remaining obligated quantities of Shell and Hooker

under this Agreement. In the event that Shell is excused from delivering any quantity of VCM due to any of the causes specified above, Shell shall allocate a pro rata share of its remaining supply of VCM to Hooker, such share to be equal to the percentage which Hooker's nominated quantity for the year in question bears to the total of VCM commitments to all customers and Shell's internal requirements as determined by Shell for such year at Shell's Norco, Louisiana plant, times the volume available for shipment. Neither Hooker nor Shell shall have any obligation in the event of any excused causes specified above to purchase ethylene, chlorine, Dichloroethane or VCM to perform hereunder, nor to be required to supply ethylene, chlorine, Dichloroethane or VCM produced in any of its plants other than those normally used for performance hereunder, provided that available supplies of such products from sources previously used during the applicable calendar year to supply the same hereunder are apportioned equitably among customers and internal uses in such manner as Hooker and Shell, in their sole judgment, find appropriate. If Shell's performance is excused hereunder due to inability to obtain feedstocks, process materials or catalysts used in the manufacture of VCM from Shell's earlier planned or established sources, Shell shall use diligent efforts to obtain such materials from other than earlier planned or established sources but fees hereunder shall be adjusted to reflect any increase in cost to Shell. If Shell is unable to obtain such feedstocks, Hooker, at its option, on reasonable notice may provide such feedstocks as are acceptable to Shell by mutually agreeable delivery methods and at Hooker's cost, and Shell shall convert VCM from such feedstocks provided by Hooker for delivery to Hooker for so long as Shell's excused performance

continues hereunder but fees shall be adjusted to reflect any corresponding increase or decrease in cost of feedstocks to Shell.

11. ASSIGNABILITY. Neither this Agreement nor any claim against Hooker or Shell arising directly or indirectly out of or in connection with this Agreement shall be assignable by either party or by operation of law, without the prior written consent of the other party.

12. REMEDIES. In the event of any breach by either party of any of the provisions of this Agreement which continues for thirty (30) days after notice thereof is given by the other, such other party shall have the right, in addition to any other rights or remedies it may have, to suspend or refuse deliveries hereunder and/or to terminate this Agreement by notice to the defaulting party, effective thirty (30) days following the date of such notice. Either party's right to require strict performance of the obligations of the other shall not be affected in any way by any previous waiver, forebearance or course of dealing.

13. NOTICES. All notices or demands under this Agreement whether required by the terms hereof or otherwise shall be in writing and shall be delivered or mailed by certified or registered mail, return receipt requested, to the following addresses of the parties or to such other addresses as may be hereafter designated in writing by the respective parties:

~~If to Hooker: Hooker Chemical & Plastics Corp.~~)
~~345 Third Street~~)
~~Niagara Falls, New York 14302~~) Deleted
~~Attention: Manager, Purchases~~)
~~Raw Materials & Containers~~)

If to Hooker:
~~Copy to~~: Hooker Chemical & Plastics Corp.
Ruco Division
River Road
Burlington, New Jersey 08016
Attention: Division Material Manager

If to Shell: Shell Chemical Company
A Division of Shell Oil Company
P. O. Box 2463, One Shell Plaza
Houston, Texas 77001
Attention: General Manager, Chemical Sales

All purchase orders or purchase acknowledgements which may be used to order or acknowledge orders for delivery of VCM hereunder shall be deemed to be intended for convenience and the provisions contained therein shall not serve to add to or otherwise vary the provisions of this Agreement.

14. ENTIRETY-RELEASE. This Agreement when it becomes effective January 1, 1979, shall comprise the entire Agreement and shall ~~xergexxand~~ supersede all prior understandings and representations (oral or written) between Shell and Hooker concerning the conversion of chlorine into VCM for Hooker, specifically including an agreement dated October 24, 1974 as amended. Neither this Agreement nor any subsequent Agreement amending or supplementing this Agreement shall be binding on Shell or Hooker unless and until it has been signed by the party claimed to be bound thereby, and commencement of performance hereunder or under any such subsequent Agreement shall not constitute a waiver of this requirement.

15. FAVORED NATIONS. If at any time Shell converts chlorine to VCM for a third party of substantially equal or better quality and quantity at a chlorine conversion fee or upon terms more favorable to the customer than in effect hereunder, Shell shall immediately give

Hooker the benefit of such lower chlorine conversion fee or more favorable terms for all deliveries of VCM made thereafter for so long as such lower price or more favorable terms remain in effect for a third party. It is understood that this paragraph does not apply to (a) chlorine conversions or deliveries by Shell to the government of the United States of America, (b) chlorine conversions or deliveries by Shell to any company which receives a functional discount for resale on that quantity which is resold, (c) chlorine conversions by Shell to customers for uses in manufacture of products not competitive with products manufactured by Hooker, (d) chlorine conversions for domestic third parties where Shell is meeting bona fide competitive situations, or (e) chlorine conversions for third parties for export outside the United States.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement in duplicate as of the day and date first written above.

SHELL CHEMICAL COMPANY
A Division of Shell Oil Company

By M. K. Seggerman
M. K. Seggerman
General Manager Chemical Sales

HOOKER CHEMICAL & PLASTICS
CORP.

By William F. Wetzel

EXHIBIT A

CHLORINE SPECIFICATIONS

Chlorine	99.5% vol. min.
Chlorinated Compounds	1000 ppm max.
Nonvolatile Matter	100 ppm max.
Water	30 ppm max.
Bromine	100 ppm max.

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

Contract File
VINYL CHLORIDE MON.

7/24/78

17-421-79

PRIVATE & CONFIDENTIAL

CONVERSION AGREEMENT

This Agreement is made this 24th day of July 1978, by and between SHELL CHEMICAL COMPANY, a division of SHELL OIL COMPANY, a Delaware corporation with offices at One Shell Plaza, Houston, Texas 77002 (hereinafter referred to as "Shell") and HOOKER CHEMICALS & PLASTICS CORP., a subsidiary of Occidental Petroleum Corporation, a California corporation, with offices at/ River Road, Burlington, New Jersey 08016 ~~345 Third Street, Niagara Falls, New York 14302~~ (hereinafter referred to as "Hooker").

WHEREAS, Shell and Hooker have entered into previous agreements dated January 24, 1973 and October 24, 1974 for the sale by Shell to Hooker of Vinyl Chloride Monomer (hereinafter referred to as "VCM") during the year 1974 and for the conversion by Shell of Hooker's chlorine to VCM in subsequent years for delivery to Hooker; and

WHEREAS, Shell and Hooker desire to maintain a mutually beneficial long-term agreement for the conversion of Hooker chlorine into VCM by Shell.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter set forth, the parties hereby agree as follows:

WITNESSETH

1. **TERM.**

A. This Agreement shall be binding upon the parties upon and after the execution hereof. It shall remain in full force and effect for a Primary Period of six (6) years, beginning on January 1, 1979, and shall continue thereafter unless and until terminated. Either → 12-31-84

party may terminate as of the last day of the Primary Period or at any time thereafter by giving notice of termination to the other party at least eighteen (18) months in advance; however, Hooker may terminate this agreement earlier under the sole circumstances described in Article 1.B. below.

✓ DONE

B. If Hooker decides to build or acquire VCM manufacturing capability, Hooker may terminate this agreement at the end of three (3) years or at the end of four and one-half (4-1/2) years providing that Hooker has given Shell written notice eighteen (18) months in advance of the proposed termination date. If Hooker has failed to notify Shell of its intent to terminate this agreement by July 1, 1980, the option to terminate at the end of three (3) years lapses and Hooker may then not terminate this agreement until the end of four and one-half (4-1/2) years. If Hooker subsequently fails to notify Shell of its intent to terminate by January 1, 1982, then the termination provisions of Article 1.A./ and 12 are the sole conditions of termination.

2. QUANTITIES - CONVERSION. During the term of this Agreement, Hooker shall deliver liquid chlorine to Shell by pipeline at Shell's Norco, Louisiana plant, or by mutual consent, by 90 ton tank car to such Shell location(s) as Shell shall designate, pursuant to Article 6 hereof, to be held by Shell in storage for Hooker's account and to be converted subsequently into such amounts of VCM as Hooker shall order, at a conversion ratio of 0.64 pounds of chlorine to 1.0 pound of VCM. In no event shall Shell be obligated to deliver to Hooker in any calendar month a quantity of VCM exceeding 1/11 of the applicable calendar year maximum quantity shown below or, cumulatively, 1/6 of such calendar year maximum in any two (2) succeeding months.

QUANTITIES OF VCM TO BE CONVERTED - MILLION POUNDS

YEAR	MINIMUM	MAXIMUM
1979 and each year thereafter	150	180

Hooker shall notify Shell not less than nine (9) months prior to the start of ~~1979~~ 1980 and any future year as to its nomination of the quantities of VCM desired during that calendar year within the range of the applicable minimum and maximum amounts specified above. Hooker's nomination for 1979 is 170,000,000 lbs. Except as further limited by such applicable calendar year minimum and maximum quantities, Hooker will be required to receive not less than 95% of the nomination for each succeeding calendar year (Hooker's "obligated quantity"), and Shell will be required to deliver up to, but not in excess of (except at its option), 105% of the nomination for such calendar year (Shell's "obligated quantity").

If Shell has additional VCM capacity after allowing for the supply of its other current or planned obligations, as determined by Shell, then Shell shall offer Hooker on at least a quarterly basis, such excess quantity. If under these conditions Hooker accepts such offer, or if for any other reason Hooker requests Shell to deliver more VCM in any calendar year than the applicable calendar year Shell obligation (105% of such year's nominated quantity or maximum quantity, whichever is applicable) and Shell so agrees, then the applicable calendar year minimum and maximum and the nominated quantity for such year, will be amended to include the added quantity or quantities.

In the event Shell requests Hooker to have less chlorine converted into VCM in any calendar year than the applicable calendar

year minimum, and Hooker so agrees, then the applicable calendar year minimum and maximum shall be of no effect for such year, and that amount requested by Shell and agreed to by Hooker shall be treated as the nomination for such calendar year.

3. PERFORMANCE. If Hooker fails, for reasons other than those provided for in Article 10 hereof, to order and accept its obligated quantity for any calendar year, the provisions outlined in Paragraphs A, C and D shall apply and the amount of the obligated quantity shall reflect any adjustments under Paragraph B. If, however, Hooker gives notice of termination of this agreement at the end of the primary period or anniversary thereof or prior to the end of the primary period as provided for in Article 1.B., then option 1 of Paragraph A shall not be available to Hooker in the last year (twelve-month period) of the agreement.

A. Subject to Paragraphs B. and C. of this Article 3; at Hooker's option exercised within 15 days after notice from Shell of any underlift for the prior calendar year, either (1) the minimum and maximum quantities specified in Article 2 for all years of this Agreement subsequent to the year of such underperformance by Hooker shall be reduced by the difference between its obligated quantity for the year of underperformance and the quantity actually ordered and accepted by Hooker during such year or, (2) Hooker shall pay to Shell as liquidated damages for each pound of VCM below such obligated quantity not ordered and accepted during the year an amount to be calculated as follows:

Payment = CF - 0.48E - 1.0 cent per pound

CF = average conversion fee hereunder expressed in cents per pound for the year in question.

E = Shell's valuation of ethylene in VCM expressed in cents per pound as determined by Shell and consistent with the average conversion fee hereunder.

If option (2) is applicable, payment shall be made by Hooker within thirty (30) days after the date of Shell's invoice.

B. If no later than ninety (90) days prior to January 1 of any calendar year of the Term hereof Hooker requests Shell to attempt to sell elsewhere a specific portion of the obligated quantity of VCM that Hooker is required to order and accept hereunder during that next calendar year, then to the extent that Shell may, after exercising its best efforts, sell such portion thereof at a price considered by Shell, in its sole judgment, to be satisfactory, Hooker's obligated quantity for that next calendar year in question shall be correspondingly reduced. If Hooker, at the time of its request for Shell to sell a specific portion of its obligated quantity, requests that such sale be limited to the quantity for that next calendar year, then Shell will not, without prior consultation with Hooker, commit such quantity for future periods if such quantity would reduce Hooker's ability to have said quantity converted by Shell in subsequent years. Hooker may also request that Shell sell elsewhere a portion of the obligated quantity for any calendar year up to ninety (90) days after January 1 of such calendar year of the term hereof but Shell may, at its option, decline to sell such material for any reason, including but not limited to disruption of Shell's sales

plan or interference with sales to Shell's other contract customers. The minimums and maximums specified in Article 2 hereof for each calendar year or years shall be correspondingly reduced by any specific portion of Hooker's obligated quantity sold elsewhere by Shell hereunder at Hooker's request.

C. If after Hooker requests Shell to sell a specific portion of its obligated quantity in accordance with Paragraph B above, and Hooker fails to order and accept that portion of its obligated quantity not requested of Shell to be sold to third parties during that year, then the provisions of Paragraph A above shall apply with regard to the underlifted quantity (i.e., the difference between the obligated quantity not requested of Shell to be sold to third parties by Shell and the quantity actually ordered and received by Hooker during the year), provided, however, that as to such underlifted quantity the choice of option 1) or option 2) of Paragraph A shall reside in Shell, not Hooker.

D. Notice of any underlifting or option elected by Shell under Paragraph C shall be given by Shell, within fifteen (15) days following the year in which the underperformance by Hooker occurs.

4. CONVERSION FEE. For all VCM converted for and delivered to Hooker hereunder, Hooker shall pay Shell FOB Shell's plant a conversion fee, to be nominated by Shell ninety (90) days in advance of January 1, 1979. As of the date this agreement is signed, such conversion fee is effectively 10.75 cents per pound (11.85 cents per pound conversion fee, less a Temporary Voluntary Allowance of 1.1 cent per pound). This fee may be reasonably increased at any time after it has been in effect ninety (90) days upon thirty (30) days' notice given to Hooker by Shell.

Any conversion fee in effect hereunder may be decreased by Shell at its option at any time and reinstated subsequently by Shell at any time upon notice to Hooker by Shell.

For any calendar year, if Hooker provides Shell satisfactory written evidence that a third party is willing to convert Hooker chlorine into at least 75 million pounds of VCM at an overall delivered cost including Hooker chlorine transportation fees which is lower by more than 0.25 cents ($0.0025) per pound for VCM converted hereunder for the same time period, and such competitive offer is made without disclosure by Hooker of the conversion fee hereunder, then unless Shell elects (and so advises Hooker in writing) within thirty (30) days to meet such competitive fee for the quantities so offered, the offered quantities shall be deducted from the obligated quantity of both parties hereunder for such calendar year. In the event Shell elects to meet such a competitive offer, no later offer of the same competitor or of the same parcel, made within twelve (12) months of the date of Shell's election, shall be considered to be a competitive offer within the meaning of this Article 4.

Further if Hooker provides written evidence satisfactory to Shell that Shell's chlorine conversion fee puts Hooker at a significant competitive disadvantage, i.e., 0.25 cents ($0.0025) per pound, as determined in good faith by Shell to costs for VCM otherwise actually available to Hooker from any of the three largest domestic VCM producers other than Shell, then Shell will either reduce its chlorine conversion fee to be competitive or give Hooker the option to reduce its obligated quantity by an amount equal to Hooker's actual purchases from non-Shell sources for all remaining years of the contract.

5. PAYMENT. Payment of the conversion fee for VCM delivered hereunder shall be made to Shell within thirty (30) days after the date of Shell's invoice.

6. DELIVERIES.

A. General: Not less than 10 days prior to the beginning of each calendar month Hooker shall, if Shell desires, advise Shell as to the quantity of chlorine it desires to have converted into VCM, at the conversion ratio set out in Article 2 for subsequent delivery to Hooker during the following three (3) months.

It is intended that Hooker shall deliver liquid chlorine to Shell's facilities at Norco, Louisiana via pipeline. By mutual consent, liquid chlorine deliveries may be made by 90 ton tank car to such Shell location(s) as Shell shall designate.

Hooker will provide and maintain necessary facilities, including a pipeline to Hooker's Taft, Louisiana property line at Hooker's cost and expense, to deliver such amounts of liquid chlorine as required to produce the appropriate quantity of VCM as specified hereunder. Shell shall transport such quantities of chlorine from Hooker's property line to Shell's Norco, Louisiana Plant in a pipeline to be maintained at Shell's cost and expense. Hooker shall pay Shell on a monthly basis a reasonable pipeline charge for chlorine transported through Shell's pipeline and used for conversion to Hooker's VCM. Shell's pipeline charge will be computed by Shell and be comprised of a reasonable capital charge based on costs for installing Shell's pipeline and on operating costs both prorated on the basis that Hooker's throughput of chlorine for conversion to Hooker's VCM bears to the total throughput of chlorine

through the line provided, however, that such pipeline charge shall not exceed Hooker's equivalent rail cost for movement of chlorine in Hooker's 90 ton rail cars from Hooker's Taft, Louisiana Plant to Shell's Norco, Louisiana Plant.

It is intended that Shell shall deliver the VCM converted hereunder in tank cars acceptable to Shell and furnished by Hooker. With prior mutual agreement such deliveries may be supplemented by tank cars furnished by Shell.

Deliveries shall be made from Shell's plant at Norco, Louisiana, or from other locations at Shell's option on reasonably advanced notice.

If the chlorine necessary for conversion into VCM as set forth above is not in Shell's storage, or readily accessible at the time of conversion, then Shell shall be excused from delivery of the volume of VCM not produced and Hooker's entitlement to VCM for the calendar year then in effect will be correspondingly reduced. Both parties shall make best efforts to maintain the chlorine delivered in balance with VCM shipped. The intent is to maintain balance at all times but should an imbalance occur it shall be redressed during the following month. Imbalances created by planned shutdowns of the VCM plant for maintenance shall be redressed by means mutually agreed to prior to the shutdown. Hooker shall notify Shell in writing by the 20th of each month of the planned chlorine deliveries for the following three months. These quantities will be modified as required to redress imbalances.

B. Liquid Chlorine: Measurements of the quantities of liquid chlorine shipped to Shell hereunder shall be made in accordance with the procedures set forth below:

1. <u>For Shipments by Pipeline</u>. The quantity of liquid chlorine delivered by pipeline will be determined by a turbine meter or mutually acceptable volumetric flow meter. The meter will be checked regularly by a mutually acceptable method and Shell shall have the right to have representatives present during checking and calibration of the meter. Shell shall have the right to approve the piping arrangement through the meter to the pipeline to insure accurate measurement.

2. <u>For Shipment in Tank Cars</u>. Measurement of the net quantity of liquid chlorine shipped to Shell in tank cars shall be made using railroad type weigh scales. The type scales, their calibration and use in weighing shall conform to the requirements set forth by American Association of Railroad (A.A.R.) rule.

Cars shall be weighed at rest on stationary scales, the capacity and platform of which will enable each car to be weighed singly. Cars to be weighed shall be uncoupled from any other railroad equipment when placed on the scale for weighing.

The weigh scale shall be calibrated every six months in accordance with regulations as set forth by the A.A.R. rule. Shell's designated representative from time to time, upon request to Hooker's designated representative, shall be permitted to witness the weighing of the chlorine cars to be shipped to Shell to verify the accuracy of the weights.

The tare or light weight of each car to be loaded is to be measured immediately before loading with liquid chlorine. A weight document for each car shall be furnished to Shell which shall

include the time of day, date, weight, weigher and car number for the tare and gross weight. Car seal numbers shall be recorded.

C. VCM by Tank Car. The quantity or weight of VCM delivered into tank cars for Hooker's account shall be determined on the basis of outage tables with appropriate corrections for temperature, or on the basis of certified weights of the common carrier of each loaded tank car utilizing printed tare of such tank cars or some other means which is mutually acceptable. "Heel" allowance shall be computed on the basis of the standard factor at 5 psig of 3 pounds per 100 gallons of car capacity, provided such cars are returned to Shell with a VCM pressure of between 5 and 10 psig prior to loading and with an oxygen content less than 1,000 ppm. In the event that the oxygen content exceeds 1,000 ppm, no heel allowance will be granted and Hooker shall pay the actual cost (plus plant overhead) of purging the car to make it suitable for loading.

7. GOVERNMENTAL CHARGES. All new taxes and other governmental charges other than those based on income, which are imposed on VCM, or on the raw materials, process materials or catalysts from which the VCM is produced, or on Shell (including without limitation its VCM manufacturing facility), or required to be paid or collected by Shell by reason of the production, conversion, transportation, or delivery of the VCM hereunder, shall be paid to Shell by Hooker in addition to the conversion fee and within thirty (30) days after the date of Shell's statement.

8. TITLE, COMMINGLING AND RESPONSIBILITY FOR LOSS. Title to all chlorine delivered to Shell and held by Shell for Hooker's account and all VCM converted hereunder shall be and remain in Hooker's account

but Shell shall have the right to commingle with its own chlorine all chlorine delivered to Shell and held by Shell for Hooker's account hereunder. Shell shall have also the right to commingle with its own VCM or other VCM held for the account of third parties, all VCM converted for Hooker's account hereunder.

To the extent caused by Shell's negligence, Shell shall be responsible for all loss or damage 1) to chlorine delivered to Shell and held by Shell for Hooker's account hereunder, 2) to all VCM converted from such chlorine while on Shell's property and 3) to all Hooker tank cars, full or empty, while on Shell's property.

Any chlorine required for conversion in excess of the conversion ratio shall be supplied by Shell at no cost to Hooker. Any chlorine remaining in Shell's storage because of conversion efficiency shall become the property of Shell.

9. LIABILITIES - CLAIM. Hooker warrants that the chlorine delivered hereunder will meet the specifications set forth in Exhibit "A" and Shell warrants that the VCM converted from such chlorine will meet the specifications set forth in Exhibit "B" or subsequently modified by mutual written agreement, but Shell and Hooker make NO OTHER WARRANTIES hereunder, WHETHER OF MERCHANTABILITY, FITNESS OR OTHERWISE, AND NONE SHALL BE IMPLIED. Hooker shall accept Shell's analysis of VCM converted hereunder as determined on the contents of Shell's storage spheres prior to delivery to Hooker and Hooker shall accept Shell's Certificate of Analysis therefore as representative of the quality of the VCM delivered hereunder with respect to meeting the specifications warranted unless proven to be in error. Hooker shall have the right on reasonable advance

notice to obtain from Shell, from time to time, a sample of the VCM delivered hereunder in a sample container provided by Shell and purchased from Shell by Hooker.

Shell shall have no liability for, and Hooker shall indemnify Shell against all claims, loss, liability and expense on account of any injury or death of persons (including Hooker's employees) or damage to property (including Hooker's) to the extent caused by Hooker's negligence in unloading, storage, handling or use of the VCM delivered hereunder after the VCM is safely loaded into suitable tank cars and on execution by appropriate railroad representative of a nonnegotiable bill of lading.

Hooker shall have no liability for, and Shell shall indemnify Hooker against all claims, loss, liability and expense on account of any injury or death of persons (including Shell's employees) or damage to property (including Shell's) to the extent caused by Shell's negligence in unloading, storage, handling or use of the chlorine delivered hereunder after arrival of the chlorine upon Shell's premises.

Neither Shell nor Hooker shall have any liability to the other for any claims arising directly or indirectly out of or in connection with this Agreement, unless the claimant gives the other party notice of the claim setting forth fully the facts on which it is based within ninety (90) days after the date of delivery or other transaction or occurrence giving rise to the claim.

10. EXCUSES FOR NONPERFORMANCE. Neither Shell nor Hooker shall be liable for failure or delay in the performance of this Agreement, to the extent that, in Shell's case, its ability to produce or deliver the VCM converted hereunder, or in Hooker's case, its ability to

produce or deliver the chlorine converted hereunder or to consume the VCM which Shell converts hereunder, is delayed, impaired, or prevented, by any circumstances (except financial) reasonably beyond its control, or by fire, explosion, breakdown in machinery or equipment, failure of catalyst, or riots, strikes, labor disputes, condemnation or conveyance under threat of condemnation, voluntary or involuntary compliance with any law, order, regulation, recommendation, or request of any governmental authority (including, without limitation, those relating to price controls and product allocation), or total or partial failure of the usual means of transportation of chlorine, ethylene, Dichloroethane, VCM or PVC or inability or delay in obtaining all or any part of the feedstocks, process materials or catalysts used in the manufacture of chlorine, Dichloroethane, VCM or PVC, from earlier established internal or third party sources of supply. As used herein, "labor dispute" shall mean any controversy to which either Shell or Shell's source for feedstocks, process materials or catalysts or Hooker or Hooker's source of feedstocks, process materials or catalysts has an interest involving wages, hours or working conditions, and includes any strike, picketing, lockout, suspension of construction or any other action taken in connection with or because of the labor dispute. Neither Shell nor Hooker shall have any obligation to participate in any settlement of a labor dispute, or to request its agents or contractors or raw material suppliers to do so. The quantities of VCM consequently undelivered as a result of causes so excused hereunder shall not be required to be made up by Shell upon resumption of full deliveries of VCM hereunder and such excused quantities shall be deducted from the applicable remaining obligated quantities of Shell and Hooker

under this Agreement. In the event that Shell is excused from delivering any quantity of VCM due to any of the causes specified above, Shell shall allocate a pro rata share of its remaining supply of VCM to Hooker, such share to be equal to the percentage which Hooker's nominated quantity for the year in question bears to the total of VCM commitments to all customers and Shell's internal requirements as determined by Shell for such year at Shell's Norco, Louisiana plant, times the volume available for shipment. Neither Hooker nor Shell shall have any obligation in the event of any excused causes specified above to purchase ethylene, chlorine, Dichloroethane or VCM to perform hereunder, nor to be required to supply ethylene, chlorine, Dichloroethane or VCM produced in any of its plants other than those normally used for performance hereunder, provided that available supplies of such products from sources previously used during the applicable calendar year to supply the same hereunder are apportioned equitably among customers and internal uses in such manner as Hooker and Shell, in their sole judgment, find appropriate. If Shell's performance is excused hereunder due to inability to obtain feedstocks, process materials or catalysts used in the manufacture of VCM from Shell's earlier planned or established sources, Shell shall use diligent efforts to obtain such materials from other than earlier planned or established sources but fees hereunder shall be adjusted to reflect any increase in cost to Shell. If Shell is unable to obtain such feedstocks, Hooker, at its option, on reasonable notice may provide such feedstocks as are acceptable to Shell by mutually agreeable delivery methods and at Hooker's cost, and Shell shall convert VCM from such feedstocks provided by Hooker for delivery to Hooker for so long as Shell's excused performance

continues hereunder but fees shall be adjusted to reflect any corresponding increase or decrease in cost of feedstocks to Shell.

11. ASSIGNABILITY. Neither this Agreement nor any claim against Hooker or Shell arising directly or indirectly out of or in connection with this Agreement shall be assignable by either party or by operation of law, without the prior written consent of the other party.

12. REMEDIES. In the event of any breach by either party of any of the provisions of this Agreement which continues for thirty (30) days after notice thereof is given by the other, such other party shall have the right, in addition to any other rights or remedies it may have, to suspend or refuse deliveries hereunder and/or to terminate this Agreement by notice to the defaulting party, effective thirty (30) days following the date of such notice. Either party's right to require strict performance of the obligations of the other shall not be affected in any way by any previous waiver, forebearance or course of dealing.

13. NOTICES. All notices or demands under this Agreement whether required by the terms hereof or otherwise shall be in writing and shall be delivered or mailed by certified or registered mail, return receipt requested, to the following addresses of the parties or to such other addresses as may be hereafter designated in writing by the respective parties:

~~If to Hooker: Hooker Chemical & Plastics Corp.~~)
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~~Niagara Falls, New York 14302~~) Deleted
~~Attention: Manager, Purchases~~)
~~Raw Materials & Containers~~)

If to Hooker:
~~Copy to~~: Hooker Chemical & Plastics Corp.
Ruco Division
River Road
Burlington, New Jersey 08016
Attention: Division Material Manager

If to Shell: Shell Chemical Company
A Division of Shell Oil Company
P. O. Box 2463, One Shell Plaza
Houston, Texas 77001
Attention: General Manager, Chemical Sales

All purchase orders or purchase acknowledgements which may be used to order or acknowledge orders for delivery of VCM hereunder shall be deemed to be intended for convenience and the provisions contained therein shall not serve to add to or otherwise vary the provisions of this Agreement.

14. ENTIRETY-RELEASE. This Agreement when it becomes effective January 1, 1979, shall comprise the entire Agreement and shall ~~xxxxxxxand~~ supersede all prior understandings and representations (oral or written) between Shell and Hooker concerning the conversion of chlorine into VCM for Hooker, specifically including an agreement dated October 24, 1974 as amended. Neither this Agreement nor any subsequent Agreement amending or supplementing this Agreement shall be binding on Shell or Hooker unless and until it has been signed by the party claimed to be bound thereby, and commencement of performance hereunder or under any such subsequent Agreement shall not constitute a waiver of this requirement.

15. FAVORED NATIONS. If at any time Shell converts chlorine to VCM for a third party of substantially equal or better quality and quantity at a chlorine conversion fee or upon terms more favorable to the customer than in effect hereunder, Shell shall immediately give

Hooker the benefit of such lower chlorine conversion fee or more favorable terms for all deliveries of VCM made thereafter for so long as such lower price or more favorable terms remain in effect for a third party. It is understood that this paragraph does not apply to (a) chlorine conversions or deliveries by Shell to the government of the United States of America, (b) chlorine conversions or deliveries by Shell to any company which receives a functional discount for resale on that quantity which is resold, (c) chlorine conversions by Shell to customers for uses in manufacture of products not competitive with products manufactured by Hooker, (d) chlorine conversions for domestic third parties where Shell is meeting bona fide competitive situations, or (e) chlorine conversions for third parties for export outside the United States.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement in duplicate as of the day and date first written above.

SHELL CHEMICAL COMPANY
A Division of Shell Oil Company

By M. K. Seggerman
M. K. Seggerman
General Manager Chemical Sales

HOOKER CHEMICAL & PLASTICS
CORP.

By William F. Wetzel

EXHIBIT A

CHLORINE SPECIFICATIONS

Chlorine	99.5% vol. min.
Chlorinated Compounds	1000 ppm max.
Nonvolatile Matter	100 ppm max.
Water	30 ppm max.
Bromine	100 ppm max.

EXHIBIT B

SPECIFICATIONS FOR VINYL CHLORIDE

HOOKER CHEMICAL & PLASTICS CORP.

Vinyl Chloride	99.9% minimum by weight
Acetaldehyde	1 ppm maximum by weight
Acetylene	0.4 ppm maximum by weight
Acidity, as HCl	1 ppm maximum by weight
Butadiene	8 ppm maximum by weight
Heavy Ends*	50 ppm maximum by weight
Iron	0.5 ppm maximum by weight
Methyl Chloride	70 ppm maximum by weight
Vinyl Acetylene	20 ppm maximum by weight
Nonvolatiles	50 ppm maximum by weight
Peroxide, as H_2O_2	0.06 ppm maximum by weight
Sulfur	1 ppm maximum by weight
Water	100 ppm maximum by weight
Appearance	Clear and free of suspended matter
Color	Colorless
Stabilizer	None added

---

*Heavy ends include the following:

Ethyl Chloride, 1,1-Dichloroethylene, 1,2-Dichloroethylene, Beta-Chloropropene, Dichloroacetylene, Chloroprene, Vinylidene Chloride, CIS Dichloroethane, TRANS Dichloroethane, 1,1-Dichloroethane, 1,2-Dichloroethane, Trichloroethylene, Perchloroethylene, Monochloropropane, Dichloropropane, Vinyl Bromide

EXHIBIT B

SPECIFICATIONS FOR VINYL CHLORIDE

HOOKER CHEMICAL & PLASTICS CORP.

Vinyl Chloride	99.9% minimum by weight
Acetaldehyde	1 ppm maximum by weight
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Iron	0.5 ppm maximum by weight
Methyl Chloride	70 ppm maximum by weight
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Nonvolatiles	50 ppm maximum by weight
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SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

cc: R. Dorvais

Occidental Chemical Corporation

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

June 27, 1983
Contract No. 17-421-79
Vinyl Chloride Monomer

Shell Chemical Company
A Division of Shell Oil Company
P. O. Box 2463, 1 Shell Plaza
Houston, Texas 77001

Attention: General Manager
Chemical Sales

Gentlemen:

Pursuant to Section 1.A of the Conversion Agreement dated July 24, 1978, between Shell Chemical Company, A division of Shell Oil Company, and Hooker Chemicals & Plastics Corp. (now named Occidental Chemical Corporation), notice is hereby given to Shell of the termination of the Agreement by Occidental as of the last day of the Primary Period, December 31, 1984.

Very truly yours,

OCCIDENTAL CHEMICAL CORPORATION

By W. H. C

OXY

Executive Offices
1980 Post Oak Blvd., P.O. Box 4289, Houston, Tx. 77210 (713) 840-7535 TWX 910-881-6327 TELEX 775-391

file

Occidental Chemical Corporation
Executive Offices

MEMO

TO: L. G. King
W. J. Wetzel

FROM: W. H. Childs

SUBJECT: Shell Chemical Meeting

Confirming that Larry Wheeler, VCM Product Manager and Bob Weigle, Corporate Account Manager, will be in Occidental's office Friday, July 1st at 10:30 a.m. to discuss VCM and Phenol pricing for July.

W.H. Childs

W. H. Childs

WHC/sr

OC-1007.A (ED. 7-82)

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

HOOKER CHEMICAL COMPANY
P.O. BOX 4289 • HOUSTON, TEXAS 77210 • (713) 840-7535 • TWX 910-881-6327 • TELEX 774-349

December 24. 1980

Mr. George Ash
Shell Chemical Company
One Shell Plaza
P. O. Box 2463
Houston, TX 77001

Dear George:

This will confirm the telephone conversation Dave Litton and I had on December 23, 1980, regarding the enclosed amendment dated December 18, 1980 to our conversion contract of July 24, 1978.

Firestone assigned its interest in thier agreement with Shell dated July 10, 1978, to Hooker Chemical Company at the time when our purchase of their plastics operation was consummated. Accordingly, we feel there is no need in obtaining consent from Firestone to terminate said agreement. Consequently, we have executed the proposed change in the amendment letter as you will note at the bottom of page 1.

Please initial the proposed deletion and return an executed amendment letter to me.

Very truly yours,

James G Parsons

James G. Parsons
Manager - Raw Material Supply

JGP/akf
Attachment

cc: William Merritt
D. W. Calhoun
J. T. Anderson

0096m

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

December 18, 1980

PRIVATE AND CONFIDENTIAL

Hooker Chemicals and Plastics Corporation
ATTN Mr. D. W. Calhoun
Director Energy and Raw Material Supply
1980 South Post Oak Road
Houston, Texas 77056

Gentlemen:

In accordance with our discussions following your recent purchase of the former Firestone PVC facilities, this letter when executed by you in the manner indicated below, will constitute an amendment to the confidential VCM Conversion Agreement between Shell Chemical Company and Hooker Chemicals and Plastics Corporation dated July 24, 1978 as follows:

A. Article 2. The table entitled "Quantity Of VCM To Be Converted - Million Pounds" is deleted in its entirety and replaced with the following:

" Quantities To Be Converted - Million Pounds

YEAR	MINIMUM	MAXIMUM
1979	150	180
1980	150	180
1981	330	380
1982	330	380
1983	330	380
1984 and Annually Thereafter	330	380 "

B. All other Terms and Conditions of Contract remain in full force and effect.

This amendment incorporates the quantities of VCM formerly committed by Shell to Firestone but does not include additional other volumes presently under discussion but not yet finally agreed to.

Effective on the date you execute this amendment, the VCM Contract between Firestone and Shell dated July 10, 1978, will be considered terminated by mutual consent. ~~and we will obtain the written concurrence of Firestone~~

We sincerely appreciate the excellent business relationship between our two companies and look forward to serving your VCM requirements for many years to come.

Very truly yours,

George W. Ash

G. W. Ash
Corporate Account Manager

ACCEPTED AND AGREED TO THIS 23 DAY OF December, 1980

HOOKER CHEMICALS AND PLASTICS CORPORATION

BY William f Wetzel

TITLE Vice President

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

December 18, 1980

PRIVATE AND CONFIDENTIAL

Hooker Chemicals and Plastics Corporation
ATTN Mr. D. W. Calhoun
Director Energy and Raw Material Supply
1980 South Post Oak Road
Houston, Texas 77056

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Very truly yours,

George W. Ash

G. W. Ash
Corporate Account Manager

ACCEPTED AND AGREED TO THIS 23 DAY OF December, 1980

HOOKER CHEMICALS AND PLASTICS CORPORATION

BY William J Wetzel

TITLE Vice President

Contract File
VINYL CHLORIDE MON.

PRIVATE & CONFIDENTIAL

CONVERSION AGREEMENT

This Agreement is made this 24th day of July 1978, by and between SHELL CHEMICAL COMPANY, a division of SHELL OIL COMPANY, a Delaware corporation with offices at One Shell Plaza, Houston, Texas 77002 (hereinafter referred to as "Shell") and HOOKER CHEMICALS & PLASTICS CORP., a subsidiary of Occidental Petroleum Corporation, a California corporation, with offices at/River Road, Burlington, New Jersey 08016 ~~145 Third Street Niagara Falls New York 14302~~ (hereinafter referred to as "Hooker").

WHEREAS, Shell and Hooker have entered into previous agreements dated January 24, 1973 and October 24, 1974 for the sale by Shell to Hooker of Vinyl Chloride Monomer (hereinafter referred to as "VCM") during the year 1974 and for the conversion by Shell of Hooker's chlorine to VCM in subsequent years for delivery to Hooker; and

WHEREAS, Shell and Hooker desire to maintain a mutually beneficial long-term agreement for the conversion of Hooker chlorine into VCM by Shell.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter set forth, the parties hereby agree as follows:

WITNESSETH

1. TERM.

A. This Agreement shall be binding upon the parties upon and after the execution hereof. It shall remain in full force and effect for a Primary Period of six (6) years, beginning on January 1, 1979, and shall continue thereafter unless and until terminated. Either

THRU 1984

party may terminate as of the last day of the Primary Period or at any time thereafter by giving notice of termination to the other party at least eighteen (18) months in advance; however, Hooker may terminate this agreement earlier under the sole circumstances described in Article 1.B. below.

NOTICE mid 83

B. If Hooker decides to build or acquire VCM manufacturing capability, Hooker may terminate this agreement at the end of three (3) years or at the end of four and one-half (4-1/2) years providing that Hooker has given Shell written notice eighteen (18) months in advance of the proposed termination date. If Hooker has failed to notify Shell of its intent to terminate this agreement by July 1, 1980, the option to terminate at the end of three (3) years lapses and Hooker may then not terminate this agreement until the end of four and one-half (4-1/2) years. If Hooker subsequently fails to notify Shell of its intent to terminate by January 1, 1982, then the termination provisions of Article 1.A. and 12 are the sole conditions of termination.

NO LONGER EARLY TERM [illegible]

2. <u>QUANTITIES - CONVERSION</u>. During the term of this Agreement, Hooker shall deliver liquid chlorine to Shell by pipeline at Shell's Norco, Louisiana plant, or by mutual consent, by 90 ton tank car to such Shell location(s) as Shell shall designate, pursuant to Article 6 hereof, to be held by Shell in storage for Hooker's account and to be converted subsequently into such amounts of VCM as Hooker shall order, at a conversion ratio of 0.64 pounds of chlorine to 1.0 pound of VCM. In no event shall Shell be obligated to deliver to Hooker in any calendar month a quantity of VCM exceeding 1/11 of the applicable calendar year maximum quantity shown below or, cumulatively, 1/6 of such calendar year maximum in any two (2) succeeding months.

See Amendment Quant. Changed

QUANTITIES OF VCM TO BE CONVERTED - MILLION POUNDS

YEAR	MINIMUM	MAXIMUM
1979 and each year thereafter	150	180

Hooker shall notify Shell not less than nine (9) months prior to the start of ~~1979~~ 1980 and any future year as to its nomination of the quantities of VCM desired during that calendar year within the range of the applicable minimum and maximum amounts specified above./ Hooker's nomination for 1979 is 170,000,000 lbs. Except as further limited by such applicable calendar year minimum and maximum quantities, Hooker will be required to receive not less than 95% of the nomination for each succeeding calendar year (Hooker's "obligated quantity"), and Shell will be required to deliver up to, but not in excess of (except at its option), 105% of the nomination for such calendar year (Shell's "obligated quantity").

If Shell has additional VCM capacity after allowing for the supply of its other current or planned obligations, as determined by Shell, then Shell shall offer Hooker on at least a quarterly basis, such excess quantity. If under these conditions Hooker accepts such offer, or if for any other reason Hooker requests Shell to deliver more VCM in any calendar year than the applicable calendar year Shell obligation (105% of such year's nominated quantity or maximum quantity, whichever is applicable) and Shell so agrees, then the applicable calendar year minimum and maximum and the nominated quantity for such year, will be amended to include the added quantity or quantities.

In the event Shell requests Hooker to have less chlorine converted into VCM in any calendar year than the applicable calendar

year minimum, and Hooker so agrees, then the applicable calendar year minimum and maximum shall be of no effect for such year, and that amount requested by Shell and agreed to by Hooker shall be treated as the nomination for such calendar year.

3. PERFORMANCE. If Hooker fails, for reasons other than those provided for in Article 10 hereof, to order and accept its obligated quantity for any calendar year, the provisions outlined in Paragraphs A, C and D shall apply and the amount of the obligated quantity shall reflect any adjustments under Paragraph B. If, however, Hooker gives notice of termination of this agreement at the end of the primary period or anniversary thereof or prior to the end of the primary period as provided for in Article 1.B., then option 1 of Paragraph A shall not be available to Hooker in the last year (twelve-month period) of the agreement.

A. Subject to Paragraphs B. and C. of this Article 3; at Hooker's option exercised within 15 days after notice from Shell of any underlift for the prior calendar year, either (1) the minimum and maximum quantities specified in Article 2 for all years of this Agreement subsequent to the year of such underperformance by Hooker shall be reduced by the difference between its obligated quantity for the year of underperformance and the quantity actually ordered and accepted by Hooker during such year or, (2) Hooker shall pay to Shell as liquidated damages for each pound of VCM below such obligated quantity not ordered and accepted during the year an amount to be calculated as follows:

Payment = CF - 0.48E - 1.0 cent per pound

CF = average conversion fee hereunder expressed in cents per pound for the year in question.

E = Shell's valuation of ethylene in VCM expressed in cents per pound as determined by Shell and consistent with the average conversion fee hereunder.

If option (2) is applicable, payment shall be made by Hooker within thirty (30) days after the date of Shell's invoice.

B. If no later than ninety (90) days prior to January 1 of any calendar year of the Term hereof Hooker requests Shell to attempt to sell elsewhere a specific portion of the obligated quantity of VCM that Hooker is required to order and accept hereunder during that next calendar year, then to the extent that Shell may, after exercising its best efforts, sell such portion thereof at a price considered by Shell, in its sole judgment, to be satisfactory, Hooker's obligated quantity for that next calendar year in question shall be correspondingly reduced. If Hooker, at the time of its request for Shell to sell a specific portion of its obligated quantity, requests that such sale be limited to the quantity for that next calendar year, then Shell will not, without prior consultation with Hooker, commit such quantity for future periods if such quantity would reduce Hooker's ability to have said quantity converted by Shell in subsequent years. Hooker may also request that Shell sell elsewhere a portion of the obligated quantity for any calendar year up to ninety (90) days after January 1 of such calendar year of the term hereof but Shell may, at its option, decline to sell such material for any reason, including but not limited to disruption of Shell's sales

plan or interference with sales to Shell's other contract customers. The minimums and maximums specified in Article 2 hereof for each calendar year or years shall be correspondingly reduced by any specific portion of Hooker's obligated quantity sold elsewhere by Shell hereunder at Hooker's request.

C. If after Hooker requests Shell to sell a specific portion of its obligated quantity in accordance with Paragraph B above, and Hooker fails to order and accept that portion of its obligated quantity not requested of Shell to be sold to third parties during that year, then the provisions of Paragraph A above shall apply with regard to the underlifted quantity (i.e., the difference between the obligated quantity not requested of Shell to be sold to third parties by Shell and the quantity actually ordered and received by Hooker during the year), provided, however, that as to such underlifted quantity the choice of option 1) or option 2) of Paragraph A shall reside in Shell, not Hooker.

D. Notice of any underlifting or option elected by Shell under Paragraph C shall be given by Shell, within fifteen (15) days following the year in which the underperformance by Hooker occurs.

4. CONVERSION FEE. For all VCM converted for and delivered to Hooker hereunder, Hooker shall pay Shell FOB Shell's plant a conversion fee, to be nominated by Shell ninety (90) days in advance of January 1, 1979. As of the date this agreement is signed, such conversion fee is effectively 10.75 cents per pound (11.85 cents per pound conversion fee, less a Temporary Voluntary Allowance of 1.1 cent per pound). This fee may be reasonably increased at any time after it has been in effect ninety (90) days upon thirty (30) days' notice given to Hooker by Shell.

Any conversion fee in effect hereunder may be decreased by Shell at its option at any time and reinstated subsequently by Shell at any time upon notice to Hooker by Shell.

For any calendar year, if Hooker provides Shell satisfactory written evidence that a third party is willing to convert Hooker chlorine into at least 75 million pounds of VCM at an overall delivered cost including Hooker chlorine transportation fees which is lower by more than 0.25 cents ($0.0025) per pound for VCM converted hereunder for the same time period, and such competitive offer is made without disclosure by Hooker of the conversion fee hereunder, then unless Shell elects (and so advises Hooker in writing) within thirty (30) days to meet such competitive fee for the quantities so offered, the offered quantities shall be deducted from the obligated quantity of both parties hereunder for such calendar year. In the event Shell elects to meet such a competitive offer, no later offer of the same competitor or of the same parcel, made within twelve (12) months of the date of Shell's election, shall be considered to be a competitive offer within the meaning of this Article 4.

Further if Hooker provides written evidence satisfactory to Shell that Shell's chlorine conversion fee puts Hooker at a significant competitive disadvantage, i.e., 0.25 cents ($0.0025) per pound, as determined in good faith by Shell to costs for VCM otherwise actually available to Hooker from any of the three largest domestic VCM producers other than Shell, then Shell will either reduce its chlorine conversion fee to be competitive or give Hooker the option to reduce its obligated quantity by an amount equal to Hooker's actual purchases from non-Shell sources for all remaining years of the contract.

5. PAYMENT. Payment of the conversion fee for VCM delivered hereunder shall be made to Shell within thirty (30) days after the date of Shell's invoice.

30 DAYS of
DATE of
INVOICE

6. DELIVERIES.

A. General: Not less than 10 days prior to the beginning of each calendar month Hooker shall, if Shell desires, advise Shell as to the quantity of chlorine it desires to have converted into VCM, at the conversion ratio set out in Article 2 for subsequent delivery to Hooker during the following three (3) months.

It is intended that Hooker shall deliver liquid chlorine to Shell's facilities at Norco, Louisiana via pipeline. By mutual consent, liquid chlorine deliveries may be made by 90 ton tank car to such Shell location(s) as Shell shall designate.

NORCO-PIPE
MUTUAL CONS
T/C OTHER
LOCATION.

Hooker will provide and maintain necessary facilities, including a pipeline to Hooker's Taft, Louisiana property line at Hooker's cost and expense, to deliver such amounts of liquid chlorine as required to produce the appropriate quantity of VCM as specified hereunder. Shell shall transport such quantities of chlorine from Hooker's property line to Shell's Norco, Louisiana Plant in a pipeline to be maintained at Shell's cost and expense. Hooker shall pay Shell on a monthly basis a reasonable pipeline charge for chlorine transported through Shell's pipeline and used for conversion to Hooker's VCM. Shell's pipeline charge will be computed by Shell and be comprised of a reasonable capital charge based on costs for installing Shell's pipeline and on operating costs both prorated on the basis that Hooker's throughput of chlorine for conversion to Hooker's VCM bears to the total throughput of chlorine

through the line provided, however, that such pipeline charge shall not exceed Hooker's equivalent rail cost for movement of chlorine in Hooker's 90 ton rail cars from Hooker's Taft, Louisiana Plant to Shell's Norco, Louisiana Plant.

It is intended that Shell shall deliver the VCM converted hereunder in tank cars acceptable to Shell and furnished by Hooker. With prior mutual agreement such deliveries may be supplemented by tank cars furnished by Shell.

Deliveries shall be made from Shell's plant at Norco, Louisiana, or from other locations at Shell's option on reasonably advanced notice.

If the chlorine necessary for conversion into VCM as set forth above is not in Shell's storage, or readily accessible at the time of conversion, then Shell shall be excused from delivery of the volume of VCM not produced and Hooker's entitlement to VCM for the calendar year then in effect will be correspondingly reduced. Both parties shall make best efforts to maintain the chlorine delivered in balance with VCM shipped. The intent is to maintain balance at all times but should an imbalance occur it shall be redressed during the following month. Imbalances created by planned shutdowns of the VCM plant for maintenance shall be redressed by means mutually agreed to prior to the shutdown. Hooker shall notify Shell in writing by the 20th of each month of the planned chlorine deliveries for the following three months. These quantities will be modified as required to redress imbalances.

B. Liquid Chlorine: Measurements of the quantities of liquid chlorine shipped to Shell hereunder shall be made in accordance with the procedures set forth below:

1. <u>For Shipments by Pipeline</u>. The quantity of liquid chlorine delivered by pipeline will be determined by a turbine meter or mutually acceptable volumetric flow meter. The meter will be checked regularly by a mutually acceptable method and Shell shall have the right to have representatives present during checking and calibration of the meter. Shell shall have the right to approve the piping arrangement through the meter to the pipeline to insure accurate measurement.

2. <u>For Shipment in Tank Cars</u>. Measurement of the net quantity of liquid chlorine shipped to Shell in tank cars shall be made using railroad type weigh scales. The type scales, their calibration and use in weighing shall conform to the requirements set forth by American Association of Railroad (A.A.R.) rule.

Cars shall be weighed at rest on stationary scales, the capacity and platform of which will enable each car to be weighed singly. Cars to be weighed shall be uncoupled from any other railroad equipment when placed on the scale for weighing.

The weigh scale shall be calibrated every six months in accordance with regulations as set forth by the A.A.R. rule. Shell's designated representative from time to time, upon request to Hooker's designated representative, shall be permitted to witness the weighing of the chlorine cars to be shipped to Shell to verify the accuracy of the weights.

The tare or light weight of each car to be loaded is to be measured immediately before loading with liquid chlorine. A weight document for each car shall be furnished to Shell which shall

include the time of day, date, weight, weigher and car number for the tare and gross weight. Car seal numbers shall be recorded.

C. VCM by Tank Car. The quantity or weight of VCM delivered into tank cars for Hooker's account shall be determined on the basis of outage tables with appropriate corrections for temperature, or on the basis of certified weights of the common carrier of each loaded tank car utilizing printed tare of such tank cars or some other means which is mutually acceptable. "Heel" allowance shall be computed on the basis of the standard factor at 5 psig of 3 pounds per 100 gallons of car capacity, provided such cars are returned to Shell with a VCM pressure of between 5 and 10 psig prior to loading and with an oxygen content less than 1,000 ppm. In the event that the oxygen content exceeds 1,000 ppm, no heel allowance will be granted and Hooker shall pay the actual cost (plus plant overhead) of purging the car to make it suitable for loading.

7. GOVERNMENTAL CHARGES. All new taxes and other governmental charges other than those based on income, which are imposed on VCM, or on the raw materials, process materials or catalysts from which the VCM is produced, or on Shell (including without limitation its VCM manufacturing facility), or required to be paid or collected by Shell by reason of the production, conversion, transportation, or delivery of the VCM hereunder, shall be paid to Shell by Hooker in addition to the conversion fee and within thirty (30) days after the date of Shell's statement.

8. TITLE, COMMINGLING AND RESPONSIBILITY FOR LOSS. Title to all chlorine delivered to Shell and held by Shell for Hooker's account and all VCM converted hereunder shall be and remain in Hooker's account

but Shell shall have the right to commingle with its own chlorine all chlorine delivered to Shell and held by Shell for Hooker's account hereunder. Shell shall have also the right to commingle with its own VCM or other VCM held for the account of third parties, all VCM converted for Hooker's account hereunder.

To the extent caused by Shell's negligence, Shell shall be responsible for all loss or damage 1) to chlorine delivered to Shell and held by Shell for Hooker's account hereunder, 2) to all VCM converted from such chlorine while on Shell's property and 3) to all Hooker tank cars, full or empty, while on Shell's property.

Any chlorine required for conversion in excess of the conversion ratio shall be supplied by Shell at no cost to Hooker. Any chlorine remaining in Shell's storage because of conversion efficiency shall become the property of Shell.

9. LIABILITIES - CLAIM. Hooker warrants that the chlorine delivered hereunder will meet the specifications set forth in Exhibit "A" and Shell warrants that the VCM converted from such chlorine will meet the specifications set forth in Exhibit "B" or subsequently modified by mutual written agreement, but Shell and Hooker make NO OTHER WARRANTIES hereunder, WHETHER OF MERCHANTABILITY, FITNESS OR OTHERWISE, AND NONE SHALL BE IMPLIED. Hooker shall accept Shell's analysis of VCM converted hereunder as determined on the contents of Shell's storage spheres prior to delivery to Hooker and Hooker shall accept Shell's Certificate of Analysis therefore as representative of the quality of the VCM delivered hereunder with respect to meeting the specifications warranted unless proven to be in error. Hooker shall have the right on reasonable advance

notice to obtain from Shell, from time to time, a sample of the VCM delivered hereunder in a sample container provided by Shell and purchased from Shell by Hooker.

Shell shall have no liability for, and Hooker shall indemnify Shell against all claims, loss, liability and expense on account of any injury or death of persons (including Hooker's employees) or damage to property (including Hooker's) to the extent caused by Hooker's negligence in unloading, storage, handling or use of the VCM delivered hereunder after the VCM is safely loaded into suitable tank cars and on execution by appropriate railroad representative of a nonnegotiable bill of lading.

Hooker shall have no liability for, and Shell shall indemnify Hooker against all claims, loss, liability and expense on account of any injury or death of persons (including Shell's employees) or damage to property (including Shell's) to the extent caused by Shell's negligence in unloading, storage, handling or use of the chlorine delivered hereunder after arrival of the chlorine upon Shell's premises.

Neither Shell nor Hooker shall have any liability to the other for any claims arising directly or indirectly out of or in connection with this Agreement, unless the claimant gives the other party notice of the claim setting forth fully the facts on which it is based within ninety (90) days after the date of delivery or other transaction or occurrence giving rise to the claim.

10. <u>EXCUSES FOR NONPERFORMANCE</u>. Neither Shell nor Hooker shall be liable for failure or delay in the performance of this Agreement, to the extent that, in Shell's case, its ability to produce or deliver the VCM converted hereunder, or in Hooker's case, its ability to

produce or deliver the chlorine converted hereunder or to consume the VCM which Shell converts hereunder, is delayed, impaired, or prevented, by any circumstances (except financial) reasonably beyond its control, or by fire, explosion, breakdown in machinery or equipment, failure of catalyst, or riots, strikes, labor disputes, condemnation or conveyance under threat of condemnation, voluntary or involuntary compliance with any law, order, regulation, recommendation, or request of any governmental authority (including, without limitation, those relating to price controls and product allocation), or total or partial failure of the usual means of transportation of chlorine, ethylene, Dichloroethane, VCM or PVC or inability or delay in obtaining all or any part of the feedstocks, process materials or catalysts used in the manufacture of chlorine, Dichloroethane, VCM or PVC, from earlier established internal or third party sources of supply. As used herein, "labor dispute" shall mean any controversy to which either Shell or Shell's source for feedstocks, process materials or catalysts or Hooker or Hooker's source of feedstocks, process materials or catalysts has an interest involving wages, hours or working conditions, and includes any strike, picketing, lockout, suspension of construction or any other action taken in connection with or because of the labor dispute. Neither Shell nor Hooker shall have any obligation to participate in any settlement of a labor dispute, or to request its agents or contractors or raw material suppliers to do so. The quantities of VCM consequently undelivered as a result of causes so excused hereunder shall not be required to be made up by Shell upon resumption of full deliveries of VCM hereunder and such excused quantities shall be deducted from the applicable remaining obligated quantities of Shell and Hooker

under this Agreement. In the event that Shell is excused from delivering any quantity of VCM due to any of the causes specified above, Shell shall allocate a pro rata share of its remaining supply of VCM to Hooker, such share to be equal to the percentage which Hooker's nominated quantity for the year in question bears to the total of VCM commitments to all customers and Shell's internal requirements as determined by Shell for such year at Shell's Norco, Louisiana plant, times the volume available for shipment. Neither Hooker nor Shell shall have any obligation in the event of any excused causes specified above to purchase ethylene, chlorine, Dichloroethane or VCM to perform hereunder, nor to be required to supply ethylene, chlorine, Dichloroethane or VCM produced in any of its plants other than those normally used for performance hereunder, provided that available supplies of such products from sources previously used during the applicable calendar year to supply the same hereunder are apportioned equitably among customers and internal uses in such manner as Hooker and Shell, in their sole judgment, find appropriate. If Shell's performance is excused hereunder due to inability to obtain feedstocks, process materials or catalysts used in the manufacture of VCM from Shell's earlier planned or established sources, Shell shall use diligent efforts to obtain such materials from other than earlier planned or established sources but fees hereunder shall be adjusted to reflect any increase in cost to Shell. If Shell is unable to obtain such feedstocks, Hooker, at its option, on reasonable notice may provide such feedstocks as are acceptable to Shell by mutually agreeable delivery methods and at Hooker's cost, and Shell shall convert VCM from such feedstocks provided by Hooker for delivery to Hooker for so long as Shell's excused performance

continues hereunder but fees shall be adjusted to reflect any corresponding increase or decrease in cost of feedstocks to Shell.

11. ASSIGNABILITY. Neither this Agreement nor any claim against Hooker or Shell arising directly or indirectly out of or in connection with this Agreement shall be assignable by either party or by operation of law, without the prior written consent of the other party.

12. REMEDIES. In the event of any breach by either party of any of the provisions of this Agreement which continues for thirty (30) days after notice thereof is given by the other, such other party shall have the right, in addition to any other rights or remedies it may have, to suspend or refuse deliveries hereunder and/or to terminate this Agreement by notice to the defaulting party, effective thirty (30) days following the date of such notice. Either party's right to require strict performance of the obligations of the other shall not be affected in any way by any previous waiver, forebearance or course of dealing.

13. NOTICES. All notices or demands under this Agreement whether required by the terms hereof or otherwise shall be in writing and shall be delivered or mailed by certified or registered mail, return receipt requested, to the following addresses of the parties or to such other addresses as may be hereafter designated in writing by the respective parties:

~~If to Hooker: Hooker Chemical & Plastics Corp.~~)
~~345 Third Street~~)
~~Niagara Falls, New York 14302~~) Deleted
~~Attention: Manager, Purchases~~)
~~Raw Materials & Containers~~)

If to Hooker:
~~Copy to~~:
Hooker Chemical & Plastics Corp.
Ruco Division
River Road
Burlington, New Jersey 08016
Attention: Division Material Manager

If to Shell:
Shell Chemical Company
A Division of Shell Oil Company
P. O. Box 2463, One Shell Plaza
Houston, Texas 77001
Attention: General Manager, Chemical Sales

All purchase orders or purchase acknowledgements which may be used to order or acknowledge orders for delivery of VCM hereunder shall be deemed to be intended for convenience and the provisions contained therein shall not serve to add to or otherwise vary the provisions of this Agreement.

14. ENTIRETY-RELEASE. This Agreement when it becomes effective January 1, 1979, shall comprise the entire Agreement and shall ~~xxxgsxxxd~~ supersede all prior understandings and representations (oral or written) between Shell and Hooker concerning the conversion of chlorine into VCM for Hooker, specifically including an agreement dated October 24, 1974 as amended. Neither this Agreement nor any subsequent Agreement amending or supplementing this Agreement shall be binding on Shell or Hooker unless and until it has been signed by the party claimed to be bound thereby, and commencement of performance hereunder or under any such subsequent Agreement shall not constitute a waiver of this requirement.

15. FAVORED NATIONS. If at any time Shell converts chlorine to VCM for a third party of substantially equal or better quality and quantity at a chlorine conversion fee or upon terms more favorable to the customer than in effect hereunder, Shell shall immediately give

Hooker the benefit of such lower chlorine conversion fee or more favorable terms for all deliveries of VCM made thereafter for so long as such lower price or more favorable terms remain in effect for a third party. It is understood that this paragraph does not apply to (a) chlorine conversions or deliveries by Shell to the government of the United States of America, (b) chlorine conversions or deliveries by Shell to any company which receives a functional discount for resale on that quantity which is resold, (c) chlorine conversions by Shell to customers for uses in manufacture of products not competitive with products manufactured by Hooker, (d) chlorine conversions for domestic third parties where Shell is meeting bona fide competitive situations, or (e) chlorine conversions for third parties for export outside the United States.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement in duplicate as of the day and date first written above.

SHELL CHEMICAL COMPANY
A Division of Shell Oil Company

By M. K. Seggerman
M. K. Seggerman
General Manager Chemical Sales

HOOKER CHEMICAL & PLASTICS CORP.

By William J. Wetzel

EXHIBIT A

CHLORINE SPECIFICATIONS

Chlorine	99.5% vol. min.
Chlorinated Compounds	1000 ppm max.
Nonvolatile Matter	100 ppm max.
Water	30 ppm max.
Bromine	100 ppm max.

EXHIBIT B

SPECIFICATIONS FOR VINYL CHLORIDE

HOOKER CHEMICAL & PLASTICS CORP.

Vinyl Chloride	99.9% minimum by weight
Acetaldehyde	1 ppm maximum by weight
Acetylene	0.4 ppm maximum by weight
Acidity, as HCl	1 ppm maximum by weight
Butadiene	8 ppm maximum by weight
Heavy Ends*	50 ppm maximum by weight
Iron	0.5 ppm maximum by weight
Methyl Chloride	70 ppm maximum by weight
Vinyl Acetylene	20 ppm maximum by weight
Nonvolatiles	50 ppm maximum by weight
Peroxide, as H_2O_2	0.06 ppm maximum by weight
Sulfur	1 ppm maximum by weight
Water	100 ppm maximum by weight
Appearance	Clear and free of suspended matter
Color	Colorless
Stabilizer	None added

---

*Heavy ends include the following:

Ethyl Chloride, 1,1-Dichloroethylene, 1,2-Dichloroethylene, Beta-Chloropropene, Dichloroacetylene, Chloroprene, Vinylidene Chloride, CIS Dichloroethane, TRANS Dichloroethane, 1,1-Dichloroethane, 1,2-Dichloroethane, Trichloroethylene, Perchloroethylene, Monochloropropane, Dichloropropane, Vinyl Bromide

SEPARATOR SHEET

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SHELL/OCCIDENTAL VCM AND ETHYLENE SUPPLY AGREEMENTS
MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding shall constitute the basis for drafting formal VCM Conversion, Ethylene Conversion, and VCM Tank Car Sub-Lease Agreements expected to be entered into by Shell Chemical Company ("Shell") and Occidental Chemical Corporation ("Occidental"). Shell and Occidental agree to develop these formal agreements in an expeditious manner. Until such agreements are executed, Shell and Occidental further agree to abide by the terms and conditions of this Memorandum of Understanding.

1. VCM

A. VOLUME

1985:	150 MM lb plus any excess of Occidental's total VCM requirement over 600 MM lb (such excess will be estimated and spread ratably over 1985), up to 200 MM lb total.
1986:	At Shell's option (option to be exercised by July 1, 1985), any difference between 200 MM lb and the volume supplied in 1985.

B. CONVERSION FORMULA

(1) Occidental supplies:

.485 lb ethylene/lb VCM
.64 lb chlorine/lb VCM

(2) Occidental pays the following monthly fee, ¢/lb:

$V - 0.3 - .485E - .64C$

+ 0.167 for tank car earnings equalization on the first 150 MM lb of VCM.

where:

V = Prevailing VCM Market Price to Large Buyers, ¢/lb

E = Price of Ethylene in ¢/lb, as determined by the Average of the Low End of the U.S. Gulf Coast Ethylene Contract Price Range published by DeWitt and Company, Inc. each month.

C = Prevailing Price of Chlorine in ¢/lb on the U.S. Gulf Coast, F.O.B. Producing Point, For VCM Production.

The conversion fee cannot be less than 3.5¢/lb.

(3) Payment terms are net thirty days from the date of Shell's invoice

C. DELIVERY

(1) Chlorine will be supplied by Occidental to Shell at locations designated by Shell, but any chlorine freight charge in excess of $10/ton will be for Shell's account. The parties will work together to minimize freight charges.

(2) VCM will be supplied by Shell F.O.B. Deer Park, Texas into railcars provided by Occidental.

2. ETHYLENE

A. VOLUME

1985: 130 MM lb Plus all ethylene required for Conversion to VCM hereunder.

1986: 10.8 MM lb/month until the restart of Occidental's Lake Charles ethylene plant, estimated to be April 1986, plus all ethylene required for conversion to VCM hereunder.

B. CONVERSION FORMULA

(1) Occidental Supplies:

1.266 lb ethane/lb ethylene, either contained in an 80/20 E/P mix or contained in purity ethane at Shell's option with 30 days' notice F.O.B. Mont Belvieu, Texas.

If E/P mix is supplied, Shell will return the propane portion of the mix to Occidental at a mutually agreeable location at no cost to Shell.

(2) Shell will deliver all ethylene not required for conversion to VCM hereunder to Occidental, F.O.B. BFGoodrich's LaPorte, Texas plant or Convent, Louisiana plant at Occidental's option with 30 days' notice.

(3) Occidental pays a monthly fee of 5.5¢/lb of ethylene from January 1, 1985 through June 30, 1985 if supply of ethane is an E/P mix. If supply is as purity ethane, the fee is 5.25¢/lb for this period. A 0.5¢/lb premium will apply for ethylene delivered to Convent, Louisiana.

(4) On or before June 1, 1985 for July 1 through December 31, 1985 and on or before December 1, 1985 for January 1 through June 30, 1986, Shell will nominate conversion fees for these periods. If Occidental objects to either nomination by

June 15, 1985 or December 15, 1985, respectively, the parties will negotiate conversion fees for the periods in question. Failure to agree on a fee will result in termination of the agreement.

(5) Payment terms are net 30 days from date of invoice. Invoices will be issued monthly.

3. <u>VCM TANK CARS</u>

A. The following is the VCM tank car fleet that had previously been designated to supply 300 MM lb of VCM to Occidental's Northern Plants in 1985:

Occidental-owned	- 28 cars		
UTLX 114	- 10 cars	expir.	2/28/85
UTLX 116	- 40 cars	expir.	10/31/85
UTLX 117	- 16 cars	expir.	12/31/85
UTLX 104	- 49 cars	expir.	6/30/89

B. <u>CURRENT PROPOSED ARRANGEMENT</u>

(1) Effective January 1, 1985 Shell sub-leases all above leased cars to Occidental for the remainder of their lease periods.

(2) Shell assigns mileage earnings on UTLX 104 to Occidental.

(3) Mileage earnings on UTLX 114, 116, and 117 are retained by Shell and protected for the remaining unexpired portions of the leases as outlined in Shell's draft letter of intent "Sub-lease of VCM Rail Cars" dated October 24, 1984.

(4) UTLX 114, 116, and 117 cars will be used exclusively and preferentially for Shell-supplied VCM. Occidental-owned cars will be used exclusively for VCM supplied by Occidental's other supplier. UTLX 104 cars will be used as needed for either supply.

4. <u>WAIVER OF LIQUIDATED DAMAGES</u>

Shell agrees to waive liquidated damages for Occidental's VCM underliftings in 1984.

Effective this 12/6 day of December, 1984.

Craig W Hull

Occidental Chemical Corporation

Shell Chemical Company

BSGQ8434107

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

May 30, 1985

Mr. Ronald J. Schuh
Vice President, Purchasing
Occidental Chemical Company
RiverPark
P. O. Box 4020
Darien, CT 06820

Dear Ron:

The June toll fee for VCM based upon our Chlorine/Ethylene toll is 6.25 cents per pound. As soon as possible, I will be in touch with you relative to the adjustment of the May fee.

If you should have any questions, please call me.

Sincerely,

R. F. Weigle
Manager Corporate Accounts

RFW:AC

cc: L. A. Wheeler
D. K. Carlson

RECEIVED
JUN 3 1985
R. J. SCHUH

BRHK8515002

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Ethylene Costs

1st Quarter (1985)

Arco

E_2 cost = 5.733 + .4129 (18.75) + .2435
= 5.733 + 7.742 + .2435
= 13.719 (7.948)
13.925

E/P market price was .1925 Therefore don't penalize Shell.

Shell

E_2 cost delivered LaPorte = 5.250 + .4263 (20.0) + .2435
= 5.250 + 8.526 + .2435
= 14.02

E_2 cost Convent, LA = 14.02 + .50
= 14.52

$50m

CGW 2/28/85 1

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Ethylene Costs

2nd Quarter (1985)

Arco

E_2 cost = 5.733 + .4129 (20.25) + .2435
= 5.733 + 8.361 + .2435
= 14.338

Shell

E_2 cost delivered LaPorte = 5.250 + .4263 (21.0) + .2435
= 5.250 + 8.952 + .2435
= 14.446

E_2 cost Convent, LA = 14.446 + .50
= 14.946

$50m

CGW 6/19/85 1

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Ethylene Costs

3rd Quarter (1985)

Arco

E_2 cost = 4.90 + .4129 (21.5) + .2435
= 4.90 + 8.877 + .2435
= 14.021

Shell

E_2 cost delivered LaPorte = 4.65 + .4263 (21.5) + .2435
= 4.65 + 9.165 + .2435
= 14.059

E_2 cost Convent, LA = 14.059 + .50
= 14.559

$19,000

CGW 8/13/85 4

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Feb Shell 3/25/85

15, 063, 266	Fed.
1,068,133	Burlng.
13,995,133	Pitt.

7,818,952,89

48,673,266

23
~~[illegible]~~
17
14

3.956

2824
2394

9174

SEPARATOR SHEET

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Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

March 18, 1985

Mr. Ronald J. Schuh
Vice President, Purchasing
Occidental Chemical Company
RiverPark
P. O. Box 4020
Darien, CT 06820

Dear Ron:

The February toll fee has been finalized at 5.47 cents per pound basis our formula agreement shown below:

$$F = V - 0.3 - 0.485\ (E^*) - 0.64\ (Cl_2{}^*) + 0.167$$

Where: $V = 17.0$ cpp

$E = (15.5 + 15.5)/2 = 0.24 = 15.74$ cpp

$Cl_2 = (115 + 2.7)$ \$/Tn $= 5.89$ cpp

*Plus Superfund

If you have any questions, please call me.

Sincerely,

R. F. Weigle
Manager Corporate Accounts

RFW:AC

cc: L. A. Wheeler
D. K. Carlson

BRHK8507701

SEPARATOR SHEET

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Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

cc
Don Massi
Steve Shoef
& return to my desk

cc J.E. Klemuth
Note Cl price

February 18, 1985

Mr. Ronald J. Schuh
Vice President, Purchasing
Occidental Chemical Company
RiverPark
P. O. Box 4020
Darien, CT 06820

Dear Ron:

The retroactive toll fee for VCM for the month of January, 1985 is calculated to be 4.92 cents per pound. We have used the following input.

Large buyer VCM buying price - 16.25 cpp
Ethylene value per DeWitt (Avg. of 2 January letters) - 16.50 cpp
Chlorine value - $100/ton

Calculation as follows:

16.25 - 0.30 - 0.485 x 16.50 - 0.64 x $100 + 0.167 = 4.92

If you have any questions, please call me.

Sincerely,

R. F. Weigle
Manager Corporate Accounts

RFW:AC

cc: D. K. Carlson

Note;
I'm arguing for a conversion fee of $.04798/lb.

RECEIVED
FEB 22 1985
R. J SCHUH

BRHK8504903

SEPARATOR SHEET

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Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

February 28, 1985

RECEIVED
MAR 5 1985
R. J SCHUH

Mr. Ronald J. Schuh
Vice President, Purchasing
Occidental Chemical Company
RiverPark
P. O. Box 4020
Darien, CT 06820

Dear Ron:

Per our discussion, the revised VCM toll fee for January, 1985 is 4.46 cents per pound. This takes Superfund into consideration.

Fee = V - 0.3 - 0.485 E + S.F. - 0.64 C + S.F. + 0.167

Where V = 16.00 cpp
E = (17 + 16)/2 = 16.5¢/lb. + 0.24
C = $100/ton + $2.70 + 0.167

Also, Ron, the actual VCM volume for January was 11,710,809 pounds. If you have any questions, please call.

Sincerely,

R. F. Weigle
Manager Corporate Accounts

RFW:AC

cc: D. K. Carlson
L. A. Wheeler

BRHK8505906

SEPARATOR SHEET

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REQUISITION NO.	WORK ORDER	AFE NO.	ESTIMATE	ACCOUNTING CODES
				3-1806

REQUISITIONER	EXT.	DELIVER TO	VENDOR CODE	COMMODITY	VENDOR PHONE NO.
D. L. Lull					

OCCIDENTAL CHEMICAL CORPORATION

PVC RESINS DIVISION

PVC FABRICATED PRODUCTS DIVISION

SUBSIDIARY OF OCCIDENTAL PETROLEUM CORPORATION

PURCHASE ORDER

PAGE 1 of

THIS NUMBER MUST APPEAR ON ALL CRATES, PACKAGES, INVOICES, TRANSPORTATION PAPERS AND CORRESPONDENCE.

No. BU/PC-38702

RELEASE NO.

TO

Shell Chemical Company
Attn: R. F. Weigle
One Shell Plaza
P. O. Box 2463
Houston, TX 77001

SHIP TO

☐ Highway No. 1 at Sid Richardson Road
ADDIS, LA. 70710

☒ River Road
BURLINGTON, N.J. 08016

☒ Armand Hammer Boulevard
POTTSTOWN, PA. 19464

☐ Marvel Road & Goddard Parkway
SALISBURY, MD. 21801

☐

ATTN:

PURCHASE ORDER DATE	PAYMENT TERMS
12/20/84	Net 27

DELIVERY DATE: As Released

IF UNABLE TO COMPLY WITH DATE SHOWN—PLEASE ADVISE AT ONCE.

☐ VENDOR TRUCK ☐ UPS ☐ TANK TRUCK
☐ MOTOR FREIGHT ☒ RAIL ☐

F.O.B. P/S: Deer Park, TX

☐ FRT. ALLOWED ☐ PREPAY & ADD
☐ FRT. COLLECT ☐

LINE NO.	QUANTITY	UNITS	COMMODITY CODE	DESCRIPTION	PRICE PER UNIT OF ISSUE	EXTENDED PRICE
				THIS BLANKET PURCHASE ORDER COVERS OCCIDENTAL CHEMICAL'S PARTIAL REQUIREMENTS OF THE ITEM LISTED BELOW AS MAY BE RELEASED DURING CALENDAR YEAR 1985.		
				Conversion of OCC Ethylene and Chlorine to Vinyl Chloride Monomer as per Supply Agreement dated December 12, 1984.	Priced as per contract.	
	150,000,000	lbs.		OUR CODE CD-001		

Estimated requirement for the Pottstown and Burlington locations.

CONTROL NO. 72969 J. F. KNIGHT/seh

INVOICE TO

INVOICES AND APPROPRIATE TRANSPORTATION PAPERS, IN TRIPLICATE, ARE TO BE SENT TO:

OCCIDENTAL CHEMICAL CORPORATION
P.O. BOX 699
POTTSTOWN, PA. 19464
ATTN: ACCOUNTS PAYABLE

OCCIDENTAL CHEMICAL CORPORATION

JF Knight

AUTHORIZED PURCHASING SIGNATURE

THIS ORDER EXPRESSLY LIMITS ACCEPTANCE TO THE TERMS ON THE FACE AND BACK HEREOF AND ANY ADDITIONAL OR DIFFERENT TERMS PROPOSED BY THE SELLER ARE OBJECTED TO AND REJECTED UNLESS EXPRESSLY ASSENTED TO IN WRITING BY THE BUYER.

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

cc Ron Maurer & return for my desk file

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

January 29, 1985

Mr. Ronald J. Schuh
Vice President, Purchasing
Occidental Chemical Company
RiverPark
P. O. Box 4020
Darien, CT 06820

Dear Ron:

The February toll fee for VCM based upon our new Chlorine/Ethylene toll is 6.0 cents per pound. As soon as possible, I will be in touch with you relative to the adjustment of the January fee.

If you should have any questions, please call me.

Sincerely,

R. F. Weigle
Manager Corporate Accounts

RFW:AC

cc: L. A. Wheeler
D. K. Carlson

BRHK8502901

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

January 29, 1985

Mr. Ronald J. Schuh
Vice President, Purchasing
Occidental Chemical Company
RiverPark
P. O. Box 4020
Darien, CT 06820

Dear Ron:

Attached hereto are:

1. Two executed copies of the "Rail Car Lease"
2. Two executed copies of "Ethylene Confidential Conversion Agreement"

You already have the VCM Supply Agreement.

After you have reviewed all the documents, please give me a call so we can discuss a convenient time to get together.

Sincerely,

R. F. Weigle
Manager Corporate Accounts

RFW:AC

Attachments

RECEIVED
JAN 30 1985
R. J SCHUH

BRHK8502902

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

MEMO FROM
DAVE MORGANS

November 4, 1985

TO: R. H. Bloom

Dear Bob:

Enclosed per your request, are signed copies of Exhibits A, B and C to the Shell/Oxy VCM Rail Car Lease Agreement.

It's been a pleasure working with you!

Best regards,

Dave

David D. Morgans

DDM:pb
enclosure

RAIL CAR LEASE

THIS IS A LEASE, dated January 1, 1985, between OCCIDENTAL CHEMICAL PROPERTIES CORP., a California corporation (LESSEE), with offices at P. O. Box 4020, River Park, Darien, Connecticut, 06820, and SHELL OIL COMPANY, a Delaware corporation (LESSOR), with offices at Two Shell Plaza, P. O. Box 2099, Houston, Texas, 77001.

1. LEASE. LESSOR hereby leases to LESSEE and LESSEE hereby leases from LESSOR those rail cars identified in Exhibit A attached hereto, as well as each additional rail car identified in any additional Exhibit hereto, or in any amendment or replacement of either, which is executed by both LESSOR and LESSEE (including any such additional car ever substituted for any rail car at any time subject to this Lease). As used herein, "Car" means any rail car at any time subject to this Lease; and "Exhibit" means Exhibit A, the additional Exhibit, or the amendment or replacement of either in which such Car is identified.

2. TERM. The Term of this Lease, with respect to each Car, shall be that specified for such Car in the Exhibit.

3. RENT. The Rent for each Car for each calendar month during the Car's Term shall be that specified for such Car in the Exhibit, effective January 1, 1985. LESSOR will invoice LESSEE for all Car rental not offset by rental credits or mileage earnings during the Term of the Lease. LESSOR further agrees, (a) that Rent shall not commence to accrue until the Car is delivered to LESSEE, as provided in

Article 5, and (b) that the Rent for any period less than a calendar month shall be the monthly Rent prorated per diem.

3.1. Additional Charges by Railroads and Others. LESSEE agrees to use the Cars, upon each Railroad over which Cars shall move, in accordance with the prevailing Tariffs or negotiated agreements. If the operation or movement of any of the Cars during the Term hereof shall result in any charges to the LESSOR by any such Railroad or others for LESSES'S account, LESSEE shall pay to LESSOR the amount of such charges within the period prescribed by and at the rates and under the conditions of the then-prevailing Tariffs or charges. LESSEE agrees to indemnify LESSOR against any such charges and shall be liable for any switching, demurrage, track storage, detention or special handling charges imposed on any Car during the Term hereof.

4. SUBLEASE. As to each Car which is not owned but is leased by LESSOR, LESSOR warrants that this subleasing of such Car is permissible under its Lease thereof with the Baselease Owner (Union Tank Car Company, "Union") but this Lease shall be subject to operating conditions under Union's Baselease.

5. INITIAL DELIVERY.

5.1. Place-Time. LESSOR'S initial delivery of each Car to LESSEE hereunder shall be the point designated by LESSEE for transfer or delivery at a Railroad yard, and such delivery shall occur upon the Car's arrival in that yard. LESSOR'S obligation to deliver any Car on the beginning date of such Car's term shall be subject to delay or prevention by any circumstances reasonably beyond LESSOR'S control.

5.2. Initial Condition. Each Car shall be subject to LESSEE'S inspection after delivery to it and before loading; and the loading of such Car by or for the account of LESSEE shall constitute acceptance thereof by LESSEE hereunder and be conclusive on LESSEE as to the Car's suitable condition for transportation for LESSEE'S purposes, except as to latent defects not discoverable by reasonable visual inspection. If any car is rejected by LESSEE, LESSEE shall have no obligation to pay any Rent that may have accrued for the Car.

6. MARKINGS. Each Car, upon its delivery to LESSEE Hereunder, will be plainly marked, with the owner's identification mark. If all or any of those marks ever are removed or become illegible, LESSEE shall promptly cause them to be restored or replaced.

7. OPERATIONS.

7.1. Use-Transfer. Without Union's or LESSOR'S prior written consent, no Car shall ever be used outside the boundaries of the continental United States, Canada or Mexico, or in any unit-train operation, nor shall LESSEE ever transfer or encumber this Lease, or encumber any Car, or permit any such transfer or encumbrance by operation of law. However, any Car may be trip leased by LESSEE at any time without such consent, but also without relieving LESSEE of any of its obligations under this Lease with respect to such Car(s).

7.2. Taxes. Property taxes on the Cars are for Union's account.

7.3. Reports-Inspection. LESSEE shall furnish LESSOR, only upon request, with monthly reports of all movements of each Car (including dates loaded and shipped, commodity, destination and full junction routing), and, at LESSOR'S request, any other information reasonably required for LESSOR'S maintenance of its records and efficient administration of this Lease. LESSOR shall have the right, by its authorized representative and at its own expense, to inspect any or all of the Cars whenever and wherever it elects to do so, upon prior arrangements with LESSEE.

7.4. Mileage Credits. LESSOR shall receive all mileage credits paid by the Railroads to Union during the Lease Term of these Cars. LESSOR shall credit LESSEE'S rental account as soon as practicable after receipt of mileage earning payment from Union. The aggregate mileage so credited to LESSEE shall not exceed the aggregate of all rents payable by LESSEE, plus $150 per Car per month to offset LESSEE'S maintenance expense, during the continuance of this Lease.

WHEREIN, LESSEE enters into non-producing mileage earning agreements in connection with contract freight agreements, LESSEE will reimburse LESSOR to extent of normal mileage earnings that LESSOR would have been entitled to without said freight agreements. LESSOR'S charges will be based on the applicable tank car rates as provided in The

Mileage Allowance Tariff, PHJ 6007 H, Item 195 H, or subsequent revisions during the term of this contract.

7.5. Excess Empty Mileage. LESSEE agrees to reimburse LESSOR for any payment LESSOR May be required to make to Union Tank Company resulting from excess empty miles incurred by these Cars during the Term of this Lease and not offset by LESSEE/LESSOR mileage earnings. Empty mileage accounting to commence from Car's origin point until returned to LESSOR'S designated redelivery point.

7.6. High Mileage. Cars are not to be used in unit-train or any other designated high mileage operation without consent of LESSOR; each Car is limited to a maximum of 36,000 miles, loaded and empty, per calendar year and if this maximum annual mileage is exceeded, LESSEE agrees to reimburse LESSOR, in addition to monthly rental, for charges assessed by Union for all miles in excess of 36,000 miles. For Lease terms less than a calendar year, the 36,000 will be prorated $\frac{36,000}{12}$ x number of months in service. The fee LESSOR pays Union for exceeding 36,000 miles per calendar year is $.0275.

7.7 Preferential Use. LESSEE agrees that to the extent of their control, Cars will be used exclusively and preferentially for the shipment of LESSOR'S products to LESSEE.

8. PHYSICAL CONDITION.

8.1. Alterations. Without LESSOR'S prior written consent, LESSEE shall not alter the physical structure of any Car.

8.2. Maintenance-Replacements. LESSEE shall maintain every Car in good operating condition, and shall make all repairs and replacements thereof necessary to that end, all in accordance with the standards of the Association of American Railroads at the time in effect, but subject always to the following:

(a) LESSEE is responsible and shall at its expense make all necessary repairs and replacements of any removable parts. If repairs are for Owner's account, LESSEE will coordinate maintenance and repairs directly with Union, and Union's credits for out-of-service time will be reflected in the monthly billing when passed to LESSEE. The expense of interior product cleaning required in conjunction with any repair or maintenance, including tank and valve tests, will be for LESSEE'S account, as well as the expense of tank preparation for the return of Cars to LESSEE'S service.

(b) LESSEE shall reimburse LESSOR on demand for the actual cost to LESSOR of repairing or replacing any damage or loss of any Car except for normal wear and tear:

(1) caused by any commodity loaded in the Car;

(2) occurring while the Car is on any track owned or leased by LESSEE, or on any other private track for

LESSEE'S account, and not, in either case, in actual custody and control of any Railroad;

(3) occurring while the Car is in actual custody and control of any Railroad, but only to the extent caused or contributed to by negligent or otherwise wrongful acts or omissions of LESSEE; or

(4) if LESSOR makes such repairs or replacements when necessary to maintain loading schedules and the continuity of product supply to the LESSEE.

(c) If any Car is destroyed or so damaged as, in LESSOR'S judgment, to be unfit for service, LESSOR shall not be obligated to make any repair or replacement of such Car, and will terminate this Lease with respect to such Car. The rental on any Car which may be destroyed or damaged beyond repair, in LESSEE'S/LESSOR'S judgment, shall cease on the day the LESSEE, LESSOR and Baselease Owner all agree upon settlement. Said date will be governed by the disposition of Car and product.

(d) LESSEE agrees that if a Car is lost or destroyed or in such physical condition that it cannot be operated in Railroad service solely by reason of misuse or negligence of LESSEE or its consignee, agent, or sublessee, or while on a Railroad that does not subscribe to the AAR Interchange Rules, or while on any private siding or track or any private or industrial Railroad, LESSEE will settle with Union for the value established for said Car(s).

8.3. Rent Abatement. With respect to any Car that is unfit for service because of needed repairs or replacements which Union is obligated to make under Article 8.2., other than repairs by Railroads, the Rent abatement will commence upon notification to Union that the Car is ready. If internal tank repairs are required, the car must be safe for entry in accordance with Union's requirements in order to be declared ready. Rent will resume when the Car is forwarded from the repair facility for return to LESSEE'S service.

8.4. Cooperation. LESSOR and LESSEE shall always cooperate, and assist each other in any reasonable manner requested, in determining and prosecuting claims against third parties responsible for damage or destruction of the Cars, without, however, any prejudice to their respective rights and obligations under this Article 8 or Article 10.

9. RETURN OF CARS. At the termination of this Lease, with respect to each Car, LESSEE shall, at its own cost, either (a) return all Cars to Union at such point within the continental United States and date mutually agreed upon and in accordance with Union's requirements for product removal from tank interiors, or (b) execute a lease to

continue the Cars in service under an Occidental/Union lease arrangement. LESSEE'S responsibility to LESSOR will, under this Lease, terminate with the satisfactory completion of the return provisions outlined.

10. RELEASE-INDEMNITY. LESSEE hereby releases LESSOR from, and shall indemnify LESSOR against, all liability on account of loss or damage of any commodity ever loaded or transported in any of the Cars while under this Lease, by any cause other than any negligent or otherwise wrongful act or omission of LESSOR or any agent or contractor of LESSOR or Acts of God or acts beyond the reasonable control of LESSEE. LESSEE shall also indemnify LESSOR against all claims, suits, liability and expense because of injury or death of persons and/or damage to property (other than the Cars and commodities therein) caused by or happening in connection with any of the Cars while under this Lease, and not caused or contributed to by any negligent or otherwise wrongful act or omission of LESSOR or any Railroad or any agent or contractor of either or Acts of God or acts beyond the reasonable control of LESSEE.

11. REMEDIES. In the event (a) LESSEE defaults in performance of any of its obligations hereunder, and fails to remedy the default within 30 days after receipt of notice thereof from LESSOR, or (b) any bankruptcy, insolvency, receivership or other like proceeding is initiated by LESSEE, and thereupon take possession of all of the Cars wherever they may be found without prejudice to any other rights or remedies LESSOR may have against LESSEE hereunder or by law.

12. NOTICES. Every notice hereunder, except those relating to routine operations, shall be in writing and given by certified or registered letter or telegram directed to LESSOR or LESSEE (as the case may be) at its address first herein specified, or at such other address as it may have substituted therefor by notice so given to the other.

13. GOVERNMENT SUBCONTRACT. Since this Agreement may, as to either Party, be a subcontract under contract(s) with the United States Government, it incorporates by this reference all required provisions of, and each Party shall comply with, all United States laws, regulations and orders (including Executive Orders) applicable to its performance of such a subcontract, including (without limitation) those relating to Equal Employment Opportunity, listing of employment openings, utilization of minority business enterprise, and employment of the handicapped.

14. ENTIRETY CHANGES. This Lease (a) comprises the Agreement, and merges and separates all prior representations and understandings, between LESSOR and LESSEE concerning the subject matter or in consideration hereof, and (b) shall not be amended, supplemented, or wholly or partially terminated except in writing executed by both LESSOR and LESSEE by their respective duly authorized representatives.

EXECUTED as of the date first herein specified.

OCCIDENTAL CHEMICAL PROPERTIES CORP.

By: David D. Morgans
David D. Morgans
Director-Transportation

SHELL OIL COMPANY

By: O. D. Long
O. D. Long, Manager,
Rail Car Acquisition
and Maintenance
Land Transportation
Department

Legal Review (CRF 10/84)

SUBLEASE OF VCM RAIL CARS

To Rail Car Lease, dated January 1, 1985, between OC
PROPERTIES CORP. (LESSEE) and SHELL OIL COMPANY (LF

Car Number	C
UTLX 93134, 93140, 93382, 93483, 93505, 93538, 93634	$621.50
UTLX 93292, 93797, 93875	$625.50

The ten (10) 105A300W tank cars identified in this Exhibit are furnished for a rental charge of $621.50 to $625.50 (see above) per car per month beginning January 1, 1985, but subject to provisions of Paragraph 3. RENT. This Lease terminates February 28, 1985, and the release of cars will be handled in accordance with Paragraph 9. RETURN OF CARS.

ACCEPTANCE:

OCCIDENTAL CHEMICAL PROPERTIES CORP.
By: David D. Morgans
David D. Morgans
Director-Transportation

SHELL OIL COMPANY
By: O.D. Long
O. D. Long, Manager,
Rail Car Acquis. & Maint.
Land Transportation Dept.

EXHIBIT B

SUBLEASE OF VCM RAIL CARS

To Rail Car Lease, dated January 1, 1985, between OCCIDENTAL CHEMICAL PROPERTIES CORP. (LESSEE) and SHELL OIL COMPANY (LESSOR).

UTLX 26000, 26001, 26002, 26003, 26004, 26005, 26006, 26007, 26008,
26009, 26010, 26011, 26012, 26013, 26014, 26015, 26016, 26017,
26018, 26019, 26020, 26021, 26022, 26023, 26024, 26025, 26026,
26027, 26028, 26029, 26030, 26031, 26032, 26033, 26034, 26035,
26036, 26037, 26038, 26039

The forty (40) 105A300W tank cars identified in this Exhibit are furnished for a rental charge of $638.50 per car per month beginning January 1, 1985, but subject to the provisions of Paragraph 3. RENT. This Lease terminates October 31, 1985, and the release of cars will be handled in accordance with Paragraph 9. RETURN OF CARS.

ACCEPTANCE:

OCCIDENTAL CHEMICAL PROPERTIES CORP.
By: David D. Morgans
David D. Morgans
Director-Transportation

SHELL OIL COMPANY
By: O. D. Long
O. D. Long, Manager,
Rail Car Acquis. & Maint.
Land Transportation Dept.

EXHIBIT C

SUBLEASE OF VCM RAIL CARS

To Rail Car Lease, dated January 1, 1985, between OCCIDENTAL CHEMICAL PROPERTIES CORP. (LESSEE) and SHELL OIL COMPANY (LESSOR).

UTLX 89890, 89891, 89894, 89896, 89898, 89899, 89900, 89904, 89905,
89906, 89907, 89911, 89913, 89915, 89917, 89919

The sixteen (16) 105A300W tank cars identified in this Exhibit are furnished for a rental charge of $648.50 per car per month beginning January 1, 1985, but subject to the provisions of Paragraph 3. RENT. The Lease terminates December 31, 1985, and the release of cars will be handled in accordance with Paragraph 9. RETURN OF CARS.

ACCEPTANCE:

OCCIDENTAL CHEMICAL PROPERTIES CORP.

By: David D. Morgans
David D. Morgans
Director-Transportation

SHELL OIL COMPANY

By: O.D. Long
O. D. Long, Manager,
Rail Car Acquis. & Maint.
Land Transportation Dept.

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

Shell

contracts –

I) 1) ✓ VCM – 150m 1985

[illegible] / 56m 1986 – [illegible]

[illegible]

✓ 2) In 1986 .167 [illegible]

✓ 3) [illegible]

resolved

II) [illegible]

[illegible] 10.8 7 [illegible]

[illegible] 1[illegible] [illegible]

[illegible] 2.9 [illegible]

[illegible] 16[illegible]

III) ✓ [illegible]

2) ✓ [illegible]

3) ✓ [illegible]

Occidental Chemical Corporation

Ronald J. Schuh
Vice President - Purchasing

December 16, 1985

Mr. Robert F. Weigle
Manager Corporate Accounts
Shell Chemical Company
P. O. Box 2463
Houston, TX 77001

Dear Bob:

In reference to your letter of December 3rd the October VCM conversion fee should be 3.50¢/lb - the floor price, (calculation would give 3.33¢/lb) not 3.58¢/lb. It is based on:

VCM - 14.5¢/lb
Cl - $115.00 + superfund
Ethylene - 14.~~75~~ 50 + superfund
(Dewitt low was 15.0 and 14.5 for a 14.~~75~~ average low).

Please correct.

14.00

Sincerely,

RJ Schuh

Ron J. Schuh
Vice President
Purchasing and Transportation

RJS/cgw
cc: D. J. Massi

CGW 12/16/85 1

Prevailing price in Sept lets split
cl price

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

SHELL CHEMICAL COMPANY
A DIVISION OF SHELL OIL COMPANY
ONE SHELL PLAZA
P.O. BOX 2463
HOUSTON, TEXAS 77001

RECEIVED
OCT 16 [illegible]
Wm. E. Sholl

October 14, 1974

NOV 13 1974
A. W. C.

Hooker Chemicals & Plastics Corp.
P. O. Box 8
Niagara Falls, New York 14302

Attention Mr. W. E. Sholl, Vice President-Purchasing

Gentlemen:

Based on discussions between our companies regarding changes in the conversion fee escalation formula, we propose the Vinyl Chloride Monomer Agreement submitted for review and signature on July 2, 1974 be amended as follows:

1) Appendix I, page 4, D, EXTRAORDINARY COSTS, is amended by adding the following."

> "Shell's notice of an increase based on said extraordinary cost shall;
>
> (1) Specify the dollar amount of such extraordinary capital charge allocatable to Hooker.
>
> (2) Translate the dollar amount so specified into a capital charge adjustment in cents per pound of VCM converted hereunder predicated upon recovery of said extraordinary cost evenly over a five (5) year period, assuming such fee adjustment (surcharge) applies to conversion of the minimum quantity rates set forth in Paragraph 3.2.

If the term of the Agreement will have expired prior to the end of such five year period, the minimum quantities specified for the last year of the contract term shall apply as the minimum quantities for each remaining year of the balance of the five (5) year period.

The conversion fee will be readjusted downward to eliminate the surcharge for each extraordinary capital charge when Hooker has repaid such extraordinary capital charge allocatable to Hooker in full. If such extraordinary capital charge has not been fully repaid when the Agreement terminates, Hooker shall pay the balance as either a lump sum payment or, as mutually agreed, in equal installments, including reasonable interest, over a five (5) year period."

2) In all other respects, the Agreement as amended shall remain in full force and effect.

If you agree with the foregoing relative to the conversion of chlorine into VCM and the conversion fee parameters attendant with the conversion, please signify your agreement by signing and returning the enclosed copy of this letter.

Very truly yours,
SHELL CHEMICAL COMPANY

J F Kroeger
J. F. Kroeger
General Manager
Chemical Sales

Enclosure

AGREED AND ACCEPTED

DATE: ____________________

BY: O S Cory
HOOKER CHEMICALS & PLASTICS CORP.

TITLE: ____________________

AGREEMENT

THIS IS AN AGREEMENT, dated and effective Jan. 20, 1973 by and between SHELL CHEMICAL COMPANY, a division of SHELL OIL COMPANY, a Delaware Corporation, having an office at One Shell Plaza, P. O. Box 2463 Houston, Texas 77001 (hereinafter referred to as "Shell"), and HOOKER CHEMICAL CORPORATION, a subsidiary of Occidental Petroleum Corporation, a California Corporation, having an office at 1515 Summer Street, Stamford, Connecticut 06905 (hereinafter referred to as "Hooker").

WHEREAS Shell and Hooker desire to enter into a mutually beneficial long term Agreement for the conversion of Hooker chlorine into Vinyl Chloride Monomer (hereinafter referred to as VCM) by Shell and for which Hooker is prepared to expand its chlorine manufacturing capacity and for which Shell is prepared to provide VCM conversion capacity on a long term basis from its VCM plant being constructed at Norco, Louisiana; and

WHEREAS, in respect of such a long term conversion agreement, Shell and Hooker each desire, nevertheless, that equitable conversion fees be established for such use of Shell's VCM capacity; and

WHEREAS, Shell and Hooker each recognize, owing to the uncertainties attached to future costs and values of ethylene and to future costs of other raw and process materials, of utilities, fixed costs and to future capital and operating costs to meet Federal and State and Local operating requirements and environmental standards, that it is impractical as of the date of this Agreement to establish fixed conversion fees and a basis for their escalation which can be foreseen to prove equitable for as many future years as the intended duration of this Agreement;

THEREFORE, Shell and Hooker hereby agree and covenant as follows:

WITNESSETH:

1. Term

This Agreement shall be in effect for a primary period of four (4) calendar years beginning January 1, 1974 and ending on December 31, 1977, and from calendar year to calendar year thereafter, either party being able to terminate this agreement effective at the end of the primary period or at any time thereafter, by giving the other party at least eighteen (18) months prior written notice. In the event either party exercises the right to terminate this Agreement on eighteen (18) months prior notice any time subsequent to the primary period and the effective date of such termination shall not be at the conclusion of a calendar year, the rights and duties of the parties with respect to the applicable calendar year shall be prorated on the basis that the days prior to the effective date of the termination bear to the applicable calendar year.

2. 1974 Purchase

During the calendar year 1974 Shell shall sell and deliver and Hooker shall purchase and receive a minimum of 159,000,000 pounds and a maximum of 193,000,000 pounds of VCM F. O. B. Shell's Plant. Hooker and Shell shall have the delegations and rights with regard to these quantities as set out in Paragraphs 3.2 and 3.3 hereof. The price of VCM for the calendar year 1974 shall be 4.34 cents per pound of VCM actually accepted during the year, subject to increase or decrease effective January 1, 1974 in accordance with the formula set out in Exhibit "A" attached hereto.

3. Quantity - Conversion

3.1 During the term of this Agreement after the calendar year 1974 Hooker shall deliver liquid chlorine to Shell, to be held by Shell for Hooker's account and to be converted into such amounts of Vinyl Chloride Monomer (VCM) as Hooker shall order at a conversion ratio of 0.64 pounds of chlorine to 1.0 pounds of VCM.

3.2 Shell shall convert and deliver to Hooker and Hooker shall accept VCM from Shell in an amount not less than nor more (except with Shell's written approval) than the respective minimums and maximums set forth in this Agreement but not exceeding, except with Shell's approval, one-tenth (1/10) of the applicable maximum calendar year quantity during any calendar month, or cumulatively one-fourth (1/4) of the applicable calendar year maximum in three (3) succeeding months.

MAXIMUM - MINIMUM QUANTITIES OF VCM CONVERTED (LBS)
PER CALENDAR YEAR

Year	Minimum Quantity	Maximum Quantity
1975	160,000,000	196,000,000
1976	167,000,000	203,000,000
1977	171,000,000	209,000,000

3.3 Hooker shall give written notice to Shell not less than six (6) months prior to each calendar year hereof as to the quantity of VCM it estimates it will require to be converted and/or delivered by Shell during that calendar year within the range of the calendar year minimum and maximum amounts as specified in this Agreement. Subject to the minimum and maximum quantities stated in Paragraphs 2 and 3.2 Hooker shall be required to receive not less than ninety-five (95) percent of the estimated calendar year quantity and Shell shall be required to deliver not more than one hundred five (105) percent of the estimated calendar year quantity in each calendar year covered by this Agreement, unless Shell shall agree in writing to deliver a greater or lesser quantity ordered by Hooker. In the event that Hooker requires and Shell agrees to sell VCM or to convert hereunder amounts of liquid chlorine into VCM in excess of the calendar year maximum stated in Paragraphs 2 and 3.2 then the said calendar year maximum and minimum shall be of no further effect for such year and that amount requested by Hooker and agreed to by Shell shall be considered a commitment for such calendar year, and for such calendar year Hooker shall be required to receive not less than 95% and Shell shall be required to deliver not more than 105% of the commitment for such calendar year.

3.4 Shell hereby extends to Hooker a right of first refusal to increase both the 1976 and 1977 quantities of VCM listed in Paragraph 3.2 to 210,000,000 pounds minimum and 260,000,000 pounds maximum per year. To exercise this right of first refusal, Hooker must give Shell written notice prior to March 1, 1974. If at any time prior to the exercise of this right by Hooker, Shell has an opportunity to utilize the conversion capacity represented by the quantities subject to this right of first refusal for sales to or for conversions for third parties, Shell shall notify Hooker to this effect in writing setting out the quantity involved and Hooker shall have three (3) months thereafter to exercise its right of first refusal to accept such quantities of VCM according to the terms hereof with delivery beginning 22 months following the date of Shell's notice. In the event Hooker elects not to accept such quantities of VCM, then Shell shall be relieved from any further obligation under this subsection. All of the foregoing relative to said right of first refusal is valid to exercise at Hooker's initiation only if, at the time Hooker gives written notice of its desire to exercise its right of first refusal, Shell has available to it at its Norco, Louisiana Plant, the raw materials needed to manufacture the increased quantities at costs no greater than for raw materials used to manufacture VCM not subject to this right for the same calendar years (1976 and 1977). Pricing for the optional amounts of VCM above the applicable maximum quantity in Paragraph 3.2 shall be determined in the following way. Shell will propose a range in conversion fees for the 1976 optional quantities by April 30, 1974. The parties shall have until June 30, 1974 to agree in writing on the range in conversion fees for the optional quantity of VCM. Should the parties fail to agree in writing on a range in conversion fees for the 1976 optional quantities of VCM by this date, then the Hooker right of first refusal on these optional quantities for 1976 and 1977 is revoked and the applicable maximum quantities of VCM shall revert to those designated in Paragraph 3.2. The conversion fee for the 1976 optional quantities of VCM within the above range shall be negotiated in addition to and according to the procedures designated in Paragraph 4.1. If Hooker exercises its said first right and provided the parties agree on the conversion fee applicable to the optional quantity for 1976 by March 31, 1975 as provided by the procedure in Paragraph 4.1 then the minimum and maximum quantities for 1977 under Clause 3.2 shall become 210,000,000 and 260,000,000 respectively and the ranges and conversion fees applicable thereto will be determined in accordance with Clause 4.1. If the parties do not agree on a conversion fee for the optional quantity for 1976 and the conversion fee for said optional quantity becomes the median of the range in conversion fees proposed by Shell then either party has the right to revoke the optional quantities for 1977 by giving written notice prior to April 16, 1975.

3.5 Twenty-seven (27) months prior to the commencement of each calendar year subsequent to 1977 (if neither party has terminated this Agreement) each party shall propose for the applicable year the quantities of VCM to be delivered to Hooker, whether the VCM shall be purchased or converted and the prices or fees as developed pursuant to Paragraph 4.1. If the parties fail to agree on the aforesaid terms in writing within six (6) months of the commencement of said proposal period, either party may upon written notice within fifteen (15) days thereafter terminate this Agreement as of December 31, 1977 or as of the end of the pertinent calendar year.

4. Conversion Fees - Terms of Payment

4.1 Fifteen (15) months prior to the beginning of each succeeding calendar year subsequent to the calendar year 1974, Shell shall propose in writing a conversion fee falling within the applicable minimum and maximum range set out hereunder for the succeeding year and the range in conversion fees to be applicable to the next following year. The parties shall have six (6) months thereafter to reach written agreement on a conversion fee for the succeeding year and a range in conversion fees to apply for the next following year. Failing agreement within said six (6) months negotiating period, then the applicable conversion fee for said succeeding year shall be the median of the acceptable conversion fees proposed by the two parties for said year. In the event that by the end of the negotiating period the parties have not agreed on a conversion fee for the succeeding year (and the conversion fee for such succeeding year becomes the median as provided above) whether or not the parties have agreed on a range in conversion fees for the next following year, either party may terminate this Agreement effective at the end of such succeeding year by giving written notice to the other within fifteen (15) days after the end of the negotiating period. In the event that by the end of the negotiating period the parties have agreed on a conversion fee for the succeeding year but have not agreed on a range in conversion fees for the next following year, then either party may terminate this Agreement effective at the end of such succeeding year by giving written notice to the other within fifteen (15) days after the end of the negotiating period.

CONVERSION FEES, CENTS PER POUND, F.O.B. SHELL'S PLANT

	1975	1976	1977
Minimum conversion fee	3.30	To be negotiated	
Maximum conversion fee	3.70	To be negotiated	

4.2 For example, on October 1, 1973 Shell will propose in writing the conversion fee for 1975 and the range in conversion fees for 1976. The parties shall have until March 31, 1974 to agree in writing on such conversion fee and range in conversion fees or set forth in writing their respective acceptable conversion fee for 1975 within the range of 3.30 to 3.70 cents per pound and agree in writing on a range in conversion fees for 1976. Should the parties fail to agree on a conversion fee for 1975 within this range, the conversion fee applicable to deliveries in the calendar year 1975 will be the median of the acceptable conversion fees set forth in writing and either party then has option to terminate this Agreement effective December 31, 1975 by giving written notice before April 16, 1974. Should the parties fail to agree in writing on a range in conversion fees for 1976 then either party may terminate this Agreement effective December 31, 1975 by giving written notice before April 16, 1974. If the parties agree on a conversion fee for 1975 and a range in conversion fees for 1976 is established as set out above, Shell will, on October 1, 1974, propose in writing the conversion fee for 1976 within the established range for 1976 and a range in conversion fees for 1977.

It is the intent that minimum and maximum conversion fees to be proposed by Shell on October 1, 1973 for the calendar year 1976 and on October 1, 1974 for the calendar year 1977 will be escalated from the minimum and maximum fees for the calendar year 1975 solely according to Shell's evaluation on such dates of anticipated changes in costs or values from those anticipated by Shell as of July 12, 1972 for the calendar year 1975 for ethylene and other raw and process materials, for utilities, for fixed costs and for additional capital equipment and cost to meet Federal, State and Local Government operating requirements and environmental standards as deemed necessary by Shell to the performance of this Agreement.

4.3 For any calendar year after 1975, if Hooker has provided to Shell at least 21 months prior to the commencement of such calendar year satisfactory evidence of any offer from a third party of a conversion fee or range in conversion fees applicable to the conversion for Hooker of at least 75,000,000 pounds of VCM in said calendar year and said offered conversion fee is lower by more than 0.1¢ ($0.001) per pound of VCM converted than the median of the range in conversion fees then proposed by Shell for such year or if the minimum and maximum of said offered range in conversion fees each are lower by more than 0.1¢ ($0.001) per pound of VCM converted than the minimum and maximum of the range in conversion fees then proposed by Shell for such year, then Shell shall notify Hooker no later than 20 months and 15 days prior to the commencement of such calendar year whether or not Shell elects to meet said third party offer and convert for Hooker, subject to all other applicable terms of this Agreement, volumes of VCM equal to said volumes offered for said conversion fee offered or said range in conversion fees offered. If Shell elects not to meet said third party offer, then Hooker shall notify Shell no later than 20 months prior to the commencement of such calendar year that Hooker elects either to cancel this Agreement at the end of such 20 month period or that Hooker elects to accept said third party offer in which case such offered volumes of VCM shall be deducted from the minimum and maximum volumes applicable to this Agreement for said calendar year and each calendar year thereafter.

4.4 Hooker is hereby extended the option to purchase from Shell the respective quantities of VCM set out in Paragraph 3.2, instead of having chlorine converted to VCM during calendar years of 1975, 1976, and 1977. To exercise such option, as to any such year, Hooker shall give Shell written notice at least eighteen (18) months prior to the beginning of the affected year of Hooker's intent to purchase rather than have chlorine converted to VCM. The price on any VCM purchased by Hooker from Shell during any such year shall be the conversion fee agreed on as outlined above for that year plus Shell's actual cost of chlorine purchased specifically for use in production of said VCM for Hooker for the year at the rate of 0.64 pounds of chlorine per pound of VCM actually delivered to Hooker and said option to purchase shall be subject to the availability to Shell, after receipt of Hooker's written notice, of a firm contract for supply of chlorine in sufficient quantities to manufacture the quantity of VCM desired to be purchased.

4.5 Payment shall be made to Shell within fifteen (15) days after receipt of Shell's statement for VCM shipped during any month. Invoices will be collected and statements issued twice per month. In the event that in any calendar year Hooker fails to accept the required minimum quantity of VCM as specified in Paragraphs 2 and 3.2 (as the same may be reduced under Paragraph 9), or as may be modified by Paragraphs 3.3 and 3.4, Hooker shall pay Shell within 30 days after the beginning of the next calendar year the sum 0.75¢ multiplied by a figure equal to the difference between the number of pounds actually accepted by Hooker during such calendar year and the required minimum quantity, subject to the following conditions. After it has sold all of the VCM production capacity of its Norco, Louisiana and Houston, Texas Plants for such year, exclusive of Hooker's minimum quantity hereunder for that year, Shell shall use diligent efforts to sell that portion of such minimum quantity not accepted by Hooker; and Hooker will be allowed a credit against the amount due to Shell hereunder for such unaccepted quantity equal to the amount received by Shell from the sale of such quantity, or any part thereof, to the extent only, however, that the amount so received by Shell from any such sale exceeds Shell's actual cost of chlorine for production of the said quantity of VCM plus an amount determined by subtracting 0.75¢ per pound from the amount Hooker would have paid Shell for such quantity of VCM had it accepted the same hereunder. Shell shall not be obligated however, to sell VCM specified in the foregoing sentence at a price, which in Shell's sole judgment, would be lower than fair market value and in no event shall Hooker be allowed a credit exceeding 0.75¢ per pound for sale by Shell of VCM not accepted by Hooker. It is expressly understood, however, that if during the term of this Agreement, Shell supplies VCM produced at its Norco, Louisiana and Houston, Texas Plants to parties other than Hooker under contract requiring such parties to take minimum annual quantities of VCM so produced, any sales by Shell of minimum quantities not accepted by Hooker and such other parties shall be attributed to such parties ratably for purpose of computing the above credit to Hooker.

If for any reason other than provided for in Paragraph 9, Shell fails to deliver VCM up to the required maximum quantity as may be ordered by Hooker in accordance with provisions of this Agreement, Shell shall pay Hooker 0.75 cents per pound for such undelivered VCM so ordered by Hooker.

5. Orders - Deliveries

5.1 Not less than ten (10) days prior to the beginning of each month hereof Hooker shall submit to Shell a notice setting out the quantity of VCM ordered during such month.

5.2 Subject to receipt of written notice from Shell on or before March 1, 1974 indicating the availability of a connecting chlorine pipeline proposed by Shell hereunder, Hooker will provide and maintain necessary facilities including a pipeline to Hooker's Taft, Louisiana property line at Hooker's cost and expense to deliver such amounts of liquid chlorine as required to produce the appropriate quantity of VCM as specified hereunder. Shell proposes to transport such quantities of chlorine from Hooker's property line to Shell's Norco, Louisiana Plant in a proposed pipeline to be built and maintained at Shell's cost and expense. Hooker shall pay Shell on a monthly basis a reasonable pipeline charge for chlorine transported through Shell's pipeline and used for converting to Hooker's VCM. Shell's pipeline charge will be computed by Shell and be comprised of a reasonable capital charge based on costs for installing Shell's pipeline and on operating costs both prorated on the basis that Hooker's throughput of chlorine for conversion to Hooker's VCM bears to the total throughput of chlorine through the line, provided however, that such pipeline charge shall not exceed Hooker's equivalent rail cost for movement of chlorine in Hooker's 90 ton rail cars from Hooker's Taft, Louisiana Plant to Shell's Norco, Louisiana Plant. The weight of chlorine delivered by pipeline for conversion to VCM hereunder shall be determined by Hooker's weigh tanks or by other means as may be mutually acceptable. Should Shell's Board of Directors not approve said chlorine pipeline or should Governmental restrictions prevent installation or usage of such pipeline for chlorine transportation, then Hooker shall deliver, at Hooker's expense, the aforementioned chlorine to Shell's Norco, Louisiana Plant by 90 ton rail cars or other means agreeable to both parties; provided however, that on or before March 1, 1974 Shell shall have notified Hooker that the pipeline will not be ready by January 1, 1975. In the event that Shell advises Hooker that the pipeline will be available for delivery of chlorine by January 1, 1975 and said pipeline is not so available, Hooker shall use its best efforts to commence deliveries by 55 and/or 90 ton tank cars at Hooker's expense. Shell shall provide suitable facilities for receipt of such chlorine at the locations described herein. The weight of chlorine, delivered into Shell's facilities by tank car sufficient to satisfy the conversion ratio stated hereunder, shall be determined as specified in Exhibit D.

5.3 Shell shall deliver all VCM converted (or sold) hereunder F.O.B. Shell's Norco, Louisiana Plant into Hooker's tank cars, of a capacity to be mutually agreed upon. The quantity or weight of VCM delivered into Hooker's tank cars shall be determined on the basis of outage tables with appropriate corrections for temperature with details to be mutually agreed upon. In the event Hooker elects to verify Shell's measurements of the quantity of VCM delivered hereunder and differences in excess of 1% are uncovered in any car, such excess overages or shortages, if substantiated, shall be subject to billing adjustments. Tank Car "heel" allowance for VCM shall be computed on the basis of the standard factor at 5 psig of three (3) pounds per 100 gallons of car capacity.

6. Taxes

All new and increased taxes and other Governmental charges (other than those based on income) which are imposed after September 15, 1972 on the VCM, or on the raw or processed materials from which the VCM is produced, or on Shell (including without limitation, its VCM manufacturing facility), or required to be paid or collected by Shell, by reason of the production, conversion, transportation, sale or delivery of the VCM hereunder, shall be paid to Shell by Hooker in addition to conversion fees or sale price.

7. Title

Title to all chlorine delivered to Shell and held by Shell for Hooker's account and all VCM converted hereunder shall be and remain in Hooker, but Shell shall have the right to commingle the same with its own chlorine and VCM.

Responsibility for all losses or damage of the chlorine delivered hereunder shall be in Shell after receipt of the same by it in Shell's facilities as stated herein, except where the same arises out of the sole negligence of Hooker.

Responsibility for all losses or damage of the VCM converted (or sold) hereunder shall be in Shell until the same is delivered to Hooker into tank cars as provided for hereunder except where the same arises out of the sole negligence of Hooker.

Any chlorine required for conversion in excess of the conversion ratio shall be supplied by Shell at no cost to Hooker. Title to any chlorine remaining in storage at the end of the term because of conversion efficiencies shall transfer to Shell.

8. Liabilities - Claim

Hooker warrants that the chlorine delivered hereunder and Shell warrants the VCM converted (or sold) hereunder will meet the specifications set forth respectively in Exhibit B and Exhibit C, but Shell and Hooker make NO OTHER WARRANTIES hereunder, WHETHER OF MERCHANTABILITY, FITNESS OR OTHERWISE AND NONE SHALL BE IMPLIED. Hooker shall accept Shell's analysis of VCM converted or sold hereunder as determined on the contents of Shell's storage spheres prior to delivery to Hooker and Hooker shall accept Shell's Certificate of Analysis therefor as representative of the quality of the VCM delivered hereunder with respect to meeting the specifications warranted.

Responsibility for all claims arising directly or indirectly out of the chlorine delivered hereunder shall be in Shell during unloading and discharge and after receipt of the same by Shell in its facilities as stated herein, except where the same arises out of the sole negligence of Hooker.

Responsibility for all claims arising directly or indirectly out of the VCM converted (or sold) hereunder shall be in Shell until the same is delivered to Hooker into tank cars as provided for hereunder, except where the same arises out of the sole negligence of Hooker.

Shell shall have no liability for, and Hooker shall indemnify Shell against all claims, loss liability and expense on account of, any injury or death of persons (including Hooker's employees) or damage to property (including Hooker's) caused by or happening in connection with Hooker's unloading, storage, handling or use of the VCM delivered hereunder, unless due to negligence of Shell, its agents or employees in the manufacture or loading of the product, or defects in the tank cars furnished for transportation of the product.

Hooker shall have no liabilities for, and Shell shall indemnify Hooker against all claims, loss liability and expense on account of, any injury or death of persons (including Shell's employees) or damage to property (including Shell's) caused by or happening in connection with Shell's receiving, unloading, transporting, storage, handling or use of chlorine delivered hereunder, unless due to negligence of Hooker, its agents or employees, in the manufacture or handling of the product or facilities for transportation of the product.

Neither Shell nor Hooker shall have any liability to the other for any claims arising directly or indirectly out of or in connection with this

Agreement, unless the claimant gives the other party notice of the claim (setting forth fully the facts on which it is based) within ninety (90) days after the date of discovery, or other transaction or occurrence giving rise to the claim.

9. Excuses for Non-Performance

Either Shell or Hooker shall be excused from its obligations hereunder when and to the extent that performance is delayed or prevented by any circumstances (except financial inability of the party in default not resulting from bank moratoriums or other governmental order, decree or law) reasonably beyond its control, or by fire, explosion, breakdown of machinery or equipment, riots, strikes, labor disputes, voluntary or involuntary compliance with any law, order regulation, recommendation, or request of any governmental authority, or total or partial failure of the usual means of transportation of the VCM or chlorine, or inability to obtain raw materials used in the manufacture of VCM from Shell's earlier established sources, or by Act of God. As used herein, "labor dispute" means any controversy to which either Shell or Hooker, its agents or contractors, are parties or in which either Shell or Hooker has an interest, involving wages, hours, or working conditions and includes any strike, picketing, lockout, suspension of construction or any other action taken in connection with or because of the labor dispute. Neither Shell nor Hooker shall have any obligation to participate in any settlement of a labor dispute, or to request its agents or contractors to do so except where the same is acceptable to such party in its sole judgment. If Shell's performance is excused hereunder due to inability to obtain raw materials used in the manufacture of VCM from Shell's earlier established sources, Shell shall use diligent efforts to obtain such raw materials from other than earlier established sources but conversion fees hereunder shall be adjusted to reflect any increase in cost to Shell. The quantities of VCM or chlorine consequently undelivered as a result of causes excused hereunder shall not be required to be made up by Shell or Hooker upon resumption of full deliveries hereunder and shall be deducted from the applicable calendar year quantities. In the event of any such causes excused hereunder Shell shall have no obligation to purchase supplies of VCM to perform hereunder. Should excused deliveries of VCM or chlorine hereunder continue for a period in excess of one hundred twenty (120) days, the party whose performance is not excused during this period may cancel this Agreement sixty (60) days after written notice given after the aforesaid one hundred twenty (120) day period if deliveries have not resumed at a rate corresponding to the minimum required by this Agreement before expiration of the sixty (60) day notice.

10. Assignability

Neither this Agreement nor any claim arising directly or indirectly out of or in connection therewith shall be assignable by either party or by operation of law without the written consent of the other party, which consent shall not be unreasonably withheld, except that either party may assign its rights hereunder, subject to the obligation thereof, to any successor of substantially all of its business assets pertaining to VCM or chlorine production or the use thereof as a raw material, as applicable.

11. Remedies

In the event of any breach by either party of any of the provisions of this Agreement, the other party shall have the right in addition to any other rights or remedies it may have to suspend or refuse deliveries hereunder and/or to terminate this Agreement by notice to the defaulting party effective as of the date of such notice. Either party's right to require strict performance of the obligation of the other shall not be affected in any way by any previous waiver, forebearance or course of dealing.

12. Notices

All notices or demands under this Agreement whether required by the terms hereof or otherwise shall be delivered or mailed by certified or registered mail, return receipt requested, to the following addresses of the parties or to such other addresses as may be hereafter designated in writing by the respective parties:

If to Hooker:
Hooker Chemical Corporation
1515 Summer Street
Stamford, Connecticut 06905

If to Shell:
Shell Chemical Company
A Division of Shell Oil Company
Industrial Chemicals Division
P. O. Box 2463 One Shell Plaza
Houston, Texas 77001
Attention Manager Vinyl Chloride

13. Laws Governing Contract

This Agreement shall be governed under the laws of the State of New York.

14. Entirety - Execution

This Agreement comprises the entire Agreement and merges and supersedes all prior understandings and representations (oral or written) between Shell and Hooker concerning the subject matter hereof. Neither this Agreement nor any subsequent Agreement amending or supplementing this Agreement shall be binding on Shell or Hooker unless and until it has been signed on Shell's or Hooker's behalf by a duly authorized representative, and commencement of performance hereunder or under any such subsequent Agreement shall not constitute a waiver of this requirement.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement in duplicate as of the day and date firest written above.

SHELL CHEMICAL COMPANY
A Division of Shell Oil Company
By: ______________________

HOOKER CHEMICAL CORPORATION
By: J. S. Coy

EXHIBIT A

PRICE ADJUSTMENT

The base price per pound of Vinyl Chloride set forth in Paragraph 2 shall be increased or decreased effective on the first day of the calendar year 1974 in accordance with the following formula:

$BCF + 0.0016\ (A-A_1) + 0.0014\ (B-B_1) + 0.0057\ (C-C_1) =$ escalated price in cents per pound.

The terms used in such formula shall have the following definitions:

BCF = base price as set forth in Paragraph 2.

A = crude oil price in cents per barrel.

B = average labor rate in cents per hour.

C = Commodity Index number.

These terms are more specifically defined in Appendix I attached hereto and made a part hereof. A_1, B_1 and C_1 shall be the base numbers as defined in Appendix I, upon which the escalated fee shall be computed.

Appendix I

A and A_1

CRUDE OIL PRICE

"A" shall equal the arithmetical average, expressed in cents per barrel, of the average of prices as published in Platt's Oilgram Price Service - Crude Supplement for West Texas (Sour) crude, in effect on the fifteenth (15th) day of each of the twelve (12) months ending with and including September in the year preceding each year during which the escalated conversion fees are to be computed. The prices to be averaged shall be the arithmetical average of West Texas (Sour) crude prices as posted, for crude oil of 32.0 - 32.9 degrees A.P.I. by Humble Oil and Refining Company, Texaco, Inc., and Gulf Oil Corporation (or their successors).

"A_1" shall be the arithmetical average, expressed in cents per barrel, of the average prices of the crude oil specified above for the twelve (12) months, October, 1970, to and including September, 1971, as reported in the above-mentioned publication.

If any of the companies named above (or their successors) cease to post prices for these crudes, then the prices posted by the remaining companies named above shall be used. If all the companies cease to post prices for these crudes, the crude oil prices to be used shall be determined by a method mutually satisfactory to Hooker and Shell. If the publication of Platt's Oilgram Price Service - Crude Supplement is discontinued, then the crude oil prices shall be determined by a method mutually satisfactory to Hooker and Shell.

B and B_1

Labor Rates

"B" shall equal the arithmetical average in cents per hour of the final average hourly earnings, Industrial Chemicals, for the twelve (12) months ending with and including the month of September of the year preceding each year during which escalated prices are to be computed as reported by the United States Bureau of Labor Statistics in Table C-2 in the publication, "Employment and Earnings."

"B_1" shall be the arithmetical average, expressed in cents per hour, of the average hourly earnings, Industrial Chemicals, for the twelve (12) months October, 1970, to and including September, 1971, as reported in the above-mentioned publication.

Should the method of computing the hourly earnings referred to herein be changed, or should publication of same be discontinued or substantially delayed, the parties hereto shall agree upon the use of another similar labor rate compilation and shall adjust the Labor Rate Base to conform to the calculation method of the new compilation.

C and C_1

Commodity Indices

"C" shall equal the arithmetical averages of the latest final Wholesale Commodity Price Indices for Industrial Commodities for the twelve (12) months ending with and including the month of September in the year preceding each year during which escalated prices are to be computed hereunder reported by the United States Bureau of Labor Statistics in the publication "Wholesale Prices and Price Indices."

"C_1" shall be the arithmetical average of the final Wholesale Commodity Price Indices for Industrial Commodities for the twelve (12) months October, 1970 to and including September, 1971 as so reported in the above-mentioned publication.

Should the method of computing the Wholesale Commodity Price Index referred to herein be changed, or should publication of same be discontinued or substantially delayed, the parties hereto shall agree upon the use of another similar index and shall adjust the Wholesale Commodity Price Index Base to conform to the calculation method of the new index selected. If a new reference base is established, the Wholesale Commodity Price Index Base shall be converted to the new base by factors published by the Bureau of Labor Statistics. If the weighting structure is revised, the unofficial index will be used until the official index is released.

EXHIBIT B

CHLORINE SPECIFICATIONS

Chlorine	99.5% Volume
Chlorinated Compounds	1,000 ppm max.
Non-volatile Matter	100 ppm max.
Water	30 ppm max.

EXHIBIT C

SPECIFICATIONS FOR VINYL CHLORIDE

SPECIFICATIONS	MAXIMUM
Acetylene, mol ppm	3.0
Acetaldehyde, mol ppm	5.0
Butadiene, mol ppm	10.0
Water, weight ppm	100.0
Acidity, (as HCl), weight ppm	2.0
Non-volatiles, weight ppm	200.0
Iron, weight ppm	0.5
Color	Colorless
Appearance	Clear and free from suspended matter
Stabilizer	None

EXHIBIT D

Measurements of the net quantity of chlorine shipped to Shell in tank cars shall be made using railroad type weigh scales. The type of scales and their calibration and use in weighing shall conform to requirements as set forth in the National Bureau of Standards in N. B. S. Handbook 44, the latest edition, or a maintenance measuring tolerance of ±0.2% of true weight.

The weigh scale used shall be the stationary weighing type for weighing cars at rest. The weigh scale weight capacity and weighing platform length shall enable weighing cars in a single weighing or draft. Cars to be weighed shall be uncoupled from any other railroad equipment when placed on the scale for weighing.

The weigh scale shall be calibrated monthly. Shell representatives shall have the privilege of witnessing each weigh scale calibration in addition to the routine weighing of cars. The supplier shall furnish copies of documents that will establish that calibration test weight cars are certified by N. B. S. weigh scales. Documents shall also be furnished for evidence and the integrity of all calibration and maintenance work. Copies of N. B. S. certificates shall be furnished by the supplier to Shell for all test weight cars used for weigh scale calibration.

Weigh scale calibration shall include using N. B. S. certified weights for 100% of maximum gross weight of cars loaded with chlorine.

Weigh scale repeatability shall be determined from three successive weight measurements of a test weight for 100% of the range of measurement.

The weighing procedure used, including test weight car placement, re-zeroing of scales, etc. shall be based upon N. B. S. Handbook 44 and should be included in written procedures to be furnished by the supplier for the mutual use of the supplier and Shell in all calibration and routine weighing. The weigh scale repeatability shall not exceed the minimum weigh scale indicated weight graduation. Shell shall have the privilege of witnessing or requesting that routine spot checks be made by the supplier of the weigh scale performance by determining the weigh scale repeatability by successively weighing a selected car loaded with chlorine three separate times.

Security measures shall include the use of serially numbered security seals. Seals shall be provided to assure that the integrity of measurement is assured by prevention of unauthorized tampering or adjustment of any weigh scale mechanism following its calibration. Sealing devices shall be installed after each weigh scale calibration and this action witnessed by a Shell representative. The supplier shall record all seal serial numbers and Shell shall be contacted and advised whenever removal of a seal is necessary. Verification of seal serial numbers shall be done and witnessed by Shell prior to that removal for weigh scale maintenance and calibration. The number and location of all seals shall be mutually agreed upon by the supplier and Shell to assure realizing adequate security.

The tare or light weight of each car to be loaded is to be measured immediately before loading with chlorine. A weigh document for each loaded car shall be furnished to Shell which shall include the time of day, date, weight, weigher and car number for the tare and gross weight. Car seal numbers shall be recorded for the gross weight. In each weighing, the weigh scales shall be re-zeroed before the car to be weighed is placed on the scales.

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

Shell Oil Company

Two Shell Plaza
P.O. Box 2099
Houston, Texas 77001

December 19, 1984

Mr. C. V. Snyder
Senior Sales Representative
Union Tank Car Company
4800 Sugar Grove Boulevard
Suite 254
Stafford, Texas 77477

Dear Cliff:

An arrangement has been proposed whereby Shell Chemical Company will sublease one hundred fifteen (115) UTLX VCM tank cars to Occidental Chemical Corporation. In accordance with the provisions of our Master Contract, we are requesting Union Tank Car Company approve the sublease arrangement.

The proposal involves the VCM cars on Riders 104, 114, 116 and 117 for the remaining contract term. Car details are listed on the enclosures. Special instructions pertaining to each Rider would apply as follows:

Rider 104, 49 cars, effective January 1, 1985; rentals are to be billed directly to Occidental. All mileage earnings after January 1, 1985, will be passed along to Occidental by Union after receipt from the Railroads. Shell plans to relinquish the full operating responsibility and control for this group of cars to Occidental. Union will issue a sublease agreement to Occidental, but Shell remains the primary lessor because of contractual requirements until the lease expires on June 30, 1989.

The cars on Riders 114 (10 cars), 116 (40 cars) and 117 (16 cars) will be subleased to Occidental under a Shell lease agreement, effective January 1, 1985. The rental invoices and mileage credits should be set up in a special account (Shell/Oxy). The rental portion will be passed directly to Occidental for a direct payment to Union. Shell will collect the mileages when passed by Union and provide allowances to Occidental in accordance with the sublease agreement for these Riders.

RECEIVED
DEC 26 1991
R. [illegible] HUH

BVJP8435402

We trust the proposal is acceptable and that the accounting changes can be implemented with the January, 1985, billings. Your cooperation and handling of this project is greatly appreciated.

Very truly yours,

R. H. Bloom
Senior Transportation Representative
Land Transportation Department
(713) 241-3573

RHB/kbs

Enclosures

cc: Mr. Fred Dugen
Occidental Chemical Group
P. O. Box 699
Pottstown, Pennsylvania 19464

Mr. K. P. Fischl
Vice President, Fleet Management
Union Tank Car Company
111 West Jackson Boulevard
Chicago, Illinois 60604

Mr. R. J. Schuh
Vice President, Purchasing
Occidental Chemical Corporation
P. O. Box 4020
Darien, Connecticut 06820

bc: C. Alexander
J. D. Featherston
W. F. Hurry
W. Rivera
L. A. Wheeler
B. K. Wooten

DEC 14, 1984 [illegible]-CONFIDENTIAL SUBLEASE

VCM RAILCARS

RIDER

0104

TERM DATE	CAR NUMBER	MLGE RATE	CAR SIZE	TARE WGHT	ICC CLASS
890630	UTLX090024	.9460	24930	831	105A300W
	UTLX090045	.9320	24940	829	105A300W
	UTLX090112	.9320	24880	826	105A300W
	UTLX090126	.9320	24950	828	105A300W
	UTLX090154	.9320	24911	829	105A300W
	UTLX090174	.9460	24907	830	105A300W
	UTLX090179	.9460	24859	826	105A300W
	UTLX090204	.9460	24892	926	105A300W
	UTLX090235	.9460	24940	819	105A300W
	UTLX090289	.9460	24919	824	105A300W
	UTLX090318	.9460	24926	825	105A300W
	UTLX090351	.9460	24930	831	105A300W
	UTLX090411	.9460	24960	937	105A300W
	UTLX090413	.9460	24931	832	105A300W
	UTLX090508	.9460	24901	823	105A300W
	UTLX090512	.9460	24910	830	105A300W
	UTLX090550	.9460	24942	330	105A300W
	UTLX090554	.9460	24973	824	105A300W
	UTLX090635	.9460	24923	824	105A300W
	UTLX090643	.9460	24964	832	105A300W
	UTLX090678	.9460	24971	824	105A300W
	UTLX090689	.9460	24900	928	105A300W
	UTLX090692	.9460	24935	828	105A300W
	UTLX090715	.9460	24916	825	105A300W
	UTLX090726	.9460	24911	832	105A300W
	UTLX090738	.9460	24949	827	105A300W
	UTLX090758	.9460	24916	826	105A300W
	UTLX090765	.9460	24897	826	105A300W
	UTLX090768	.9460	24933	825	105A300W
	UTLX090772	.9460	24950	828	105A300W
	UTLX090773	.9460	24892	827	105A300W
	UTLX090776	.9460	24888	829	105A300W
	UTLX090778	.9460	24882	825	105J300W
	UTLX090848	.9460	24915	827	105A300W
	UTLX090860	.9460	24912	822	105A300W
	UTLX090875	.9460	24880	826	105A300W
	UTLX090882	.9460	24071	823	105A300W
	UTLX090898	.9460	24908	822	105A300W
	UTLX090943	.9460	24955	828	105J300W
	UTLX090974	.9460	24918	826	105J300W
	UTLX090992	.9460	24850	822	105A300W
	UTLX091004	.9460	24912	826	105A300W
	UTLX091136	.9460	24860	829	105A300W
	UTLX091200	.9460	24882	830	105A300W
	UTLX091212	.9460	24854	830	105A300W
	UTLX091279	.9460	24849	829	105A300W
	UTLX091299	.9460	24850	821	105A300W
	UTLX091327	.9460	24900	826	105A300W
	UTLX091372	.9460	24861	828	105A300W

DEC 14, 1984

SHELL-OCCIDENTAL SUBLEASE
VCM RAILCARS

RIDER
0114

TERM DATE	CAR NUMBER	MLGE RATE	CAR SIZE	TARE WGHT	ICC CLASS
850228	UTLX093134	.9150	24859	823	105A300W
	UTLX093140	.9290	24839	825	105A300W
	UTLX093292	.9290	24814	821	105A300W
	UTLX093382	.9290	24853	825	105A300W
	UTLX093488	.9290	24846	823	105A300W
	UTLX093505	.9290	24825	826	105A300W
	UTLX093538	.9290	24811	824	105A300W
	UTLX093634	.9290	24859	824	105A300W
	UTLX093797	.9290	24843	822	105A300W
	UTLX093875	.9290	24855	823	105A300W

10

DEC 14, 1984 SHELL-OCCIDENTAL SUBLEASE
VCM RAILCARS

RIDER
0116

TERM DATE	CAR NUMBER	MLGE RATE	CAR SIZE	TARE WGHT	ICC CLASS
851031	UTLX026000	.9290	24850	824	105A300W
	UTLX026001	.9290	24850	822	105A300W
	UTLX026002	.9290	24850	826	105A300W
	UTLX026003	.9290	24850	826	105A300W
	UTLX026004	.9290	24850	824	105A300W
	UTLX026005	.9290	24850	822	105A300W
	UTLX026006	.9290	24850	819	105A300W
	UTLX026007	.9290	24850	823	105A300W
	UTLX026008	.9290	24850	819	105A300W
	UTLX026009	.9290	24850	821	105A300W
	UTLX026010	.9290	24850	818	105A300W
	UTLX026011	.9290	24850	824	105A300W
	UTLX026012	.9290	24850	818	105A300W
	UTLX026013	.9290	24850	819	105A300W
	UTLX026014	.9290	24808	820	105A300W
	UTLX026015	.9290	24807	821	105A300W
	UTLX026016	.9290	24812	820	105A300W
	UTLX026017	.9290	24850	823	105A300W
	UTLX026018	.9290	24820	819	105A300W
	UTLX026019	.9290	24838	821	105A300W
	UTLX026020	.9290	24820	824	105A300W
	UTLX026021	.9290	24815	823	105A300W
	UTLX026022	.9290	24813	821	105A300W
	UTLX026023	.9290	24825	818	105A300W
	UTLX026024	.9290	24848	818	105A300W
	UTLX026025	.9290	24813	818	105A300W
	UTLX026026	.9290	24853	827	105A300W
	UTLX026027	.9290	24850	827	105A300W
	UTLX026028	.9290	24850	825	105A300W
	UTLX026029	.9290	24823	824	105A300W
	UTLX026030	.9290	24850	823	105A300W
	UTLX026031	.9290	24812	823	105A300W
	UTLX026032	.9290	24807	824	105A300W
	UTLX026033	.9290	24810	826	105A300W
	UTLX026034	.9290	24816	822	105A300W
	UTLX026035	.9290	24825	824	105A300W
	UTLX026036	.9290	24820	821	105A300W
	UTLX026037	.9290	24826	822	105A300W
	UTLX026038	.9290	24815	815	105A300W
	UTLX026039	.9290	24843	824	105A300W

DEC 14, 1984

SHELL-OCCIDENTAL SUBLEASE
VCM RAILCARS

RIDER
0117

TERM DATE	CAR NUMBER	MLGE RATE	CAR SIZE	TARE WGHT	ICC CLASS
851231	UTLX089890	.9560	24819	818	105A300W
	UTLX089891	.9560	24821	820	105A300W
	UTLX089894	.9560	24750	823	105A300W
	UTLX089896	.9560	24750	819	105A300W
	UTLX089898	.9560	24750	818	105A300W
	UTLX089899	.9560	24750	824	105A300W
	UTLX089900	.9560	24750	819	105A300W
	UTLX089904	.9560	24750	824	105A300W
	UTLX089905	.9560	24750	819	105A300W
	UTLX089906	.9560	24750	826	105A300W
	UTLX089907	.9560	24750	826	105A300W
	UTLX089911	.9560	24750	827	105A300W
	UTLX089913	.9560	24797	820	105A300W
	UTLX089915	.9560	24750	821	105A300W
	UTLX089917	.9560	24798	819	105A300W
	UTLX089919	.9560	24304	826	105A300W

16

SEPARATOR SHEET

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COPY

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

October 24, 1984

Occidental Chemical Corporation
P. O. Box 4020
Darien, Connecticut 06820

Attention: Mr. Ronald J. Schuh
Vice President - Purchasing

Gentlemen:

Subject: Sub-lease of VCM Rail Cars

Confirming our recent discussions relating to the sub-lease to Occidental of VCM rail cars currently leased by Shell, this letter outlines the principles upon which Occidental and Shell agree to proceed in this matter.

1. Shell estimates that 115 rail cars in its existing fleet are required to meet Occidental's projected 300 MM lb of VCM requirements in 1985. This number of rail cars is in addition to Occidental's own fleet of 28 rail cars in this service. The 115 rail cars have the lease profile shown in the attached Exhibit A.

2. Shell will sub-lease to Occidental the rail cars shown in Exhibit A beginning January 1, 1985 and continuing for the unexpired period of each lease. Once the UTLX 114 and 116 leases expire, Occidental will assume responsibility for providing an equivalent number of rail cars to maintain the VCM fleet size until the end of 1985.

3. Occidental will make monthly rail car rental payments directly to Union Tank Car Company. When Shell receives the mileage earnings for each corresponding month, Shell will reimburse Occidental for the rental payments plus a maintenance allowance of $150 per month per rail car. Occidental will be responsible for maintenance on the sub-leased rail cars.

4. If the monthly mileage earnings for the sub-leased rail car fleet, after deducting rental payments and maintenance allowances, fall short of the estimated net earnings per month shown on Exhibit A for reasons under the control of Occidental, then Occidental will reimburse Shell for the shortfall. A reduction in Occidental's total VCM requirements will not be considered to be within Occidental's control.

BSGQ8429801

5. Beginning in 1986, mileage earnings under UTLX 104 will be paid directly to Occidental by Union Tank Car Company to the extent that such earnings can be utilized by Occidental.

Very truly yours,

R. F. Weigle
Corporate Account Manager

ACCEPTED AND AGREED TO THIS _____ DAY OF ___________, 1984.

Occidental Chemical Corporation

By ____________________________

Title _________________________

Shell's Proposal
VCM
Fleet

10/-71.8

.15¢ at comm't

EXHIBIT A
VCM TANK CAR LEASE PROFILE

LEASE RIDER	NUMBER OF CARS	EXPIRATION DATE	CURRENT EARNINGS PER LOADED MILE	AVERAGE LOADED MILES PER MONTH PER CAR(1)	MILEAGE EARNINGS PER MONTH PER CAR	RENT PER MONTH PER CAR	ESTIMATED MAINTENANCE COST PER MONTH PER CAR	ESTIMATED NET EARNINGS PER MONTH	
								PER CAR	TOTAL
5 UTLX 114	10	2/28/85	92.8¢	1,823	$1,692	$623	$150	$ 919	$ 9,190
5 UTLX 116	40	10/31/85	92.9¢	1,823	$1,694	$639	$150	$ 905	$36,200
5 UTLX 117	16	12/31/85	95.6¢	1,823	$1,743	$649	$150	$ 944	$15,104
117 > UTLX 104	49	6/30/89	94.5¢	1,823	$1,723	$571	$150	$1,002	$49,098
TOTAL	115							1/1/85-2/28/85	$109,592
								3/1/85-10/31/85	$100,402
								11/1/85-12/31/85	$ 64,202

---

(1) Assumes a fleet average of one turnaround per month.

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

October 24, 1984

Occidental Chemical Corporation
P. O. Box 4020
Darien, Connecticut 06820

Attention: Mr. Ronald J. Schuh
Vice President - Purchasing

Gentlemen:

Subject: Sub-lease of VCM Rail Cars

Confirming our recent discussions relating to the sub-lease to Occidental of VCM rail cars currently leased by Shell, this letter outlines the principles upon which Occidental and Shell agree to proceed in this matter.

1. Shell estimates that 115 rail cars in its existing fleet are required to meet Occidental's projected 300 MM lb of VCM requirements in 1985. This number of rail cars is in addition to Occidental's own fleet of 28 rail cars in this service. The 115 rail cars have the lease profile shown in the attached Exhibit A.

2. Shell will sub-lease to Occidental the rail cars shown in Exhibit A beginning January 1, 1985 and continuing for the unexpired period of each lease. Once the UTLX 114 and 116 leases expire, Occidental will assume responsibility for providing an equivalent number of rail cars to maintain the VCM fleet size until the end of 1985.

3. Occidental will make monthly rail car rental payments directly to Union Tank Car Company. When Shell receives the mileage earnings for each corresponding month, Shell will reimburse Occidental for the rental payments plus a maintenance allowance of $150 per month per rail car. Occidental will be responsible for maintenance on the sub-leased rail cars.

4. If the monthly mileage earnings for the sub-leased rail car fleet, after deducting rental payments and maintenance allowances, fall short of the estimated net earnings per month shown on Exhibit A for reasons under the control of Occidental, then Occidental will reimburse Shell for the shortfall. A reduction in Occidental's total VCM requirements will not be considered to be within Occidental's control.

5. Beginning in 1986, mileage earnings under UTLX 104 will be paid directly to Occidental by Union Tank Car Company to the extent that such earnings can be utilized by Occidental.

Very truly yours,

R. F. Weigle
Corporate Account Manager

ACCEPTED AND AGREED TO THIS _____ DAY OF __________, 1984.

Occidental Chemical Corporation

By ____________________________

Title _________________________

Shell's Proposal
VCM
Fleet

10/29/87

EXHIBIT A
VCM TANK CAR LEASE PROFILE

LEASE RIDER	NUMBER OF CARS	EXPIRATION DATE	CURRENT EARNINGS PER LOADED MILE	AVERAGE LOADED MILES PER MONTH PER CAR (1)	MILEAGE EARNINGS PER MONTH PER CAR	RENT PER MONTH PER CAR	ESTIMATED MAINTENANCE COST PER MONTH PER CAR	ESTIMATED NET EARNINGS PER MONTH PER CAR	ESTIMATED NET EARNINGS PER MONTH TOTAL
UTLX 114	10	2/28/85	92.8¢	1,823	$1,692	$623	$150	$ 919	$ 9,190
UTLX 116	40	10/31/85	92.9¢	1,823	$1,694	$639	$150	$ 905	$36,200
UTLX 117	16	12/31/85	95.6¢	1,823	$1,743	$649	$150	$ 944	$15,104
UTLX 104	49	6/30/89	94.5¢	1,823	$1,723	$571	$150	$1,002	$49,098
TOTAL	115							1/1/85-2/28/85	$109,592
								3/1/85-10/31/85	$100,402
								11/1/85-12/31/85	$ 64,202

(1) Assumes a fleet average of one turnaround per month.

SEPARATOR SHEET

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Copy R Schuh
C. Shaw
Return CWD

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

December 19, 1984

RECEIVED
DEC 21 1984
C. W. HULL, JR.

Mr. Craig W. Hull, Jr.
Vice President, Commercial
Occidental Chemical Company
P. O. Box 4020
RiverPark
Darien, CT 06820

Dear Craig:

Attached hereto are copies of our proposed VCM agreement according to conditions and terms as discussed with you previously and a copy of Rider No. 104 covering certain rail cars between Union Tank Car Company and Shell Oil Company. After the first of the year, we will forward to you a copy of the proposed contract covering ethylene requirements in 1985 and sublease agreements covering the remaining rail cars. Union Tank Car Company has advised us that they would prefer that Occidental accept an assignment of Rider No. 104 and that all future transactions regarding that rider be between Union Tank Car Company and Occidental. Occidental is to send a letter to Union Tank Car Company accepting an assignment of this rider.

Should you have any questions regarding these matters, please call me at your convenience.

Very truly yours,

R. F. Weigle
Manager, Corporate Accounts

Attachments

cc: L. A. Wheeler (w/attach.)

BRHK8435401

78 RCL

RIDER NO. 104 TO CAR SERVICE AGREEMENT

Effective this first day of January, 1983 this rider shall become a part of the Car Service Agreement between Union Tank Car Company, Lessor, and SHELL OIL COMPANY, Lessee, dated January 1, 1983, and the cars described herein shall be leased to Lessee subject to the terms and conditions in said Car Service Agreement during the term and for the rental shown below:

CLASS OR TYPE OF CAR	APPROXIMATE CAPACITY (Gallonage)	MONTHLY RENTAL (Per Car)
DOT 105-A-300-W, equipped with double shelf couplers.	24,800	$570.50

UTLX	UTLX
90024	90235
90046	90289
90112	90351
90126	90413
90154	90554
90174	90635
90204	

DOT 105-A-300-W, equipped with double shelf couplers.	24,800	572.50

UTLX	UTLX	UTLX
90179	90738	90898
90318	90758	90943
90411	90765	90974
90508	90763	90992
90512	90772	91004
90550	90773	91136
90643	90776	91200
90678	90778	91212
90689	90846	91279
90692	90860	91299
90715	90875	91327
90726	90882	91372

Rental hereunder begins on January 1, 1983, however for the purpose of determining fulfillment of term, Lessor and Lessee will use July 1, 1979 as the beginning date of the minimum rental period for the cars hereunder.

Per Section 2.05. The sum to be added to the monthly rental rate for a modification with a useful life equal to that of the car itself will be 1.45% of the cost of the modification, and the sum to be added to the monthly rental rate for a modification with a useful life less than that of the car will be an amount which will recover the cost of the modification, including the implicit cost of money at 10% per annum, over the estimated life of such a modification.

Per Section 3.04. The mileage limitation hereunder is 36,000 miles per calendar year per car and Lessee shall be charged $0.0275 per mile for each mile in excess of such limitation.

The minimum rental period for the cars leased hereunder shall be one hundred eighteen (118) months, and the cars will continue under lease thereafter until canceled by two (2) months notice given after expiration of the minimum period. Thereafter, this rider will terminate automatically upon the date of release of the last car covered by this rider.

Effective Riders 95 through 121 Cancels Rider No. ____

Union Tank Car Company (Lessor)

By ____
Vice President-Marketing Services

SHELL OIL COMPANY (Lessee)

By ____
Manager - Land Transportation

SEPARATOR SHEET

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BILL JUNK

6788

114. EXT FEB

WBRF

623 - 500 PER MO

ACCEPTED

[illegible]

UNION IS BILLING

RON SCHULT TO SIGN CONTRACT

APPROVED AFE

SIGNED BY "DON MASSI"

---

116 & 117 → CONT'D 118 1REF BUT NOT FINALIZED

FEB 26

JAN & FEB PAID TO UNION DIRECT

W/O 150 PER CAN MAINT

NO RETURN FROM SHELL

56 - 57 ↓

NO BILLING SINCE

	114	116	117
1	10 YRS	40	16
2	2-55		
3			
4			
5			
6			
7			

MASSI

49

~~8~~

NO 150

104

ARE

ASSIGNMENT

OF RIDI

TO CRAIG HULL

DEC 19 84

FINANCIAL OK

PAPER MI ?

SEPARATOR SHEET

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June 15, 1985 or December 15, 1985, respectively, the parties will negotiate conversion fees for the periods in question. Failure to agree on a fee will result in termination of the agreement.

(5) Payment terms are net 30 days from date of invoice. Invoices will be issued monthly.

3. VCM TANK CARS

A. The following is the VCM tank car fleet that had previously been designated to supply 300 MM lb of VCM to Occidental's Northern Plants in 1985:

Occidental-owned	- 28 cars		
UTLX 114	- 10 cars	expir. 2/28/85	MASSI R
UTLX 116	- 40 cars	expir. 10/31/85	
UTLX 117	- 16 cars	expir. 12/31/85	
UTLX 104	- 49 cars	expir. 6/30/89	MASSI

B. CURRENT PROPOSED ARRANGEMENT

(1) Effective January 1, 1985 Shell sub-leases all above leased cars to Occidental for the remainder of their lease periods.

(2) Shell assigns mileage earnings on UTLX 104 to Occidental.

(3) Mileage earnings on UTLX 114, 116, and 117 are retained by Shell and protected for the remaining unexpired portions of the leases as outlined in Shell's draft letter of intent "Sub-lease of VCM Rail Cars" dated October 24, 1984.

(4) UTLX 114, 116, and 117 cars will be used exclusively and preferentially for Shell-supplied VCM. Occidental-owned cars will be used exclusively for VCM supplied by Occidental's other supplier. UTLX 104 cars will be used as needed for either supply.

4. WAIVER OF LIQUIDATED DAMAGES

Shell agrees to waive liquidated damages for Occidental's VCM underliftings in 1984.

Effective this 12/6 day of December, 1984.

Occidental Chemical Corporation

Shell Chemical Company

BSGQ8434107

SEPARATOR SHEET

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2 –

64

160

116 — PVC SHARE WITH ITB

1981-87 → 53 PVC DIRECT FROM UNI

UNION

CREDI T B

THRU 83 $129,000 MILE OVER RENTAL

84 68,000 "

1 BOB EVANS
200 UNION

2 ~~LARA~~ DON MARTIN

LETTER TO TANK CAR COMPANY

SEPARATOR SHEET

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Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

September 4, 1984

Mr. Ronald Schuh
Vice President, Purchasing
Occidental Chemical Company
P. O. Box 4020
RiverPark
Darien, CT 06820

Dear Ron:

The VCM toll fee for August, 1984, has been adjusted as follows:

VOLUME	PRICE PER POUND
Up to 15MM lbs.	12.98
Over 15MM lbs.	12.73

Also, the toll fee for September has been adjusted to:

VOLUME	PRICE PER POUND
Up to 15MM lbs.	12.48
Over 15MM lbs.	12.23

The nominated fee for October is the same as September.

If you have any questions, please call. As usual, let's keep in touch with each other relative to market developments.

Very truly yours,

R. F. Weigle

R. F. Weigle
Manager Corporate Accounts

RECEIVED
SEP 25 1984
R. J SCHUH

BRHK8426501

SEPARATOR SHEET

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TO SEPARATE DOCUMENTS

File VCM contract

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

September 4, 1984

Mr. Ronald Schuh
Vice President, Purchasing
Occidental Chemical Company
P. O. Box 4020
Darien, CT 06820

Dear Ron:

The VCM toll fee for August, 1984, has been adjusted as follows:

VOLUME	PRICE PER POUND
Up to 15MM lbs.	13.48
Over ~~5~~ 15 MM lbs.	12.98

Also, the toll fee for September has been adjusted to:

VOLUME	PRICE PER POUND
Up to 15MM lbs.	14.00
Over 15MM lbs.	13.50

If you have any questions, please call. As usual, let's keep in touch with each other relative to market developments.

Very truly yours,

R. F. Weigle
Manager Corporate Accounts

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SEP 10 1984
R. [illegible]UH

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SEPARATOR SHEET

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Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

cwh

copy S. Schafer
R Schuh
File

July 16, 1984

Mr. Craig W. Hull
Vice President, Commercial
Occidental Chemical Company
P. O. Box 4020
River Park
Darien, CT 06820

Dear Craig:

Basis our conversation the total fee for July has been adjusted as follows:

VOLUME	CPP
Up to 15MM pounds	15.02
Over 15MM pounds	14.52

Yours very truly,

R. F. Weigle
Manager Corporate Accounts

RFW:AC

cc: L. A. Wheeler
J. B. Flint

BRHK8419401

SHELL/OCCIDENTAL VCM AND ETHYLENE SUPPLY AGREEMENTS
MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding shall constitute the basis for drafting formal VCM Conversion, Ethylene Conversion, and VCM Tank Car Sub-Lease Agreements expected to be entered into by Shell Chemical Company ("Shell") and Occidental Chemical Corporation ("Occidental"). Shell and Occidental agree to develop these formal agreements in an expeditious manner. Until such agreements are executed, Shell and Occidental further agree to abide by the terms and conditions of this Memorandum of Understanding.

1. VCM

A. VOLUME

1985: 150 MM lb plus any excess of Occidental's total VCM requirement over 600 MM lb (such excess will be estimated and spread ratably over 1985), up to 200 MM lb total.

1986: At Shell's option (option to be exercised by July 1, 1985), any difference between 200 MM lb and the volume supplied in 1985.

B. CONVERSION FORMULA

(1) Occidental supplies:

.485 lb ethylene/lb VCM
.64 lb chlorine/lb VCM

(2) Occidental pays the following monthly fee, ¢/lb:

$V - 0.3 - .485E - .64C$

+ 0.167 for tank car earnings equalization on the first 150 MM lb of VCM.

where:

V = Prevailing VCM Market Price to Large Buyers, ¢/lb

E = Price of Ethylene in ¢/lb, as determined by the Average of the Low End of the U.S. Gulf Coast Ethylene Contract Price Range published by DeWitt and Company, Inc. each month.

C = Prevailing Price of Chlorine in ¢/lb on the U.S. Gulf Coast, F.O.B. Producing Point, For VCM Production.

The conversion fee cannot be less than 3.5¢/lb.

(3) Payment terms are net thirty days from the date of Shell's invoice

C. DELIVERY

(1) Chlorine will be supplied by Occidental to Shell at locations designated by Shell, but any chlorine freight charge in excess of $10/ton will be for Shell's account. The parties will work together to minimize freight charges.

(2) VCM will be supplied by Shell F.O.B. Deer Park, Texas into railcars provided by Occidental.

2. ETHYLENE

A. VOLUME

1985: 130 MM lb Plus all ethylene required for Conversion to VCM hereunder.

1986: 10.8 MM lb/month until the restart of Occidental's Lake Charles ethylene plant, estimated to be April 1986, plus all ethylene required for conversion to VCM hereunder.

B. CONVERSION FORMULA

(1) Occidental Supplies:

1.266 lb ethane/lb ethylene, either contained in an 80/20 E/P mix or contained in purity ethane at Shell's option with 30 days' notice F.O.B. Mont Belvieu, Texas.

If E/P mix is supplied, Shell will return the propane portion of the mix to Occidental at a mutually agreeable location at no cost to Shell.

(2) Shell will deliver all ethylene not required for conversion to VCM hereunder to Occidental, F.O.B. BFGoodrich's LaPorte, Texas plant or Convent, Louisiana plant at Occidental's option with 30 days' notice.

(3) Occidental pays a monthly fee of 5.5¢/lb of ethylene from January 1, 1985 through June 30, 1985 if supply of ethane is an E/P mix. If supply is as purity ethane, the fee is 5.25¢/lb for this period. A 0.5¢/lb premium will apply for ethylene delivered to Convent, Louisiana.

(4) On or before June 1, 1985 for July 1 through December 31, 1985 and on or before December 1, 1985 for January 1 through June 30, 1986, Shell will nominate conversion fees for these periods. If Occidental objects to either nomination by

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

November 16, 1984

Mr. Ronald Schuh
Vice President, Purchasing
Occidental Chemical Company
P. O. Box 4020
RiverPark
Darien, CT 06820

Dear Ron:

The adjusted VCM toll fee for October, 1984 is as follows:

VOLUME	PRICE PER POUND
Up to 15MM lbs.	10.80
Over 15MM lbs.	10.55

If you have any questions, please call.

Very truly yours,

R. F. Weigle
Manager Corporate Accounts

BRHK8426501

RECEIVED
NOV 19 1991
R. J SCHUH

SEPARATOR SHEET

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Carol
Send
cc Steve S.
&
Craig

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

November 2, 1984

Mr. Ronald Schuh
Vice President, Purchasing
Occidental Chemical Company
P. O. Box 4020
RiverPark
Darien, CT 06820

Dear Ron:

The nominated VCM toll fee for November, 1984 is as follows:

VOLUME	PRICE PER POUND
Up to 15MM lbs.	13.30
Over 15MM lbs.	12.80

We will monitor closely for the first 10 days and adjust accordingly.

Very truly yours,

R. F. Weigle
Manager Corporate Accounts

RECEIVED
NOV 5 1991
R. J SCHUH

BRHK8426501

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

cc Craig M.
Steve S

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

October 15, 1984

Mr. Ronald Schuh
Vice President, Purchasing
Occidental Chemical Company
P. O. Box 4020
RiverPark
Darien, CT 06820

Dear Ron:

This confirms our telephone conversation. The VCM toll fee for September, 1984 has been adjusted as follows:

VOLUME	PRICE PER POUND
Up to 15MM lbs.	11.48
Over 15MM lbs.	11.23

Also, the toll fee for October has been adjusted to:

VOLUME	PRICE PER POUND
Up to 15MM lbs.	11.48
Over 15MM lbs.	11.23

If you have any questions, please call.

Very truly yours,

R. F. Weigle
Manager Corporate Accounts

RECEIVED
OCT 19 1991
R. J SCHUH

BRHK8426501

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

Shell VCM Contract

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

September 4, 1984

Mr. Ronald Schuh
Vice President, Purchasing
Occidental Chemical Company
P. O. Box 4020
RiverPark
Darien, CT 06820

Dear Ron:

The VCM toll fee for August, 1984, has been adjusted as follows:

VOLUME	PRICE PER POUND
Up to 15MM lbs.	12.98
Over 15MM lbs.	12.73

Also, the toll fee for September has been adjusted to:

VOLUME	PRICE PER POUND
Up to 15MM lbs.	12.48
Over 15MM lbs.	12.23

The nominated fee for October is the same as September.

If you have any questions, please call. As usual, let's keep in touch with each other relative to market developments.

Very truly yours,

R. F. Weigle

R. F. Weigle
Manager Corporate Accounts

RECEIVED
SEP 25 1984
R. J SCHUH

BRHK8426501

cc K. Shu

[illegible]: I advised Steve S. verbally. What else is done.

RECEIVED
AUG 17 1984
R. J SCHUH

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

August 13, 1984

RECEIVED
AUG 15 1984
C. W. HULL. JR.

Mr. Craig W. Hull, Jr.
Vice President, Commercial
Occidental Chemical Company
P. O. Box 4020
Darien, CT 06820

Dear Craig:

The VCM toll fee for June, 1984 has been adjusted as follows:

VOLUME	PRICE PER POUND
Up to 8MM lbs.	15.2 cpp
Over 8MM lbs.	14.7 cpp

Also, the toll fee for July has been adjusted to:

VOLUME	PRICE PER POUND
Up to 15MM lbs.	14.27 cpp
Over 15MM lbs.	13.77 cpp

If you have any questions, please call.

Very truly yours,

R. F. Weigle /ac

R. F. Weigle
Manager Corporate Accounts

RFW:AC

BRHK8422603

SEPARATOR SHEET

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cc R. Shuh

[illegible] File

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

August 13, 1984

RECEIVED
AUG 15 1984
C. W. HULL. JR.

Mr. Craig W. Hull, Jr.
Vice President, Commercial
Occidental Chemical Company
P. O. Box 4020
Darien, CT 06820

Dear Craig:

The VCM toll fee for June, 1984 has been adjusted as follows:

VOLUME	PRICE PER POUND
Up to 8MM lbs.	15.2 cpp
Over 8MM lbs.	14.7 cpp

Also, the toll fee for July has been adjusted to:

VOLUME	PRICE PER POUND
Up to 15MM lbs.	14.27 cpp
Over 15MM lbs.	13.77 cpp

If you have any questions, please call.

Very truly yours,

R. F. Weigle /ac

R. F. Weigle
Manager Corporate Accounts

RFW:AC

BRHK8422603

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Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

July 12, 1984

Mr. Craig W. Hull
Vice President, Commercial
Occidental Chemical Company
P. O. Box 4020
River Park
Darien, CT 06820

Dear Craig:

The retroactive toll fee for July, 1984 has been adjusted as follows:

VOLUME	CPP
Up to 15MM pounds	14.86
Over 15MM pounds	14.36

We hope this is responsive to your marketing situation.

Yours very truly,

R. F. Weigle
Manager Corporate Accounts

RFW:AC

cc: L. A. Wheeler
J. B. Flint

Will do
memo

No
numbers are changing

BRHK8419401

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TO SEPARATE DOCUMENTS

Copy Schaefer (done 6/29)

File

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

RECEIVED
JUN 28 1984
C. W. HULL JR.

June 22, 1984

Mr. Craig W. Hull
Vice President, Commercial
Occidental Chemical Company
P. O. Box 4020
River Park
Darien, CT 06820

Dear Craig:

The retroactive toll fee for June, 1984 has been adjusted as follows:

VOLUME	CPP
Up to 8MM pounds	16.2
Over 8MM pounds	15.7

We hope this is responsive to your marketing situation.

Yours very truly,

R. F. Weigle/ac

R. F. Weigle
Manager Corporate Accounts

RFW:AC

cc: L. A. Wheeler

YAF8417406

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done (7/2)

FILE

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

June 28, 1984

Mr. Craig W. Hull, Jr.
Vice President, Commercial
Occidental Chemical Company
P. O. Box 4020
Darien, CT 06820

Dear Craig:

The VCM toll fee for June, 1984 is as follows:

VOLUME	PRICE PER POUND
Up to 8MM lbs.	15.7 cpp
Over 8MM lbs.	15.2 cpp

Also, the toll fee for July is as follows:

VOLUME	PRICE PER POUND
Up to 15MM lbs.	15.36 cpp
Over 15MM lbs.	14.86 cpp

If you have any questions, please call.

Very truly yours,

R. F. Weigle /ac

R. F. Weigle
Manager Corporate Accounts

RFW:AC

YAF8418002

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OXY
Occidental Chemical Corporation
Corporate Office

MEMO

FILE

To Distribution
Date June 21, 1984
From Craig W. Hull, Jr.
Subject Shell VCM Price - June

Shell has changed their price for June as follows:

First 8MM pounds	-	16.2¢/pound
Over 8MM pounds	-	15.7¢/pound

This is a reduction and based on chlorine at $150/ton is equal to 21.0¢/pound VCM or the same price as Dow.

CWH:lkg

<u>Distribution</u>

R. Hirl
R. Rajaji
S. Schaefer

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Occidental Chemical Corporation
Corporate Office

FILE MEMO

To Steve Schaefer

Date May 31, 1984

From Craig W. Hull, Jr.

cc: J. R. Hirl
R. Rajaji

Subject VCM Price - Shell Chemical

Shell has revised their VCM price for May to 17.2¢ and 16.7¢. This reflects the ½¢ reduction from Dow. Also, Shell's price for June will be 17.2¢ and 16.7¢.

CWH:lkg

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file PVC

INTER-OFFICE CORRESPONDENCE

Hooker Chemical
PLASTICS DIVISION

D. Calhoun

RECEIVED
AUG 26 1981
DAVID W. CALHOUN

To MR. D. W. CALHOUN HOUSTON
NAME LOCATION

Date AUGUST 19, 1981

From J. R. HOPPER POTTSTOWN
NAME LOCATION

Subject SHELL VCM CONTRACT FOR POTTSTOWN, PERRYVILLE, AND BURLINGTON

Copy to:
Mr. R. F. Gervais ✓
Mr. J. J. McCoskey
Mr. J. L. Russ
Mr. J. F. Knight

Mr. John Russ, Director of Marketing for the PVC Resins Division, advised today that projected PVC Resin sales for the remainder of this year are going to be lower than originally forecast.

As you know, the Shell contract has a penalty if we fail to take the 330 mm lbs. per year minimum quantity. The penalty is defined by a formula which presently equates to $27,500 for each 1 mm lbs. we are short.

Through September Shell will have shipped	- 227 mm lbs.
4th quarter revised requirement (Pottstown, Perryville, Burlington)	- 91 mm lbs.
Total	318 mm lbs.

Assuming 100% of our 4th quarter requirement (91 mm lbs.) to Shell would put us 12 mm lbs. below minimum with a $330,000 penalty exposure.

We also have a contract with Uniroyal (no penalty clause) and have been performing at approximately 2 mm lbs. per month. If we maintain Uniroyal at this 2 mm lbs. per month rate for the 4th quarter, only 85 mm lbs. would be available for Shell putting us 18 mm lbs. below minimum resulting in a penalty exposure of $495,000.

Please advise the monthly quantities you recommend for Uniroyal in the 4th quarter.

J R Hopper

J. R. Hopper

JRH/seh

RECEIVED
AUG 21 1981
R. F. GERVAIS

Dave,
As discussed if Shell asks anything we should waive the Cl_2 shortfall of the past.
Russ

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CONTRACT SUMMARY SHEET

CODE: ______________________ TYPE: ______________________

COMMODITY: ______________________ DIVISION/LOCATION ______________________

CONTRACT BETWEEN: ______________________ AND, ______________________

AGREEMENT DATES: ______________________

NOTICE PROVISIONS: ______________________

AMENDMENTS: ______________________

REVIEWED BY: ______________________ DATE: ______________________

______________________ DATE: ______________________

______________________ DATE: ______________________

______________________ DATE: ______________________

______________________ DATE: ______________________

______________________ DATE: ______________________

COMMENTS: ______________________

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Occidental Chemical Corporation
Corporate Office

File
"Shell VCM contract"

MEMO

To C. W. Hull

Date December 3, 1984

From F. H. Romanelli

Subject Liquidated Damages 1984 Contract VCM

CC: J. R. Hirl
M. J. Rudick
S. W. Schaefer
R. J. Schuh✓
C. S. Shaw

Our best estimate of 1984 liquidated damages, assuming a 40MM pound shortfall, is $1.5MM. Pottstown did the analysis based on the Dewitt low number for ethylene. Each 1¢ change in ethylene is equivalent to approximately $200M in an inverse relationship, i.e., the higher the ethylene price, the less are our damages. Since Dewitt's low is probably high relative to market, the damages could be greater than $1.5MM.

Frank/yr

YAV

RECEIVED
DEC 3 1991
R. J. SCHUH

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Carol
send to
the various
people

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

December 10, 1984

Mr. Ronald Schuh
Vice President, Purchasing
Occidental Chemical Company
P. O. Box 4020
RiverPark
Darien, CT 06820

Dear Ron:

The adjusted VCM toll fee for November, 1984 is as follows:

VOLUME	PRICE PER POUND
Up to 15MM lbs.	11.05
Over 15MM lbs.	10.80

If you have any questions, please call. This is based on a 14.25 cpp monomer price.

Very truly yours,

R. F. Weigle
Manager Corporate Accounts

cl @ 7/100cc/T.

REC'
DEC
R

BRHK8426501

SEPARATOR SHEET

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TO SEPARATE DOCUMENTS

Carol Send CC
to Craig
Steve S.

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

November 30, 1984

Mr. Ronald Schuh
Vice President, Purchasing
Occidental Chemical Company
P. O. Box 4020
RiverPark
Darien, CT 06820

Dear Ron:

The nominated VCM toll fee for December, 1984 is as follows:

VOLUME	PRICE PER POUND	
Up to 15MM lbs.	13.30	+ 3.20 = 16.50
Over 15MM lbs.	12.80	

If you have any questions, please call. Final toll fee for November is still to be decided.

Very truly yours,

R. F. Weigle
Manager Corporate Accounts

RECEIVED
DEC 4 1991
R. J [illegible]HUH

BRHK8426501

Occidental Chemical Corporation

August 10, 1983

RECEIVED
AUG 15 1983
WHC

Ms. Joan Kalinoski
Shell Chemical Company
100 Executive Drive
West Orange, NJ 07052

Dear Joan:

SUBJECT: VINYL CHLORIDE MONOMER REQUIREMENTS
AUGUST, 1983 - REVISION #1

Per confirming phone conversation with Donna Arpaio on August 9, please enter the following order changes:

Burlington Plant

Please cancel 6 cars (1,080,000 lbs.) from the Burlington August shipping schedule. These cars were originally scheduled to ship on August 10, 10, 11, 11, 11, and 12. This change decreases the Burlington order to 69 cars (12,420,000 lbs.).

The new total for both locations is 26,100,000 lbs.

Very truly yours,

Kerry L. Adams
Buyer - Materials Management

KLA/seh

cc: W. H. Childs - Houston
K. H. Garner/J. R. Hilt
H. H. Kaster
T. Nasife - Burlington
R. M. O'Donoghue - Niagara Falls
V. J. Smith
R. F. Weigle - Shell

OXY
PVC Resins/PVC Fabricated Products
Armand Hammer Boulevard, Box 699, Pottstown, Pennsylvania 19464 215/327-6400

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TO SEPARATE DOCUMENTS

Occidental Chemical Corporation

RECEIVED
JUL 25 1983
WHC

July 21, 1983

Ms. Gail Pyontek
Shell Chemical Company
100 Executive Drive
West Orange, NJ 07052

Dear Gail:

SUBJECT: VINYL CHLORIDE MONOMER REQUIREMENTS
JULY, 1983 - REVISION #2

Per confirming phone conversation with you on July 21, please enter the following order changes:

Burlington Plant

Please cancel 10 cars (1,800,000 lbs.) from the Burlington July shipping schedule. These cars were originally scheduled to ship on July 22, 22, 22, 23, 23, 24, 24, 25, 25, and 26. This change decreases the Burlington order to 35 cars (6,300,000 lbs.).

The new total for both locations is 14,400,000 lbs.

Very truly yours,

J. F. Knight
Manager - Raw Material Supply

JFK/seh

cc: Mr. W. H. Childs - Houston
Mr. K. H. Garner/Mr. J. R. Hilt
Mr. H. H. Kaster
Mr. T. Nasife - Burlington
Ms. R. M. O'Donoghue - Niagara Falls
Ms. V. J. Smith
Mr. R. F. Weigle - Shell

OXY

PVC Resins/PVC Fabricated Products
Armand Hammer Boulevard, Box 699, Pottstown, Pennsylvania 19464 215/327-6400

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Occidental Chemical Corporation

June 17, 1983

JUN 22 1983

WHC

Ms. Gail Pyontek
Shell Chemical Company
100 Executive Drive
West Orange, NJ 07052

Dear Gail:

SUBJECT: VINYL CHLORIDE MONOMER REQUIREMENTS
JULY 1 THROUGH JULY 31, 1983

Per confirming phone conversation with you today, our July VCM shipping schedule will be as follows:

Pottstown Plant

Ship Dates	No. of Cars	Estimated Arrival Dates
7/13/83	1	7/23/83
7/14/83	2	7/24/83
7/15/83	1	7/25/83
7/16/83	1	7/26/83
7/17/83	1	7/27/83
7/18/83	2	7/28/83
7/19/83	1	7/29/83
7/20/83	2	7/30/83
7/21/83	1	7/31/83
7/22/83	2	8/1/83
7/23/83	1	8/2/83
7/24/83	1	8/3/83
7/25/83	2	8/4/83
7/26/83	1	8/5/83
7/27/83	2	8/6/83
7/28/83	1	8/7/83
7/29/83	2	8/8/83
7/30/83	1	8/9/83
7/31/83	1	8/10/83
	26	

26 cars x 180,000 lbs. = 4,680,000 lbs.

Burlington Plant

Ship Dates	No. of Cars	Estimated Arrival Dates
7/10/83	2	7/20/83
7/11/83	2	7/21/83
7/12/83	1	7/22/83
7/14/83	2	7/24/83
7/15/83	2	7/25/83
7/16/83	2	7/26/83
7/17/83	3	7/27/83
7/18/83	2	7/28/83
7/19/83	2	7/29/83
7/20/83	2	7/30/83
7/21/83	2	7/31/83
7/22/83	3	8/1/83
7/23/83	2	8/2/83
7/24/83	2	8/3/83
7/25/83	2	8/4/83
7/26/83	3	8/5/83
7/27/83	2	8/6/83
7/28/83	2	8/7/83
7/29/83	2	8/8/83
7/30/83	3	8/9/83
7/31/83	2	8/10/83
	45	

45 cars x 180,000 lbs. = 8,100,000 lbs.

Very truly yours,

James F. Knight
Manager - Raw Material Supply

JFK/seh

cc: Mr. W. H. Childs - Houston
Mr. K. H. Garner/Mr. J. R. Hilt
Mr. H. H. Kaster
Mr. T. Nasife - Burlington
Ms. R. M. O'Donoghue - Niagara Falls
Ms. V. J. Smith
Mr. R. F. Weigle - Shell

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Occidental Chemical Corporation

May 24, 1983

Ms. Gail Pyontek
Shell Chemical Company
100 Executive Drive
West Orange, NJ 07052

Dear Gail:

SUBJECT: VINYL CHLORIDE MONOMER REQUIREMENTS
JUNE, 1983 - REVISION #1

Per confirming phone conversation with you on May 23, please enter the following order changes:

Pottstown Plant

Please add 12 cars to the Pottstown June shipping schedule to ship 3 each on June 27, 28, 29, and 30. This increases the total Pottstown order to 57 cars (10,260,000 lbs.).

Burlington Plant

Please add 12 cars to the Burlington June shipping schedule to ship 3 each on June 27, 28, 29, and 30. This increases the total Burlington order to 67 cars (12,060,000 lbs.).

The new total for both locations is 22,320,000 lbs.

Very truly yours,

JFKnight

James F. Knight
Manager - Raw Material Supply

JFK/seh

cc: Mr. W. H. Childs - Houston
Mr. K. H. Garner/Mr. J. R. Hilt
Mr. H. H. Kaster
Ms. V. J. Marsteller
Mr. T. Nasife - Burlington
Ms. R. M. O'Donoghue - Niagara Falls
Mr. D. Singer - Shell
Mr. R. F. Weigle - Shell

OXY

PVC Resins/PVC Fabricated Products
Armand Hammer Boulevard, Box 699, Pottstown, Pennsylvania 19464 215/327-6400

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D. W. CALHOUN - HOUSTON

wHc

Occidental Chemical Corporation

May 18, 1983

Ms. Gail Pyontek
Shell Chemical Company
100 Executive Drive
West Orange, NJ 07052

Dear Gail:

SUBJECT: VINYL CHLORIDE MONOMER REQUIREMENTS
JUNE 1 THROUGH JUNE 30, 1983

Per confirming phone conversation with you on May 17, 1983, our June VCM shipping schedule will be as follows:

Pottstown Plant

Ship Dates	No. of Cars	Estimated Arrival Dates
6/1/83	3	6/11/83
6/2/83	2	6/12/83
6/3/83	5	6/13/83
6/4/83	5	6/14/83
6/5/83	5	6/15/83
6/6/83	3	6/16/83
6/7/83	3	6/17/83
6/8/83	3	6/18/83
6/9/83	2	6/19/83
6/10/83	2	6/20/83
6/27/83	3	7/7/83
6/28/83	3	7/8/83
6/29/83	3	7/9/83
6/30/83	3	7/10/83
	45	

45 cars x 180,000 lbs. = 8,100,000 lbs.

OXY

PVC Resins/PVC Fabricated Products
Armand Hammer Boulevard, Box 699, Pottstown, Pennsylvania 19464 215/327-6400

Burlington Plant

Ship Dates	No. of Cars	Estimated Arrival Dates
6/1/83	5	6/11/83
6/2/83	5	6/12/83
6/3/83	2	6/13/83
6/4/83	2	6/14/83
6/5/83	3	6/15/83
6/6/83	2	6/16/83
6/7/83	2	6/17/83
6/8/83	2	6/18/83
6/9/83	3	6/19/83
6/14/83	2	6/24/83
6/15/83	2	6/25/83
6/16/83	2	6/26/83
6/17/83	3	6/27/83
6/18/83	2	6/28/83
6/19/83	2	6/29/83
6/20/83	2	6/30/83
6/21/83	3	7/1/83
6/22/83	2	7/2/83
6/23/83	2	7/3/83
6/28/83	2	7/8/83
6/29/83	3	7/9/83
6/30/83	2	7/10/83
	55	

55 cars x 180,000 lbs. = 9,900,000 lbs.

Very truly yours,

James F. Knight
Manager - Raw Material Supply

JFK/seh

cc: Mr. D. W. Calhoun - Houston
Mr. K. H. Garner/Mr. J. R. Hilt
Mr. H. H. Kaster
Ms. V. J. Marsteller
Mr. T. Nasife - Burlington
Ms. R. M. O'Donoghue - Niagara Falls
Mr. D. Singer - Shell
Mr. R. F. Weigle - Shell

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INTER-OFFICE CORRESPONDENCE

Hooker Chemical Company

To: R. F. Gervais

Date: November 16, 1981

From: D. W. Calhoun

Subject: Shell Long-Term VCM Manufacturing Proposal

Copies:
R. S. Baker, Jr.
J. R. Hopper
L. G. King
J. F. Riordan
W. J. Wetzel

Attached is a copy of the Shell VCM proposal. We have not fully reviewed it and I have no detailed comments at this time. I do know that the items are not "cast in concrete" and I expect every point to be negotiable.

My department will be reviewing this proposal and we plan a formal presentation and discussions with all recipients of this memo.

D. W. Calhoun

DWC:dh
2218b

Attachment

SEPARATOR SHEET

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Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

November 6, 1981

RECEIVED
NOV 10 1981
DAVID W. CALHOUN

Mr. David W. Calhoun
Director - Energy and Raw Material Supply
Hooker Chemical Company
1980 South Post Oak Road
P. O. Box 4289
Houston, TX 77210

Dear Dave:

SUBJECT: LONG-TERM VCM MANUFACTURING PROPOSAL

Dave Litton, Larry Wheeler, and I appreciated having the opportunity to meet with you and Jim Hopper on October 8th to continue our long-term VCM contract discussions. At that meeting, we provided you with the outline of a VCM manufacturing proposal which we believe meets the objectives expressed by both Hooker and Shell during our several previous discussions. This applies especially to Hooker's desire for a proposal that eliminates fixed financial commitments, provides an ethylene advantage, and considers the competing economics of a Niagara VCM project.

As agreed, we are transmitting this proposal to you in a more formal way by means of this letter. In addition to the proposal outline, we are including a brief description of the rationale behind some of the key points to assist you in explaining the proposal to others within Hooker. We have also documentated Shell's positions, expressed verbally during our meeting, on a number of other contract issues such as those dealing with quantities, underlifting provisions, and provisions for meeting competition.

As you had requested, we have tried to approach the development of this proposal from the standpoint of a "best offer" which would require a minimum of negotiating effort on both sides. Accordingly, we would appreciate the opportunity of presenting the key elements of the proposal to senior Hooker management at an early date so as to obtain the endorsement of both companies' managements concerning the direction we are heading together. Since we are both engaged in a long range planning exercise for our respective businesses, we both need to confirm that a Hooker-Shell VCM manufacturing agreement of the type proposed is more attractive to Hooker than backward integration into VCM and is economically viable to both companies.

2

We will proceed to adapt the proposal to a presentation format and look forward to reviewing this with you at your convenience.

Sincerely,

R. F. Weigle
Corporate Account Manager

Attachments

LR5-I

Private and Confidential

VCM Conversion Fee Proposal for Hooker

Term = 7-10 years.
Nominated fee, subject to a maximum.

Maximum Fee =
Ethylene Price x Ethylene Conversion Factor
+ Variable Conversion Cost
+ Fixed Cost and Return

where:

Ethylene Price = Shell's prevailing posted price for ethylene, F.O.B., Norco, Louisiana

Ethylene Conversion Factor =
For 1982-84 = 0.455 5 %
For 1985 and thereafter, Shell may increase up to 0.48

Variable Conversion Cost =

$$2.64\ \text{cpp} \times \frac{\text{Shell's Monthly Average Norco Fuel Cost}}{\text{Shell's 3Q81 Average Norco Fuel Cost}}$$

Fixed Cost and Return =

$$6.0\ \text{cpp} \times \frac{\text{Monthly CE Plant Cost Index}}{\text{3Q81 CE Plant Cost Index}}$$

Maximum "Fixed Cost and Return" element of the fee may be exceeded as much as 20 percent for as many pounds of VCM as converted below maximum.

Fee may be increased upon 30 days' notice at any time after it has been in effect for ninety days.

RATIONALE BEHIND KEY ELEMENTS OF VCM CONVERSION PROPOSAL

1. Term, 7-10 years. Length of term is somewhat flexible but should be sufficiently long as to reflect the commitment of a "joint venture," providing both sides with security of supply/offtake for the long-term.

2. Fee. The fee for conversion of Hooker's chlorine into VCM would be nominated, but would be subject to a maximum. The maximum would be set so as to assure Hooker of lower VCM costs at all times than could be obtained through investment in new VCM capacity, wherever located. Below the maximum, Shell and Hooker would follow the present approach to establishing the fee, i.e., negotiated to reflect current market conditions and the need to be responsive to competitive situations. Shell has already demonstrated a willingness to recognize ethylene and chlorine values advantageous to Hooker and accept less than full recovery of VCM conversion costs in order to keep its conversion fee competitive.

3. Fee Components. At the maximum, the fee would be comprised of separately identified ethylene, variable conversion, and fixed cost and return components. The ethylene conversion factor would be set so as to guarantee Hooker an advantageous ethylene position for a minimum of three years. The ethylene component has been structured to be as advantageous to Hooker as a long-term, large-volume, ethylene purchase agreement negotiatied in the same time frame.

4. Variable Conversion Cost. This component is based on 3Q'81 Norco VCM variable conversion costs, escalated with average Norco fuel costs. Conversion costs are largely energy-related: steam for distillation, fuel for cracking furnaces.

5. Fixed Cost and Return. The competitive market will determine what proportion of Shell's VCM fixed cost and return on VCM capital are recoverable at any time. Shell has proposed an escalating ceiling of 6.0 cpp (1981 money) on this element to assure Hooker of conversion costs that are less than could otherwise be obtained over the long-term by investment in new VCM capacity at Niagara Falls. The ceiling value was determined as follows:

   I. Fixed Cost:

      Unit fixed VCM conversion costs in Shell's plants are in excess of 3 cpp, excluding depreciation. For a new, world scale VCM plant, unit fixed costs could be as low as <u>2.5 cpp</u> in 1981 money. Assume this latter value as the ceiling on the fixed cost component of the fee.

II. Return:

a) Under equilibrium VCM market conditions, the return on VCM capital will be set by new VCM plant economics (to justify capacity additions). Most new capacity will be added on the U.S. Gulf Coast.

b) A new, world scale, U.S. Gulf Coast VCM plant would have a nameplate capacity of 1,000MM lb/yr; an effective capacity of 900MM lbs/yr; and an installed capital cost of $200-250MM (1981 $).

c) An annual capital charge (depreciation plus profit) of 20-25 percent of gross investment, pre-tax, would be required to minimally justify new capital investment.

d) 25 percent x $200MM (or 20 percent x $250MM) ÷ 900MM lbs = <u>5.5 cpp</u> VCM (1981 money) for return at equilibrium conditions.

e) Consider Hooker's Niagara VCM option relative to U.S. Gulf Coast:

Although there are many differences between a Niagara investment and a Gulf Coast investment, the major quantifiable differences are in the areas of construction cost, VCM freight cost, and chlor-alkali power cost. Potential Niagara ethylene costs are not definable by Shell at this time, but it is unlikely that they could be less than U.S. Gulf Coast ethylene costs and could be more.

i) <u>Construction Cost</u>

A VCM plant built in Niagara Falls will cost approximately 10 percent more to construct than a comparable U.S. Gulf Coast plant.

10 percent x 5.5 cpp U.S. Gulf Coast capital charge = 0.55 cpp disadvantage for Niagara (say 0.6 cpp).

ii) <u>VCM Freight Cost</u>

Norco to Pottstown, Perryville, Burlington equals 2.06 cpp.

Niagara to same destinations equals 1.50 cpp (single car), but annual volume rates in 1.0-1.2 cpp range could be negotiated.

6

Differential freight cost, Norco vs. Niagara ≅ 1.0 cpp advantage for Niagara.

iii) Power Cost

Incremental power cost available to Hooker at Niagara could be as low as 6 mills/KWH vs. 36 mills/KWH at Taft. If the Niagara incremental power cost is sufficiently low, Hooker can justify maximizing chlorine production at Niagara and shipping surplus chlorine to the Gulf. The maximum advantage for VCM production at Niagara vs. VCM production at Norco is then the cost of shipping chlorine from Niagara to the Gulf. Any better Niagara power economics than are needed to justify such chlorine shipment will be realized by Hooker whether VCM is produced at Niagara or not.

Chlorine tank car rates, Niagara to the Gulf are $72/T but could be negotiated down to $45-50/T for large volume business.

$$\frac{\$50/\text{T}}{2000\ \text{lb/T}} \times .64\ \frac{\text{lbs chlorine}}{\text{lb VCM}} = \begin{array}{l}\text{1.6 cpp advantage}\\ \text{for Niagara}\end{array}$$

iv) Net advantage for Niagara = 1.0 + 1.6 - .6 = 2.0 cpp VCM.

f) Deduct Niagara advantage from 5.5 cpp required return for U.S. Gulf Coast VCM:

5.5 - 2.0 = 3.5 cpp = return ceiling to be competitive with a Niagara VCM option.

III. Total fixed cost + return = 2.5 cpp fixed + 3.5 cpp return = 6.0 cpp as a ceiling.

Since actual fixed cost + return will most often be below the ceiling (today's Hooker fee equates to 0.45 cpp fixed cost + return), the long-term average fixed cost + return will be considerably below the cost Hooker would incur at all times for these elements if it constructed and operated its own VCM plant at Niagara.

6. Escalation. The ceiling value for fixed cost + return is in 1981 money. This element is largely based on plant construction costs which will escalate with time. The CE Plant Cost Index is widely recognized as the most accurate index of chemical plant construction costs.

7

7. Partial compensation for VCM sold below the ceiling price. There is risk to Shell that over the long-term, because of the ceiling price limitation, the fixed cost + return element will average less than is required to yield Shell recovery of costs and a fair return on its existing VCM assets. Shell proposes that, to the extent market conditions permit, it be allowed to charge up to 120 percent of the fixed cost + return ceiling for as many pounds of VCM as are converted below the maximum. This will only partially compensate Shell since it is likely that the major portion of pounds converted below the maximum will be at fees more than 20 percent below the maximum.

8. Quantity. Although not addressed in the proposal, Shell would favorably consider an increasing year-by-year volume commitment, starting at 380MM lbs in 1982 and growing to 500MM lbs by 1985. Ultimate volumes as high as 750MM lbs could be considered. Obligated deliveries in any year would be up to 105 percent of the commitment and obligated purchases would be a minimum of 95 percent of the commitment.

9. Underliftings. In the event Hooker purchased less than 95 percent of the commitment volume in any year, Hooker would agree to toll a stated percentage of its VCM requirements through Shell. The percentage would increase with increasing underliftings. This provision would be in lieu of liquidated damages.

10. Meet or Release. Shell would be willing to consider an appropriate meet or release provision, similar to that contained in the present contract.

8

SEPARATOR SHEET

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OXY
Occidental Chemical Corporation
Executive Offices

MEMO

TO: John Huber DATE: May 10, 1983

FROM: Dave Calhoun

SUBJECT: DOW VCM/SHELL TOLL FEE

cc: L. G. King
W. J. Wetzel
J. F. Riordan
R. F. Gervais
S. P. Dominick
H. H. Kaster
P. W. Fiedler

DOW:

Dow has agreed to roll back their April VCM price to us from 19.5 ¢/lb. to 18.75 ¢/lb. This reduction is not a general roll back and this market price remains at 22 ¢/lb. The price for May is at this time scheduled to return to 19.5 ¢/lb. Dow will not extend the 18.75 price for May at this time. I believe however, that Dow will eventually hold the 18.75 for May and June.

SHELL:

Shell has been holding the line on their toll fee nomination of 16.45 (15.95 vol over 15 mm lbs) which we have rejected as being totally unacceptable. Shell has also refused to recognize the margin problem on the dispersion resin. We have a meeting scheduled with them tomorrow for another attempt at lowering the fee. I believe Shell will lower their fees and also respond on the dispersion resin, however how much and when are the questions. I should have more information tomorrow.

Dave Calhoun/jo

OC-1007.A (ED. 7-82)

SEPARATOR SHEET

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OXY
Occidental Chemical Corporation
Executive Offices

MEMO

TO: John Huber DATE: June 7, 1983

FROM: Bill Childs

SUBJECT: DOW VCM/SHELL TOLL FEE

cc: L. G. King
W. J. Wetzel
R. F. Gervais
S. P. Dominick
H. H. Kaster
J. F. Riordan
T. A. Sugalski
P. W. Fiedler
R. C. Corwin

DOW:

We have just been notified by Dow that the VCM price of 18.75¢/lb will be extended for May and June.

SHELL:

Shell has indicated that they will be competitive with Dow for May and June which would change their toll fee nomination of 16.45 (15.95 vol over 15 mm lbs) to 15.71 (15.21 vol over 15 mm lbs). Shell has not confirmed these toll fees at this time but will respond during the week.

Bill Childs

WHC:js

SEPARATOR SHEET

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November 27, 1978

To: Wm. E. Sholl

From: JET

This appears to be a well thought out contract and is very likely the best deal Ruco could make. As long as Hooker can send Cl_2 to Shell by pipeline, the transportation economics certainly favor doing so.

The only (mild) criticism I have is that I feel Conoco or Goodrich might have been better conversion prospects than Dow, PPG and Diamond who constructed their VCM plants (at least partly) to use up their own chlorine.

Carping aside, this appears to be a good arrangement and Bill should be commended on it.

JET

Let's ask Lucy to set up a file for these contracts, this to be titled "VCM".

JET

SEPARATOR SHEET

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INTER-OFFICE CORRESPONDENCE

HOOKER CHEMICAL CORPORATION

☐ Hooker Chemicals & Plastics Corp.
☐ Occidental Chemical Company
☐ Oxy Metal Industries Corporation
☐ Interore
☐ Ruco
☐ Canadian Oxy

To: Distribution NAME LOCATION

Date: November 16, 1978

From: W. J. Wetzel NAME LOCATION

Subject: Proposed VCM Contract
Shell Chemical

RECEIVED
NOV 20 1978
W. E. SHOLL

Copy to:
B. D. Davis
R. A. Katherine
L. G. King
J. F. Riordan

I am attaching for your review and comment a draft of a letter I intend to send to Don Baeder requesting his approval of the attached contract with Shell Chemical for the tolling of Hooker Cl_2 into VCM.

If you are in disagreement with either the letter or have any problems with the provisions of the proposed contract, please advise me as soon as possible since after December 31, 1978 Ruco will be without legal protection of its VCM feedstock supply.

W J Wetzel

WJW:fc

Distribution:

J. S. Coey
K. A. McGaw
W. E. Sholl ✓
J. D. Sipes

SEPARATOR SHEET

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INTER-OFFICE CORRESPONDENCE

To D. L. Baeder
NAME LOCATION

Date November 16, 1978

From W. J. Wetzel
NAME LOCATION

Subject VCM Contract - Shell Chemical

HOOKER CHEMICAL CORPORATION

☐ Hooker Chemicals & Plastics Corp.
☐ Occidental Chemical Company
☐ Oxy Metal Industries Corporation
☐ Interore
☐ Ruco
☐ Canadian Oxy

Copy to:
J. S. Coey
J. Cross
B. D. Davis
R. A. Katherine
L. G. King
K. A. McGaw
J. F. Riordan
W. E. Sholl
J. D. Sipes

DRAFT

Attached for your review and approval is a final draft of a proposed contract with Shell Chemical for the tolling of Hooker Cl_2 into vinyl chloride monomer (VCM) feedstock for Ruco's PVC facilities.

In order to give you some of the flavor and background of these negotiations, I have attached a summary (Exhibit I) highlighting the major milestones in our negotiations. I believe that Hooker has explored every reasonable possibility to determine if VCM could be made available to Ruco on a better basis than from Shell and that none is available. Shell, in our opinion, is the only viable "toll" supplier at this time.

The main features of the proposed contract are as follows:

1. Shell will toll Hooker Cl_2 into VCM for a period of six (6) years. If Hooker decides to build or acquire VCM manufacturing capability, Hooker may terminate this agreement at the end of three (3) years or at the end of four and one-half (4-1/2) years with eighteen (18) months notice.

2. The conversion fee can be changed each quarter but Shell must meet or release based on competitive actions.

I recommend your approval of this contract for the following major reasons:

1. It will provide Ruco with an assured supply of VCM feedstock for six (6) years based on tolling Cl_2 via pipe line. In the past this has resulted in very competitive VCM for Ruco.

2. Assures the use of approximately 50,000 tons per year of Cl_2 or 300,000 tons over the life of the contract.

Materials Management and Legal assisted us in the negotiation and generally agree with the proposed contract. Finance has reviewed the contract and have no comments. Finally, I have discussed this with the ICG key personnel who want the assurance of moving the Cl_2 into VCM.

Based on the above, I recommend you approve this proposed contract.

WJW:fc

SEPARATOR SHEET

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SUMMARY

VCM NEGOTIATION HIGHLIGHTS

1. Hooker's first major contract for vinyl chloride monomer (VCM) was with B. F. Goodrich and was a straight purchase of VCM rather than a tolling of HCPC Cl_2. The B. F. Goodrich contract expired December 31, 1973.

2. a) Hooker then negotiated a contract with Shell that provided for a straight purchase of VCM for the first year and a toll conversion of HCPC for the remaining term which ended on December 31, 1977.

   b) Hooker opted to supply its own tank car fleet for the transportation of VCM from Shell's Norco, La. plant primarily to Ruco's facility at Burlington.

   c) The tolling portion of this contract was based on a fixed conversion fee with escalating terms based on a formula factored by crude oil pricing, labor rates, commodity index number and extraordinary costs, such as regulatory compliance.

   d) By mutual agreement, this contract was allowed to extend itself through December 31, 1978. The major difference in the extended period is that the VCM conversion fee would be based on a market price concept and not tied to escalators.

3. During this extension period (1978) other potential suppliers of VCM were selected and contacted to determine whether outright purchase, or conversion of Hooker chlorine to VCM was feasible. All VCM suppliers were originally considered, but due to known supply limitations at that time, only three (3) major suppliers were contacted formally.

   Conversations were held with marketing management of Dow Chemical, Pittsburgh Plate Glass and Diamond Shamrock with the following observations:

   a) None of these producers was interested in "converting" Hooker chlorine into VCM.

   b) From a straight purchase point of view, either availability or future pricing philosophy precluded further investigation and discussion with these companies.

4. Having satisfied ourselves that economically there was no advantage to see other sources of supply, we initiated negotiations with Shell for a new supply contract.

5. The major issue to be resolved in these negotiations revolved around the conversion fee to be charged by Shell.

   a) Shell made it very clear to us that they were not receiving an adequate return on investment based on our original conversion fee with escalator concept, and wished to set future conversion fees on VCM market pricing with the proviso that it was their intent to provide a slight competitive advantage to the toll conversion customer. We were further advised that two (2) other major toll conversion customers had already agreed to a market price equivalent.

      It developed that the conversion fee that Shell projected for 1978 was 11.25¢/lb. whereas an extention of the existing contract was approximately 10.25¢/lb.

   b) Ruco was being asked to absorb an initial conversion price increase of 1.0¢/lb. which based on a projected consumption of 170MM lbs. VCM for 1978 would have resulted in an increased VCM raw material cost to Ruco of $1.7MM.

   c) Market conditions were such on January 1, 1978 that no change or increase occurred in our conversion fee which has remained at 9.87¢/lb. F.O.B. Norco, La. The conversion fee went down to 9.27¢/lb. on February 1 and will finish the year at 10.75¢/lb. Based on the above, it is our belief that Shell is reacting favorably to the market place in line with their advised intent to keep conversion customers in a favorable competitive position.

6. The expected radical increase in our VCM costs and the stiffer penalty clause in the new agreement made us more cautious about our ability to resell VCM or profitably toll PVC, so we negotiated lower minimum and maximum quantities in the proposed contract.

Old (MM lbs.)		New (MM lbs.)	
Minimum	Maximum	Minimum	Maximum
177	209	150	180

7. Shell proposed that the new five (5) year contract be effective January 1, 1978 and incorporate the new conversion fee concept instead of beginning January 1, 1979. We countered with a six (6) year contract beginning January 1, 1979. We wanted a six (6) year contract to maximize the Cl_2 going into Shell considering they were planning on being in the Cl_2 business themselves. We did not want to give them an opportunity to cancel our Cl_2 toll arrangement.

8. We were also aware of the new government regulations that made it necessary to modify all tankcars for the transporation of VCM to minimize damage and improve safety by 1982. These modifications included installation of head shields, thermal insulation, and

Exhibit 1

improved coupling arrangements. Estimated cost of these modifications is approximately $10,000/tankcar. Since ninety (90) tankcars are required to service Burlington, N. J. from Norco, La., an outlay of approximately $900,000 would be required to modify these tankcars and our monthly rental costs would go up.

9. As a concession to sign up one (1) year earlier, we presented a proposal to Shell to take over the Ruco tankcar leases that were to expire in 1978, modifications cost, and the management of the necessary tankcars to service Ruco's requirements if we were to give serious consideration to their new contract proposal.

   After further negotiations, Shell agreed to assume the tankcar fleet which included leases, cost of modifications and management. Since such tankcar leases are of a five (5) year duration, it was further agreed that the new VCM conversion contract would be for a like period.

   We finally decided that the economics of keeping or giving up our cars was equal and that the flexibility the cars provided for resale and/or tolling out-weighed the public relations advantage of getting rid of the cars and so we elected to keep our cars.

10. We asked for Shell to tighten up the VCM specifications considerably and they agreed to tighten up some areas but could not agree on other areas. We have a letter of understanding outside of the contract to indicate we still want them to work with us to improve the VCM specifications.

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

CONVERSION AGREEMENT

This Agreement is made this day of 1978, by and between SHELL CHEMICAL COMPANY, a division of SHELL OIL COMPANY, a Delaware corporation with offices at One Shell Plaza, Houston, Texas 77002 (hereinafter referred to as "Shell") and HOOKER CHEMICALS & PLASTICS CORP., a subsidiary of Occidental Petroleum Corporation, a California corporation, with offices at River Road, Burlington, New Jersey 08016 ~~345 Third Street, Niagara Falls, New York 14302~~ (hereinafter referred to as "Hooker").

WHEREAS, Shell and Hooker have entered into previous agreements dated January 24, 1973 and October 24, 1974 for the sale by Shell to Hooker of Vinyl Chloride Monomer (hereinafter referred to as "VCM") during the year 1974 and for the conversion by Shell of Hooker's chlorine to VCM in subsequent years for delivery to Hooker; and

WHEREAS, Shell and Hooker desire to maintain a mutually beneficial long-term agreement for the conversion of Hooker chlorine into VCM by Shell.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter set forth, the parties hereby agree as follows:

WITNESSETH

1. TERM.

A. This Agreement shall be binding upon the parties upon and after the execution hereof. It shall remain in full force and effect for a Primary Period of six (6) years, beginning on January 1, 1979, and shall continue thereafter unless and until terminated. Either

party may terminate as of the last day of the Primary Period or at any time thereafter by giving notice of termination to the other party at least eighteen (18) months in advance; however, Hooker may terminate this agreement earlier under the sole circumstances described in Article 1.B. below.

B. If Hooker decides to build or acquire VCM manufacturing capability, Hooker may terminate this agreement at the end of three (3) years or at the end of four and one-half (4-1/2) years providing that Hooker has given Shell written notice eighteen (18) months in advance of the proposed termination date. If Hooker has failed to notify Shell of its intent to terminate this agreement by July 1, 1980, the option to terminate at the end of three (3) years lapses and Hooker may then not terminate this agreement until the end of four and one-half (4-1/2) years. If Hooker subsequently fails to notify Shell of its intent to terminate by January 1, 1982, then the termination provisions of Article 1.A. and 12 are the sole conditions of termination.

2. QUANTITIES - CONVERSION. During the term of this Agreement, Hooker shall deliver liquid chlorine to Shell by pipeline at Shell's Norco, Louisiana plant, or by mutual consent, by 90 ton tank car to such Shell location(s) as Shell shall designate, pursuant to Article 6 hereof, to be held by Shell in storage for Hooker's account and to be converted subsequently into such amounts of VCM as Hooker shall order, at a conversion ratio of 0.64 pounds of chlorine to 1.0 pound of VCM. In no event shall Shell be obligated to deliver to Hooker in any calendar month a quantity of VCM exceeding 1/11 of the applicable calendar year maximum quantity shown below or, cumulatively, 1/6 of such calendar year maximum in any two (2) succeeding months.

QUANTITIES OF VCM TO BE CONVERTED - MILLION POUNDS

YEAR	MINIMUM	MAXIMUM
1979 and each year thereafter	150	180

Hooker shall notify Shell not less than nine (9) months prior to the start of ~~1979~~ 1980 and any future year as to its nomination of the quantities of VCM desired during that calendar year within the range of the applicable minimum and maximum amounts specified above. Hooker's nomination for 1979 is 170,000,000 lbs. / Except as further limited by such applicable calendar year minimum and maximum quantities, Hooker will be required to receive not less than 95% of the nomination for each succeeding calendar year (Hooker's "obligated quantity"), and Shell will be required to deliver up to, but not in excess of (except at its option), 105% of the nomination for such calendar year (Shell's "obligated quantity").

If Shell has additional VCM capacity after allowing for the supply of its other current or planned obligations, as determined by Shell, then Shell shall offer Hooker on at least a quarterly basis, such excess quantity. If under these conditions Hooker accepts such offer, or if for any other reason Hooker requests Shell to deliver more VCM in any calendar year than the applicable calendar year Shell obligation (105% of such year's nominated quantity or maximum quantity, whichever is applicable) and Shell so agrees, then the applicable calendar year minimum and maximum and the nominated quantity for such year, will be amended to include the added quantity or quantities.

In the event Shell requests Hooker to have less chlorine converted into VCM in any calendar year than the applicable calendar

year minimum, and Hooker so agrees, then the applicable calendar year minimum and maximum shall be of no effect for such year, and that amount requested by Shell and agreed to by Hooker shall be treated as the nomination for such calendar year.

3. PERFORMANCE. If Hooker fails, for reasons other than those provided for in Article 10 hereof, to order and accept its obligated quantity for any calendar year, the provisions outlined in Paragraphs A, C and D shall apply and the amount of the obligated quantity shall reflect any adjustments under Paragraph B. If, however, Hooker gives notice of termination of this agreement at the end of the primary period or anniversary thereof or prior to the end of the primary period as provided for in Article 1.B., then option 1 of Paragraph A shall not be available to Hooker in the last year (twelve-month period) of the agreement.

A. Subject to Paragraphs B. and C. of this Article 3; at Hooker's option exercised within 15 days after notice from Shell of any underlift for the prior calendar year, either (1) the minimum and maximum quantities specified in Article 2 for all years of this Agreement subsequent to the year of such underperformance by Hooker shall be reduced by the difference between its obligated quantity for the year of underperformance and the quantity actually ordered and accepted by Hooker during such year or, (2) Hooker shall pay to Shell as liquidated damages for each pound of VCM below such obligated quantity not ordered and accepted during the year an amount to be calculated as follows:

Payment = CF - 0.48E - 1.0 cent per pound

CF = average conversion fee hereunder expressed in cents per pound for the year in question.

E = Shell's valuation of ethylene in VCM expressed in cents per pound as determined by Shell and consistent with the average conversion fee hereunder.

If option (2) is applicable, payment shall be made by Hooker within thirty (30) days after the date of Shell's invoice.

B. If no later than ninety (90) days prior to January 1 of any calendar year of the Term hereof Hooker requests Shell to attempt to sell elsewhere a specific portion of the obligated quantity of VCM that Hooker is required to order and accept hereunder during that next calendar year, then to the extent that Shell may, after exercising its best efforts, sell such portion thereof at a price considered by Shell, in its sole judgment, to be satisfactory, Hooker's obligated quantity for that next calendar year in question shall be correspondingly reduced. If Hooker, at the time of its request for Shell to sell a specific portion of its obligated quantity, requests that such sale be limited to the quantity for that next calendar year, then Shell will not, without prior consultation with Hooker, commit such quantity for future periods if such quantity would reduce Hooker's ability to have said quantity converted by Shell in subsequent years. Hooker may also request that Shell sell elsewhere a portion of the obligated quantity for any calendar year up to ninety (90) days after January 1 of such calendar year of the term hereof but Shell may, at its option, decline to sell such material for any reason, including but not limited to disruption of Shell's sales

plan or interference with sales to Shell's other contract customers. The minimums and maximums specified in Article 2 hereof for each calendar year or years shall be correspondingly reduced by any specific portion of Hooker's obligated quantity sold elsewhere by Shell hereunder at Hooker's request.

C. If after Hooker requests Shell to sell a specific portion of its obligated quantity in accordance with Paragraph B above, and Hooker fails to order and accept that portion of its obligated quantity not requested of Shell to be sold to third parties during that year, then the provisions of Paragraph A above shall apply with regard to the underlifted quantity (i.e., the difference between the obligated quantity not requested of Shell to be sold to third parties by Shell and the quantity actually ordered and received by Hooker during the year), provided, however, that as to such underlifted quantity the choice of option 1) or option 2) of Paragraph A shall reside in Shell, not Hooker.

D. Notice of any underlifting or option elected by Shell under Paragraph C shall be given by Shell, within fifteen (15) days following the year in which the underperformance by Hooker occurs.

4. CONVERSION FEE. For all VCM converted for and delivered to Hooker hereunder, Hooker shall pay Shell FOB Shell's plant a conversion fee, to be nominated by Shell ninety (90) days in advance of January 1, 1979. As of the date this agreement is signed, such conversion fee is effectively 10.75 cents per pound (11.85 cents per pound conversion fee, less a Temporary Voluntary Allowance of 1.1 cent per pound). This fee may be reasonably increased at any time after it has been in effect ninety (90) days upon thirty (30) days' notice given to Hooker by Shell.

Any conversion fee in effect hereunder may be decreased by Shell at its option at any time and reinstated subsequently by Shell at any time upon notice to Hooker by Shell.

For any calendar year, if Hooker provides Shell satisfactory written evidence that a third party is willing to convert Hooker chlorine into at least 75 million pounds of VCM at an overall delivered cost including Hooker chlorine transportation fees which is lower by more than 0.25 cents ($0.0025) per pound for VCM converted hereunder for the same time period, and such competitive offer is made without disclosure by Hooker of the conversion fee hereunder, then unless Shell elects (and so advises Hooker in writing) within thirty (30) days to meet such competitive fee for the quantities so offered, the offered quantities shall be deducted from the obligated quantity of both parties hereunder for such calendar year. In the event Shell elects to meet such a competitive offer, no later offer of the same competitor or of the same parcel, made within twelve (12) months of the date of Shell's election, shall be considered to be a competitive offer within the meaning of this Article 4.

Further if Hooker provides written evidence satisfactory to Shell that Shell's chlorine conversion fee puts Hooker at a significant competitive disadvantage, i.e., 0.25 cents ($0.0025) per pound, as determined in good faith by Shell to costs for VCM otherwise actually available to Hooker from any of the three largest domestic VCM producers other than Shell, then Shell will either reduce its chlorine conversion fee to be competitive or give Hooker the option to reduce its obligated quantity by an amount equal to Hooker's actual purchases from non-Shell sources for all remaining years of the contract.

5. PAYMENT. Payment of the conversion fee for VCM delivered hereunder shall be made to Shell within thirty (30) days after the date of Shell's invoice.

6. DELIVERIES.

A. General: Not less than 10 days prior to the beginning of each calendar month Hooker shall, if Shell desires, advise Shell as to the quantity of chlorine it desires to have converted into VCM, at the conversion ratio set out in Article 2 for subsequent delivery to Hooker during the following three (3) months.

It is intended that Hooker shall deliver liquid chlorine to Shell's facilities at Norco, Louisiana via pipeline. By mutual consent, liquid chlorine deliveries may be made by 90 ton tank car to such Shell location(s) as Shell shall designate.

Hooker will provide and maintain necessary facilities, including a pipeline to Hooker's Taft, Louisiana property line at Hooker's cost and expense, to deliver such amounts of liquid chlorine as required to produce the appropriate quantity of VCM as specified hereunder. Shell shall transport such quantities of chlorine from Hooker's property line to Shell's Norco, Louisiana Plant in a pipeline to be maintained at Shell's cost and expense. Hooker shall pay Shell on a monthly basis a reasonable pipeline charge for chlorine transported through Shell's pipeline and used for conversion to Hooker's VCM. Shell's pipeline charge will be computed by Shell and be comprised of a reasonable capital charge based on costs for installing Shell's pipeline and on operating costs both prorated on the basis that Hooker's throughput of chlorine for conversion to Hooker's VCM bears to the total throughput of chlorine

through the line provided, however, that such pipeline charge shall not exceed Hooker's equivalent rail cost for movement of chlorine in Hooker's 90 ton rail cars from Hooker's Taft, Louisiana Plant to Shell's Norco, Louisiana Plant.

It is intended that Shell shall deliver the VCM converted hereunder in tank cars acceptable to Shell and furnished by Hooker. With prior mutual agreement such deliveries may be supplemented by tank cars furnished by Shell.

Deliveries shall be made from Shell's plant at Norco, Louisiana, or from other locations at Shell's option on reasonably advanced notice.

If the chlorine necessary for conversion into VCM as set forth above is not in Shell's storage, or readily accessible at the time of conversion, then Shell shall be excused from delivery of the volume of VCM not produced and Hooker's entitlement to VCM for the calendar year then in effect will be correspondingly reduced. Both parties shall make best efforts to maintain the chlorine delivered in balance with VCM shipped. The intent is to maintain balance at all times but should an imbalance occur it shall be redressed during the following month. Imbalances created by planned shutdowns of the VCM plant for maintenance shall be redressed by means mutually agreed to prior to the shutdown. Hooker shall notify Shell in writing by the 20th of each month of the planned chlorine deliveries for the following three months. These quantities will be modified as required to redress imbalances.

B. <u>Liquid Chlorine</u>: Measurements of the quantities of liquid chlorine shipped to Shell hereunder shall be made in accordance with the procedures set forth below:

1. <u>For Shipments by Pipeline</u>. The quantity of liquid chlorine delivered by pipeline will be determined by a turbine meter or mutually acceptable volumetric flow meter. The meter will be checked regularly by a mutually acceptable method and Shell shall have the right to have representatives present during checking and calibration of the meter. Shell shall have the right to approve the piping arrangement through the meter to the pipeline to insure accurate measurement.

2. <u>For Shipment in Tank Cars</u>. Measurement of the net quantity of liquid chlorine shipped to Shell in tank cars shall be made using railroad type weigh scales. The type scales, their calibration and use in weighing shall conform to the requirements set forth by American Association of Railroad (A.A.R.) rule.

Cars shall be weighed at rest on stationary scales, the capacity and platform of which will enable each car to be weighed singly. Cars to be weighed shall be uncoupled from any other railroad equipment when placed on the scale for weighing.

The weigh scale shall be calibrated every six months in accordance with regulations as set forth by the A.A.R. rule. Shell's designated representative from time to time, upon request to Hooker's designated representative, shall be permitted to witness the weighing of the chlorine cars to be shipped to Shell to verify the accuracy of the weights.

The tare or light weight of each car to be loaded is to be measured immediately before loading with liquid chlorine. A weight document for each car shall be furnished to Shell which shall

include the time of day, date, weight, weigher and car number for the tare and gross weight. Car seal numbers shall be recorded.

C. VCM by Tank Car. The quantity or weight of VCM delivered into tank cars for Hooker's account shall be determined on the basis of outage tables with appropriate corrections for temperature, or on the basis of certified weights of the common carrier of each loaded tank car utilizing printed tare of such tank cars or some other means which is mutually acceptable. "Heel" allowance shall be computed on the basis of the standard factor at 5 psig of 3 pounds per 100 gallons of car capacity, provided such cars are returned to Shell with a VCM pressure of between 5 and 10 psig prior to loading and with an oxygen content less than 1,000 ppm. In the event that the oxygen content exceeds 1,000 ppm, no heel allowance will be granted and Hooker shall pay the actual cost (plus plant overhead) of purging the car to make it suitable for loading.

7. GOVERNMENTAL CHARGES. All new taxes and other governmental charges other than those based on income, which are imposed on VCM, or on the raw materials, process materials or catalysts from which the VCM is produced, or on Shell (including without limitation its VCM manufacturing facility), or required to be paid or collected by Shell by reason of the production, conversion, transportation, or delivery of the VCM hereunder, shall be paid to Shell by Hooker in addition to the conversion fee and within thirty (30) days after the date of Shell's statement.

8. TITLE, COMMINGLING AND RESPONSIBILITY FOR LOSS. Title to all chlorine delivered to Shell and held by Shell for Hooker's account and all VCM converted hereunder shall be and remain in Hooker's account

but Shell shall have the right to commingle with its own chlorine all chlorine delivered to Shell and held by Shell for Hooker's account hereunder. Shell shall have also the right to commingle with its own VCM or other VCM held for the account of third parties, all VCM converted for Hooker's account hereunder.

To the extent caused by Shell's negligence, Shell shall be responsible for all loss or damage 1) to chlorine delivered to Shell and held by Shell for Hooker's account hereunder, 2) to all VCM converted from such chlorine while on Shell's property and 3) to all Hooker tank cars, full or empty, while on Shell's property.

Any chlorine required for conversion in excess of the conversion ratio shall be supplied by Shell at no cost to Hooker. Any chlorine remaining in Shell's storage because of conversion efficiency shall become the property of Shell.

9. LIABILITIES - CLAIM. Hooker warrants that the chlorine delivered hereunder will meet the specifications set forth in Exhibit "A" and Shell warrants that the VCM converted from such chlorine will meet the specifications set forth in Exhibit "B" or subsequently modified by mutual written agreement, but Shell and Hooker make NO OTHER WARRANTIES hereunder, WHETHER OF MERCHANTABILITY, FITNESS OR OTHERWISE, AND NONE SHALL BE IMPLIED. Hooker shall accept Shell's analysis of VCM converted hereunder as determined on the contents of Shell's storage spheres prior to delivery to Hooker and Hooker shall accept Shell's Certificate of Analysis therefore as representative of the quality of the VCM delivered hereunder with respect to meeting the specifications warranted unless proven to be in error. Hooker shall have the right on reasonable advance

notice to obtain from Shell, from time to time, a sample of the VCM delivered hereunder in a sample container provided by Shell and purchased from Shell by Hooker.

Shell shall have no liability for, and Hooker shall indemnify Shell against all claims, loss, liability and expense on account of any injury or death of persons (including Hooker's employees) or damage to property (including Hooker's) to the extent caused by Hooker's negligence in unloading, storage, handling or use of the VCM delivered hereunder after the VCM is safely loaded into suitable tank cars and on execution by appropriate railroad representative of a nonnegotiable bill of lading.

Hooker shall have no liability for, and Shell shall indemnify Hooker against all claims, loss, liability and expense on account of any injury or death of persons (including Shell's employees) or damage to property (including Shell's) to the extent caused by Shell's negligence in unloading, storage, handling or use of the chlorine delivered hereunder after arrival of the chlorine upon Shell's premises.

Neither Shell nor Hooker shall have any liability to the other for any claims arising directly or indirectly out of or in connection with this Agreement, unless the claimant gives the other party notice of the claim setting forth fully the facts on which it is based within ninety (90) days after the date of delivery or other transaction or occurrence giving rise to the claim.

10. EXCUSES FOR NONPERFORMANCE. Neither Shell nor Hooker shall be liable for failure or delay in the performance of this Agreement, to the extent that, in Shell's case, its ability to produce or deliver the VCM converted hereunder, or in Hooker's case, its ability to

1/24/10

produce or deliver the chlorine converted hereunder or to consume the VCM which Shell converts hereunder, is delayed, impaired, or prevented, by any circumstances (except financial) reasonably beyond its control, or by fire, explosion, breakdown in machinery or equipment, failure of catalyst, or riots, strikes, labor disputes, condemnation or conveyance under threat of condemnation, voluntary or involuntary compliance with any law, order, regulation, recommendation, or request of any governmental authority (including, without limitation, those relating to price controls and product allocation), or total or partial failure of the usual means of transportation of chlorine, ethylene, Dichloroethane, VCM or PVC or inability or delay in obtaining all or any part of the feedstocks, process materials or catalysts used in the manufacture of chlorine, Dichloroethane, VCM or PVC, from earlier established internal or third party sources of supply. As used herein, "labor dispute" shall mean any controversy to which either Shell or Shell's source for feedstocks, process materials or catalysts or Hooker or Hooker's source of feedstocks, process materials or catalysts has an interest involving wages, hours or working conditions, and includes any strike, picketing, lockout, suspension of construction or any other action taken in connection with or because of the labor dispute. Neither Shell nor Hooker shall have any obligation to participate in any settlement of a labor dispute, or to request its agents or contractors or raw material suppliers to do so. The quantities of VCM consequently undelivered as a result of causes so excused hereunder shall not be required to be made up by Shell upon resumption of full deliveries of VCM hereunder and such excused quantities shall be deducted from the applicable remaining obligated quantities of Shell and Hooker

under this Agreement. In the event that Shell is excused from delivering any quantity of VCM due to any of the causes specified above, Shell shall allocate a pro rata share of its remaining supply of VCM to Hooker, such share to be equal to the percentage which Hooker's nominated quantity for the year in question bears to the total of VCM commitments to all customers and Shell's internal requirements as determined by Shell for such year at Shell's Norco, Louisiana plant, times the volume available for shipment. Neither Hooker nor Shell shall have any obligation in the event of any excused causes specified above to purchase ethylene, chlorine, Dichloroethane or VCM to perform hereunder, nor to be required to supply ethylene, chlorine, Dichloroethane or VCM produced in any of its plants other than those normally used for performance hereunder, provided that available supplies of such products from sources previously used during the applicable calendar year to supply the same hereunder are apportioned equitably among customers and internal uses in such manner as Hooker and Shell, in their sole judgment, find appropriate. If Shell's performance is excused hereunder due to inability to obtain feedstocks, process materials or catalysts used in the manufacture of VCM from Shell's earlier planned or established sources, Shell shall use diligent efforts to obtain such materials from other than earlier planned or established sources but fees hereunder shall be adjusted to reflect any increase in cost to Shell. If Shell is unable to obtain such feedstocks, Hooker, at its option, on reasonable notice may provide such feedstocks as are acceptable to Shell by mutually agreeable delivery methods and at Hooker's cost, and Shell shall convert VCM from such feedstocks provided by Hooker for delivery to Hooker for so long as Shell's excused performance

continues hereunder but fees shall be adjusted to reflect any corresponding increase or decrease in cost of feedstocks to Shell.

11. ASSIGNABILITY. Neither this Agreement nor any claim against Hooker or Shell arising directly or indirectly out of or in connection with this Agreement shall be assignable by either party or by operation of law, without the prior written consent of the other party.

12. REMEDIES. In the event of any breach by either party of any of the provisions of this Agreement which continues for thirty (30) days after notice thereof is given by the other, such other party shall have the right, in addition to any other rights or remedies it may have, to suspend or refuse deliveries hereunder and/or to terminate this Agreement by notice to the defaulting party, effective thirty (30) days following the date of such notice. Either party's right to require strict performance of the obligations of the other shall not be affected in any way by any previous waiver, forebearance or course of dealing.

13. NOTICES. All notices or demands under this Agreement whether required by the terms hereof or otherwise shall be in writing and shall be delivered or mailed by certified or registered mail, return receipt requested, to the following addresses of the parties or to such other addresses as may be hereafter designated in writing by the respective parties:

~~If to Hooker: Hooker Chemical & Plastics Corp.~~)
~~345 Third Street~~)
~~Niagara Falls, New York 14302~~) DELETED
~~Attention: Manager, Purchases~~)
~~Raw Materials & Containers~~)

If to Hooker:
~~Copy to~~: Hooker Chemical & Plastics Corp.
Ruco Division
River Road
Burlington, New Jersey 08016
Attention: Division Material Manager

If to Shell: Shell Chemical Company
A Division of Shell Oil Company
P. O. Box 2463, One Shell Plaza
Houston, Texas 77001
Attention: General Manager, Chemical Sales

All purchase orders or purchase acknowledgements which may be used to order or acknowledge orders for delivery of VCM hereunder shall be deemed to be intended for convenience and the provisions contained therein shall not serve to add to or otherwise vary the provisions of this Agreement.

14. <u>ENTIRETY-RELEASE</u>. This Agreement when it becomes effective January 1, 1979, shall comprise the entire Agreement and shall ~~merges and~~ supersede all prior understandings and representations (oral or written) between Shell and Hooker concerning the conversion of chlorine into VCM for Hooker, specifically including an agreement dated October 24, 1974 as amended. Neither this Agreement nor any subsequent Agreement amending or supplementing this Agreement shall be binding on Shell or Hooker unless and until it has been signed by the party claimed to be bound thereby, and commencement of performance hereunder or under any such subsequent Agreement shall not constitute a waiver of this requirement.

15. <u>FAVORED NATIONS</u>. If at any time Shell converts chlorine to VCM for a third party of substantially equal or better quality and quantity at a chlorine conversion fee or upon terms more favorable to the customer than in effect hereunder, Shell shall immediately give

Hooker the benefit of such lower chlorine conversion fee or more favorable terms for all deliveries of VCM made thereafter for so long as such lower price or more favorable terms remain in effect for a third party. It is understood that this paragraph does not apply to (a) chlorine conversions or deliveries by Shell to the government of the United States of America, (b) chlorine conversions or deliveries by Shell to any company which receives a functional discount for resale on that quantity which is resold, (c) chlorine conversions by Shell to customers for uses in manufacture of products not competitive with products manufactured by Hooker, (d) chlorine conversions for domestic third parties where Shell is meeting bona fide competitive situations, or (e) chlorine conversions for third parties for export outside the United States.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement in duplicate as of the day and date first written above.

SHELL CHEMICAL COMPANY A Division of Shell Oil Company	HOOKER CHEMICAL & PLASTICS CORP.
By________________________________ M. K. Seggerman General Manager Chemical Sales	By________________________________

EXHIBIT A

CHLORINE SPECIFICATIONS

Chlorine	99.5% vol. min.
Chlorinated Compounds	1000 ppm max.
Nonvolatile Matter	100 ppm max.
Water	30 ppm max.
Bromine	100 ppm max.

EXHIBIT B

SPECIFICATIONS FOR VINYL CHLORIDE

HOOKER CHEMICAL & PLASTICS CORP.

Vinyl Chloride	99.9% minimum by weight
Acetaldehyde	1 ppm maximum by weight
Acetylene	0.4 ppm maximum by weight
Acidity, as HCl	1 ppm maximum by weight
Butadiene	8 ppm maximum by weight
Heavy Ends*	50 ppm maximum by weight
Iron	0.5 ppm maximum by weight
Methyl Chloride	70 ppm maximum by weight
Vinyl Acetylene	20 ppm maximum by weight
Nonvolatiles	50 ppm maximum by weight
Peroxide, as H_2O_2	0.06 ppm maximum by weight
Sulfur	1 ppm maximum by weight
Water	100 ppm maximum by weight
Appearance	Clear and free of suspended matter
Color	Colorless
Stabilizer	None added

---

*Heavy ends include the following:

Ethyl Chloride, 1,1-Dichloroethylene, 1,2-Dichloroethylene, Beta-Chloropropene, Dichloroacetylene, Chloroprene, Vinylidene Chloride, CIS Dichloroethane, TRANS Dichloroethane, 1,1-Dichloroethane, 1,2-Dichloroethane, Trichloroethylene, Perchloroethylene, Monochloropropane, Dichloropropane, Vinyl Bromide

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

hooker
RUCO DIVISION

INTER-OFFICE MEMORANDUM

To:	H. Kaster	**File Ref.:**	DAG-155-abc
Copies to:	P. L. Friedman R. A. Katherine A. Kowalewski	**Date:**	4/24/79
		From:	D. A. Guarino
		Div./Dep't:	RUCO/POLYMERS
Subject:	VCM REQUIREMENTS - 1980	**Location:**	Burlington

To confirm, please make arrangements for providing the Polymers Business Group with sufficient VCM to produce 155MM pounds of homopolymer at Burlington during 1980. This will require 158,875MM pounds of VCM during 1980.

D. A. Guarino

RECEIVED
APR 25 1979
HOOKER CHEMICALS CORP.
PURCHASING DEPT.

FORM NO. 98-056

hooker
RUCO DIVISION

INTER-OFFICE MEMORANDUM

To: H.H. Kaster

Copies to: R.A. Katherine

File Ref.: PLF-2-zc

Date: April 30, 1979

From: Phillip L. Friedman

Div./Dep't: RUCO/New Ventures

Location: Burlington

Subject: VCM NOMINATION - 1980

This will confirm New Ventures' portion of the 1980 nomination for Shell VCM.

Please allow 12.0 MM pounds of VCM for re-sale and PVC tolling. The total nomination including Burlington should therefore be 171 MM pounds, allowing approximately 180 MM pounds maximum under our contract.

Phil Friedman

Phillip L. Friedman

PLF/zc

FORM NO. 98-036

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

INTER-OFFICE CORRESPONDENCE

Hooker Chemical Company

To L. G. King, Sr. VP/Operations
NAME LOCATION

Date July 10, 1979

From Joe E. Thornberg
NAME LOCATION

Subject Shell - Hooker Relations

Copy to: Wm. E. Sholl and D. W. Calhoun

This is to provide background for the July 12th meeting with Shell per your request to Wm. E. Sholl. Our largest purchases (est.'79) are the following:

Material	Volume	Dollars	Using Group
VCM	170,000,000#	24,701,000	Ruco
Toluene	750,000 gal.	712,500	Spec. Chem.
Sulfur	14,000 tons	392,000	AGP-West
Allyl Chloride	750,000#	270,000	Spec. Chem.
Spray Oil	300,000 gal.	222,000	AGP-West
Alcohols	750,000#	172,500	Ruco
Epichlorhydrin	80,000#	41,600	Spec. Chem.
Total		$26,511,600	

The VCM Contract

Salient features are:

1. Term: Jan. 1, 1979, for a six-year Primary Period, and continuing thereafter until either party gives 18 months' notice of termination.

2. Special Termination: If Hooker decides to build or acquire VCM manufacturing capability, Hooker may terminate this agreement at the end of three years, or four and a half years, with 18 months' notice.

3. Minimum-Maximum Volume: The contract provides for Hooker to take between 150 and 180 million-pounds of VCM per year. Each year Hooker must nominate, nine months in advance, the amount wanted. Then, at least 95% of nominated amount must be taken for that year and every succeeding year.

4. Favored Nations: Provides for extending lower prices to Hooker, with extenuating provisions, chief of which is that Shell does not have to give equal treatment if a lower priced customer makes products not competitive with Hooker.

5. Meet or Release: If Hooker can get a competitive price 0.25¢ pound lower than the Shell conversion price, Shell must meet or release.

6. The Economics for Hooker. (Note: Considered very confidential.) The present conversion fee is 13.60¢/pound of VCM. The price for chlorine is $77/ton, plus $2/ton for pipeline service, or $79 per ton. This amounts to another 2.53¢/pound of VCM for a total of 16.13¢/pound of VCM. The current posted price for VCM is 17.2¢/pound. This one cent differential is worth $1.7 million per year.

7. The Chlorine Input: At 170 million pounds of VCM, over 54,000 tons of chlorine are moved per year and about 59,000 tons of added caustic soda are available due to the conversion contract. Incrementally, the profit on the chlorine is about $54/ton, or $2.9 million, and the incremental profit on the caustic soda is about $23/ton, or about $1.4 million per year.

Attached also is an article which appeared recently in the C&EN magazine on Jack St. Clair of Shell Chemical.

J E Thornberg
Joe E. Thornberg

JET/le
attach.

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK
TO SEPARATE DOCUMENTS

Occidental Chemical Corporation
Executive Offices

MEMO

TO: John Huber DATE: June 1, 1983

FROM: Dave Calhoun

SUBJECT: FUTURE VCM TOLLING

cc: L. G. King
W. J. Wetzel
J. F. Riordan
R. F. Gervais
T. A. Sugalski
P. W. Fiedler
R. S. Barron ✓
S. P. Dominick
T. S. Farmer
R. C. Corwin

The Shell VCM toll contract will be ending its primary term at end 1984. The contract is evergreen and requires 18 months notice of cancellation in order to prevent the contract from continuing. I strongly suggest that the contract not continue beyond 1984 in its present form. I have discussed the aspect of cancellation with Shell and they have recommended we reduce the cancellation notice from 18 months to 14 months. Shell feels this will give both parties 4 months with which to develop a new contract. I recommend we accept Shell's offer of 14 month cancellation notice and indicate such by signing their attached contract amendment. If you should decide to cancel the contract entirely outright, I have attached a draft cancellation letter prepared by our legal department.

The VCM business is undergoing a very trying period at this time. They are restrained on their VCM prices due to PVC pricing problems while being pressured by chlorine and ethylene price increases. Plant capacities have been shutdown and the supply of VCM could become tight as early as 1985. If the market tightens and OCC has not established itself with favorable toll contracts, the opportunity to use HI & SC chlorine in our VCM may no longer be possible. The time is now to establish a VCM toll program and I feel the use of Cities Service ethane is a possible key.

Attached is an "Ethylene Production Economics" study which shows Ethane's relative value among the various ethylene fuels. Also attached is a price history of NGL's as well as a Cities Service forecast for 1983. If ethane were tolled to ethylene and then the ethylene is tolled with OCC chlorine into VCM, the following cases are possible.

1. <u>Shell</u> Texas

Ethane → Ethylene → VCM
(Deer Park)

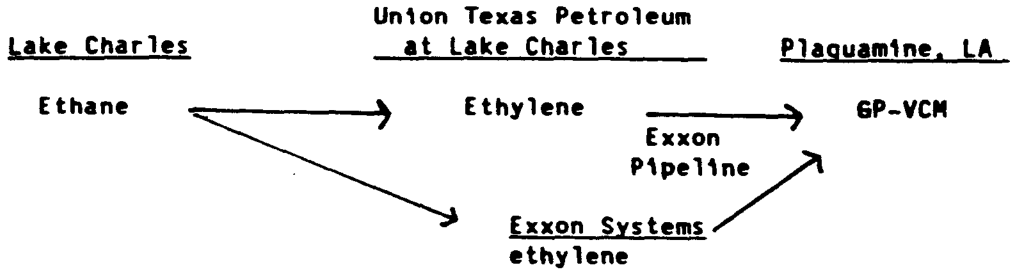
- Shell is a net buyer of Ethane

2. <u>Conoco</u> Lake Charles, LA

Ethane → Ethylene → VCM

- Conoco is currently buying ethane from Cities
- Can use Niagara chlorene at Baltimore
- PVC conflict

3. <u>Georgia Pacific</u>



- can use Niagara chlorine
- chlorine & PVC conflict

4. Ethyl (150 mm lbs max)

Lake Charles Baton Rouge

Ethane → Union Texas Ethylene → Ethyl/VCM

- Buys chlorine & Ethylene

5. <u>Dow</u> Texas or Louisiana Louisiana

Ethane → Ethylene → VCM

- not buyer of ethane from Cities
- chlorine conflict

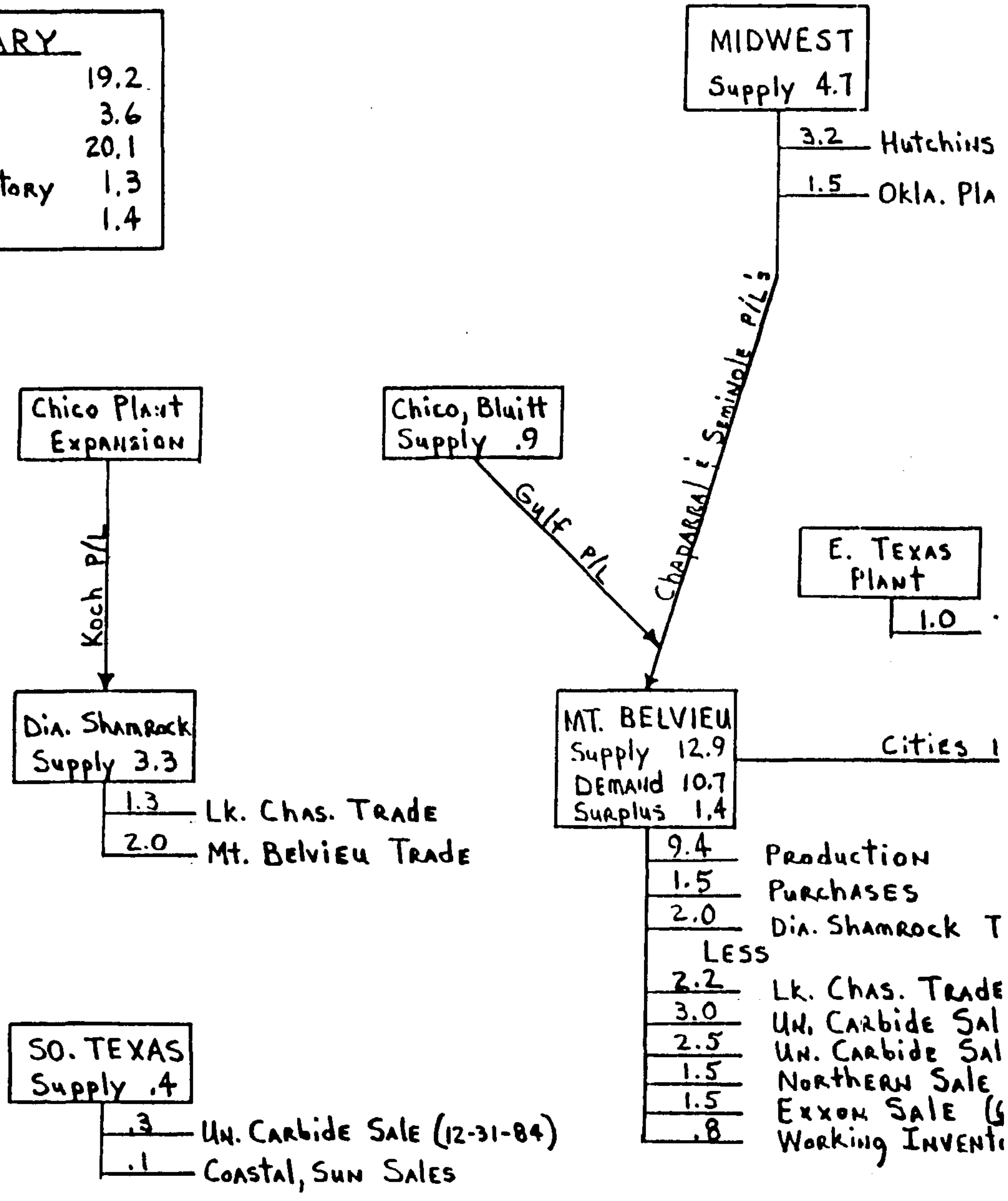
Attached is a Cities Service Ethane supply/demand summary. Listed are their contracts and their expiration dates. The final result is that Cities can easily supply your feedstock volume needs along with a usable pipeline system.

The problem of course is to get acceptable conversion economics from the ethylene and VCM producers. The time is still good to be developing our options. I feel several sources of supply is the route for the Pottstown and Burlington demand of 300/340 mm lbs. I have not included PPG, Formosa or Goodrich as viable options for they have expressed no interest in working with us. PPG however could change their mind but I do not consider it likely.

I have reviewed all the work done in VCM with Roger Corwin and Bill Childs. Theyhave all the contacts and phone numbers and will be able to pick up where I have left off. I again stress the importance of positioning OCC strategically with toll contracts and the critical nature of the timing in doing so.

ETHANE SUPPLY/DEMAN
M BPD

SUMMARY	
Production	19.2
Purchases	3.6
Sales	20.1
Min. Inventory	1.3
Surplus	1.4



Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

May 13, 1983

Mr. David Calhoun
Occidental Chemical Corporation
P. O. Box 4289
Houston, TX 77210

Dear Dave:

This letter refers to the CONVERSION AGREEMENT dated JULY 24, 1978 between HOOKER CHEMICALS AND PLASTICS CORP. (subsidiary of OCCIDENTAL PETROLEUM COMPANY) and SHELL CHEMICAL COMPANY, as amended by letter dated December 18, 1980.

Article 1, TERM, states in part, either party may terminate as of the last day of the primary period or at any time thereafter by giving notice of termination to the other party at least eighteen (18) months in advance.

Whereas the primary period of the AGREEMENT ends on December 31, 1984, effective notice of termination by either party must be given no later than June 30, 1983.

It is hereby mutually agreed that Article 1, TERM, shall be amended to read, "either party may terminate as of the last day of the primary period or at any time thereafter by giving notice of termination to the other party at least fourteen (14) months in advance."

Very truly yours,

R. F. Weigle
Corporate Account Manager

ACCEPTED AND AGREED TO this ________ day of ________________, 1983.

OCCIDENTAL CHEMICAL CORPORATION

By______________________________

Title___________________________

RFW1:66

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

May 13, 1983

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P. O. Box 4289
Houston, TX 77210

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Very truly yours,

R. F. Weigle
Corporate Account Manager

ACCEPTED AND AGREED TO this ________ day of________________, 1983.

OCCIDENTAL CHEMICAL CORPORATION

By_____________________________

Title__________________________

RFW1:66

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

May 13, 1983

Mr. Dave Calhoun
Occidental Chemical Corporation
P. O. Box 4289
Houston, TX 77210

Dear Dave:

Attached hereto is a copy of our proposed letter agreement extending the contract termination notice date from June 30, 1983 to October 31, 1983. We agree this is in our mutual interest.

Please have the agreement signed promptly and return to me. Your cooperation is deeply appreciated.

Sincerely,

R. F. Weigle
Corporate Account Manager

RFW:ac

cc: L. A. Wheeler
R. G. Yapp, Jr.

RFW1:66

ATTACHMENT V

STRUCTURE OF VCM INDUSTRY
1982

	CAPACITY (MM LB)	PERCENT OF TOTAL VCM CAPACITY
CHLORINE DRIVEN		
PPG	900	
GEORGIA-PACIFIC	1000	19%
	1900	
ETHYLENE DRIVEN		
CONOCO	700	45%
SHELL	1540	
*DOW	2200	
	4440	
PVC DRIVEN		
FORMOSA	830	
BORDEN	600	35%
GOODRICH	2000	
	3430	
TOTAL	9770	100%

* Could equally well be under Chlorine-Driven

CITIES SERVICE

INTEROFFICE LETTER

December 1, 1982

TO:	J. E. Beavers J. M. Berchey D. E. Farrell B. L. Galloway W. A. Haliburton, Jr. D. F. Hogsett E. J. Lancaster J. B. Turner, Jr. M. A. Warner
FROM:	J. F. Burris JFB
SUBJECT:	Ethylene Production Economics

Ethylene production economics for the major feedstocks of gas oil, full range naphtha, natural gasoline, normal butane, propane and ethane were updated to include recent prices and costs. Two cases were prepared for 60 and 90 percent capacity utilization rates.

Ethylene cash costs (excludes depreciation) varies from 14.7¢/lb for ethane to 22.7¢/lb for normal butane in the 90 percent capacity case. At 60 percent capacity, these costs rise to 16.7¢/lb and 25.3¢/lb respectively, because the same fixed costs are spread over lower production.

The attached table compares the ethylene production costs by feedstocks for the two cases. The table also compares the breakeven values for all the feedstocks with a gas oil price of 86¢/gallon. Ethane and propane breakeven prices are below current spot values. Normal butane is the most over valued feedstock followed by natural gasoline.

/ja

attachments

cc: J. A. Rodkey

ETHYLENE PRODUCTION ECONOMICS

December 1982

		90% Capacity			60% Capacity		
		Ethylene Cash Cost	Breakeven Price with Gasoil		Ethylene Cash Cost	Breakeven Price with Gasoil	
Feedstock	Price ¢/Gal	¢/lb	¢/Gal	Ratio	¢/lb	¢/Gal	Ratio
Gas Oil	86	18.1	86	1.00	21.5	86	1.00
Full Range Naphtha	83	19.3	81	.94	22.3	82	.95
Natural Gasoline	77	20.2	73	.85	23.2	74	.86
Normal Butane	71	22.7	62	.72	25.3	63	.73
Propane	47	15.2	52.5	.61	17.6	54	.63
Ethane	29	14.7	37.5	.44	16.7	41	.48

12/1/82

ETHYLENE PRODUCTION ECONOMICS
ETHANE FEEDSTOCK

Basis: U.S. Gulf Coast - December 1982 Prices
Capacity: 1.0 Billion Pounds Per Year
Investment: $370 MM Fixed Capital
37 MM Working Capital
$407 MM Total

	Yield	Units	Price	Units	Cost at 60% Rate (¢/Lb)	Cost at 100% Rate (¢/Lb)
MANUFACTURING COSTS						
Raw Materials						
Ethane	0.4095	Gal	29	¢/Gal	11.88	
Coproduct Credits						
Fuel Gas	0.008	MMBTU	400	¢/MMBTU	3.20	
Propylene	0.024	Lb	18.5	¢/Lb	.44	
Butadiene	0.017	Lb	31	¢/Lb	.53	
Butane/Butylene	0.002	Gal	71	¢/Gal	.14	
Gasoline	0.002	Gal	87	¢/Gal	.17	
Fuel Oil	0.000	Gal	65	¢/Gal	.03	
Subtotal					4.51	
Variable Costs						
Fuel	0.010	MMBTU	400	¢/MMBTU	4.00	
Electricity	0.0044	KWH	3.4	¢/KWH	0.01	
Makeup Water	1.0	Gal	0.035	¢/Gal	0.04	
Catalyst/Chemicals			0.5	MM$/Year	0.05	
Subtotal					4.10	
Fixed Costs						
Wages	35	Men	14.50	$/Hour	0.16	0.10
Salaries	4	Men	36	M$/Yr/Man	0.02	0.01
Maintenance	2.5	%	Fixed Capital		1.51	0.92
Direct Overhead	50	%	Salaries + Wages		0.10	0.06
General Plant Overhead	65	%	Sal. + Wages + Maint.		1.10	0.67
Taxes & Insurance	1.5	%	Fixed Capital		0.92	0.56
Working Capital Charges	i	%	Prime Rate x Work. Cap.		1.03	0.63
Marketing & Admin.	1.0	%	Ethylene Price		0.43	0.26
Subtotal					5.27	3.21
Total Fixed & Variable					9.37	7.31
Total Cash Costs					16.74	14.68

K-6MS/D21/D1
12/1/82

ETHYLENE PRODUCTION ECONOMICS
PROPANE FEEDSTOCK

Basis: U.S. Gulf Coast - December 1982 Prices
Capacity: 1.0 Billion Pounds Per Year
Investment: $410 MM Fixed Capital
41 MM Working Capital
$451 MM Total

	Yield	Units	Price	Units	Cost at 60% Rate (¢/Lb)	Cost at 100% Rate (¢/Lb)
MANUFACTURING COSTS						
Raw Materials						
Propane	0.5386	Gal	47.0	¢/Gal	25.31	
Coproduct Credits						
Fuel Gas	0.017	MMBTU	400	¢/MMBTU	6.80	
Propylene	0.375	Lb	18.5	¢/Lb	6.94	
Butadiene	0.068	Lb	31	¢/Lb	2.11	
Butane/Butylene	0.007	Gal	71	¢/Gal	.50	
Gasoline	0.023	Gal	87	¢/Gal	2.00	
Fuel Oil	0.003	Gal	65	¢/Gal	.20	
Subtotal					18.55	
Variable Costs						
Fuel	0.0114	MMBTU	400	¢/MMBTU	4.56	
Electricity	0.0055	KWH	3.4	¢/KWH	0.02	
Makeup Water	1.0	Gal	0.035	¢/Gal	0.04	
Catalyst/Chemicals			0.6	MM$/Year	0.06	
Subtotal					4.68	
Fixed Costs						
Wages	35	Men	14.50	$/Hour	0.16	0.10
Salaries	4	Men	36	M$/Yr/Man	0.02	0.01
Maintenance	2.5	%	Fixed Capital		1.67	1.02
Direct Overhead	50	%	Salaries + Wages		0.10	0.06
General Plant Overhead	65	%	Sal. + Wages + Maint.		1.20	0.73
Taxes & Insurance	1.5	%	Fixed Capital		1.00	0.61
Working Capital Charges	i	%	Prime Rate x Work. Cap.		1.15	0.70
Marketing & Admin.	2.0	%	Ethylene Price		0.84	0.51
Subtotal					6.14	3.74
Total Fixed & Variable					10.82	8.42
Total Cash Costs					17.58	15.18

K-6MS/D21/D2
12/1/82

ETHYLENE PRODUCTION ECONOMICS
BUTANE FEEDSTOCK

Basis: U.S. Gulf Coast - December 1982 Prices
Capacity: 1.0 Billion Pounds Per Year
Investment: $435 MM Fixed Capital
44 MM Working Capital
$479 MM Total

	Yield	Units	Price	Units	Cost at 60% Rate (¢/Lb)	Cost at 100% Rate (¢/Lb)
MANUFACTURING COSTS						
Raw Materials						
Butane	0.5019	Gal	71	¢/Gal	35.63	
Coproduct Credits						
Fuel Gas	0.014	MMBTU	400	¢/MMBTU	5.60	
Propylene	0.439	Lb	18.5	¢/Lb	8.12	
Butadiene	0.085	Lb	31	¢/Lb	2.64	
Butane/Butylene	0.032	Gal	71	¢/Gal	2.27	
Gasoline	0.029	Gal	87	¢/Gal	2.52	
Fuel Oil	0.007	Gal	65	¢/Gal	.46	
Subtotal					21.61	
Variable Costs						
Fuel	0.0116	MMBTU	400	¢/MMBTU	4.64	
Electricity	0.0065	KWH	3.4	¢/KWH	0.02	
Makeup Water	1.1	Gal	0.035	¢/Gal	0.04	
Catalyst/Chemicals			0.7	MM$/Year	0.07	
Subtotal					4.77	
Fixed Costs						
Wages	35	Men	14.50	$/Hour	0.16	0.10
Salaries	4	Men	36	M$/Yr/Man	0.02	0.01
Maintenance	2.5	%	Fixed Capital		1.79	1.09
Direct Overhead	50	%	Salaries + Wages		0.10	0.06
General Plant Overhead	50	%	Sal. + Wages + Maint.		1.28	0.78
Taxes & Insurance	1.5	%	Fixed Capital		1.07	0.65
Working Capital Charges	i	%	Prime Rate x Work. Cap.		1.23	0.75
Marketing & Admin.	2.0	%	Ethylene Price		0.84	0.51
Subtotal					6.49	3.95
Total Fixed & Variable					11.26	8.72
Total Cash Costs					25.28	22.74

K-6MS/D21/D3
12/1/82

ETHYLENE PRODUCTION ECONOMICS
NATURAL GASOLINE FEEDSTOCK

Basis: U.S. Gulf Coast - December 1982 Prices
Capacity: 1.3 Billion Pounds Per Year
Investment: $700 MM Fixed Capital
70 MM Working Capital
$770 MM Total

	Yield	Units	Price	Units	Cost at 60% Rate (¢/Lb)	Cost at 100% Rate (¢/Lb)
MANUFACTURING COSTS						
Raw Materials						
Natural Gasoline	0.5321	Gal	77	¢/Gal	40.97	
Coproduct Credits						
Fuel Gas	0.016	MMBTU	400	¢/MMBTU	6.40	
Propylene	0.439	Lb	18.5	¢/Lb	8.12	
Butadiene	0.120	Lb	31	¢/Lb	3.72	
Butylene	0.023	Gal	71	¢/Gal	1.63	
Butane	0.002	Gal	71	¢/Gal	.14	
Benzene	0.036	Gal	155	¢/Gal	5.57	
Toluene	0.012	Gal	125	¢/Gal	1.50	
Xylene	0.002	Gal	150	¢/Gal	0.30	
C_9+ Aromatics	0.004	Gal	120	¢/Gal	0.51	
C_5+ Raffinate	0.031	Gal	90	¢/Gal	2.76	
Fuel Oil	0.013	Gal	65	¢/Gal	.85	
Subtotal					31.50	
Variable Costs						
Fuel	0.0148	MMBTU	400	¢/MMBTU	5.92	
Electricity	0.0070	KWH	3.4	¢/KWH	0.02	
Makeup Water	1.5	Gal	0.035	¢/Gal	0.05	
Catalyst/Chemicals			0.8	MM$/Year	0.06	
Subtotal					6.05	
Fixed Costs						
Wages	44	Men	14.50	$/Hour	0.16	0.10
Salaries	5	Men	36	M$/Yr/Man	0.02	0.01
Maintenance	2.5	%	Fixed Capital		2.21	1.35
Direct Overhead	50	%	Salaries + Wages		0.10	0.06
General Plant Overhead	65	%	Sal. + Wages + Maint.		1.56	0.95
Taxes & Insurance	1.5	%	Fixed Capital		1.33	0.81
Working Capital Charges	i	%	Prime Rate x Work. Cap.		1.49	0.91
Marketing & Admin.	2.5	%	Ethylene Price		0.80	0.49
Subtotal					7.67	4.68
Total Fixed & Variable					13.72	10.73
Total Cash Costs					23.19	20.20

K-6MS/D21/D4
12/1/82

ETHYLENE PRODUCTION ECONOMICS
FULL RANGE NAPHTHA FEEDSTOCK

Basis: U.S. Gulf Coast - December 1982 Prices
Capacity: 1.3 Billion Pounds Per Year
Investment: $700 MM Fixed Capital
70 MM Working Capital
$770 MM Total

	Yield	Units	Price	Units	Cost at 60% Rate (¢/Lb)	Cost at 100% Rate (¢/Lb)
MANUFACTURING COSTS						
Raw Materials						
Naphtha	0.5566	Gal	83	¢/Gal	46.20	
Coproduct Credits						
Fuel Gas	0.016	MMBTU	400	¢/MMBTU	6.40	
Propylene	0.466	Lb	18.5	¢/Lb	8.62	
Butadiene	0.129	Lb	31	¢/Lb	4.00	
Butylene	0.017	Gal	71	¢/Gal	1.21	
Butane	0.002	Gal	71	¢/Gal	.14	
Benzene	0.038	Gal	155	¢/Gal	5.94	
Toluene	0.021	Gal	125	¢/Gal	2.66	
Xylene	0.012	Gal	150	¢/Gal	1.87	
C_9+ Aromatics	0.009	Gal	120	¢/Gal	1.08	
C_5+ Raffinate	0.043	Gal	90	¢/Gal	3.85	
Fuel Oil	0.035	Gal	65	¢/Gal	2.28	
Subtotal					38.05	
Variable Costs						
Fuel	0.0159	MMBTU	400	¢/MMBTU	6.36	
Electricity	0.0075	KWH	3.4	¢/KWH	0.03	
Makeup Water	1.5	Gal	0.035	¢/Gal	0.05	
Catalyst/Chemicals			0.8	MM$/Year	0.06	
Subtotal					6.50	
Fixed Costs						
Wages	44	Men	14.50	$/Hour	0.16	0.10
Salaries	5	Men	36	M$/Yr/Man	0.02	0.01
Maintenance	2.5	%	Fixed Capital		2.21	1.35
Direct Overhead	50	%	Salaries + Wages		0.10	0.06
General Plant Overhead	65	%	Sal. + Wages + Maint.		1.56	0.95
Taxes & Insurance	1.5	%	Fixed Capital		1.33	0.81
Working Capital Charges	i	%	Prime Rate x Work. Cap.		1.49	0.91
Marketing & Admin.	2.5	%	Ethylene Price		0.80	0.49
Subtotal					7.67	4.68
Total Fixed & Variable					14.17	11.18
Total Cash Costs					22.32	19.33

K-6MS/D21/D5
12/1/82

ETHYLENE PRODUCTION ECONOMICS
GAS OIL FEEDSTOCK

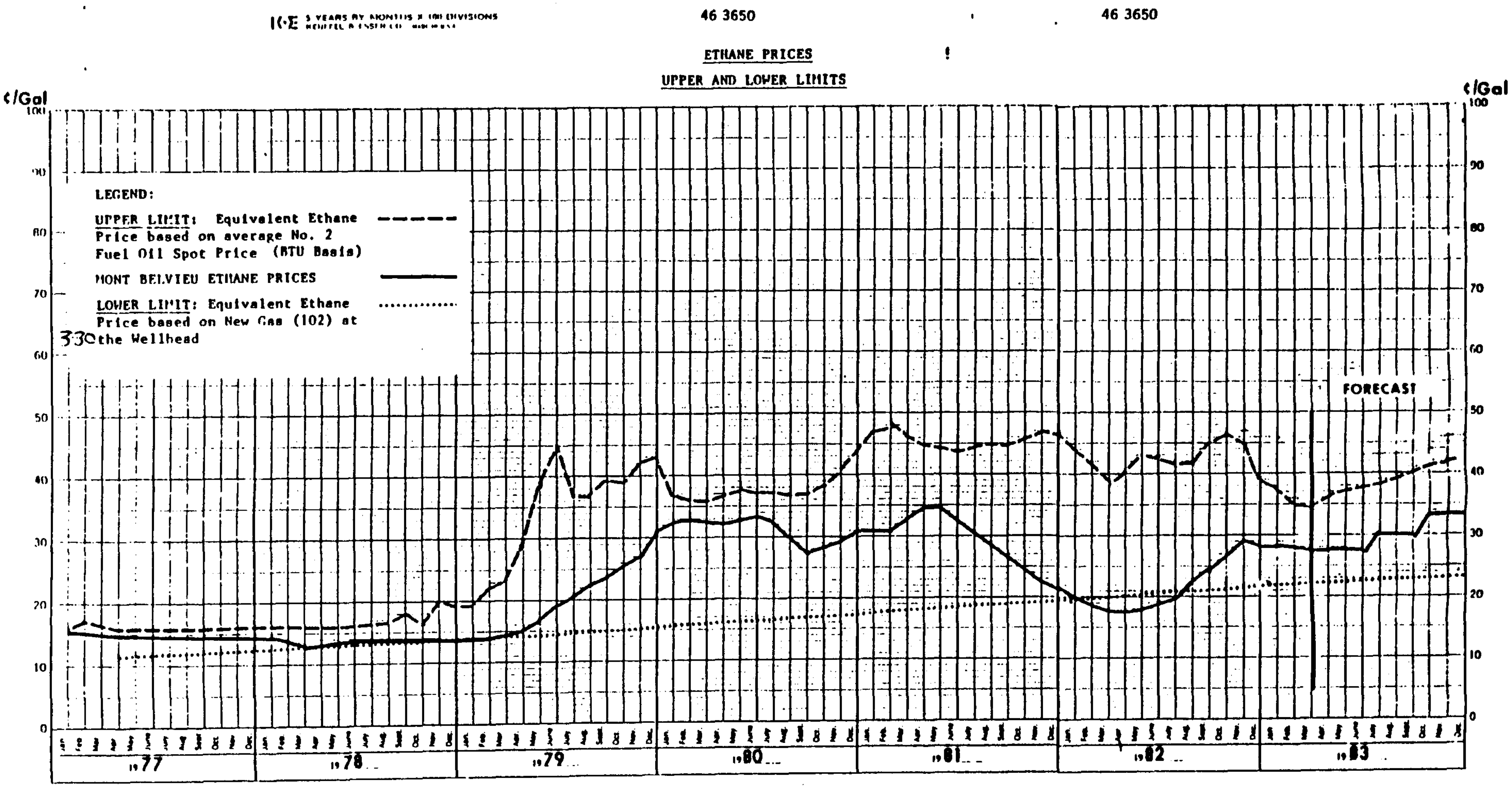
Basis: U.S. Gulf Coast - December 1982 Prices
Capacity: 1.3 Billion Pounds Per Year
Investment: $785 MM Fixed Capital
80 MM Working Capital
$865 MM Total

	Yield	Units	Price	Units	Cost at 60% Rate (¢/Lb)	Cost at 100% Rate (¢/Lb)
MANUFACTURING COSTS						
Raw Materials						
Gas Oil	0.5221	Gal	86	¢/Gal	44.90	
Coproduct Credits						
Fuel Gas	0.012	MMBTU	400	¢/MMBTU	4.80	
Propylene	0.523	Lb	18.5	¢/Lb	9.68	
Butadiene	0.172	Lb	31	¢/Lb	5.33	
Butylene	0.020	Gal	71	¢/Gal	1.42	
Butane	0.001	Gal	71	¢/Gal	.07	
Benzene	0.031	Gal	155	¢/Gal	4.73	
Toluene	0.017	Gal	125	¢/Gal	2.09	
Xylene	0.006	Gal	150	¢/Gal	0.96	
C_9+ Aromatics	0.007	Gal	120	¢/Gal	0.86	
C_5+ Raffinate	0.041	Gal	90	¢/Gal	3.71	
Fuel Oil	0.091	Gal	65	¢/Gal	5.92	
Subtotal					39.57	
Variable Costs						
Fuel	0.0184	MMBTU	400	¢/MMBTU	7.36	
Electricity	0.010	KWH	3.4	¢/KWH	0.03	
Makeup Water	1.7	Gal	0.035	¢/Gal	0.06	
Catalyst/Chemicals			1.4	MM$/Year	0.11	
Subtotal					7.56	
Fixed Costs						
Wages	44	Men	14.50	$/Hour	0.16	0.10
Salaries	5	Men	36	M$/Yr/Man	0.02	0.01
Maintenance	2.5	%	Fixed Capital		2.48	1.51
Direct Overhead	50	%	Salaries + Wages		0.10	0.06
General Plant Overhead	65	%	Sal. + Wages + Maint.		1.72	1.05
Taxes & Insurance	1.5	%	Fixed Capital		1.48	0.90
Working Capital Charges	i	%	Prime Rate x Work. Cap.		1.72	1.05
Marketing & Admin.	3	%	Ethylene Price		0.95	0.58
Subtotal					8.63	5.26
Total Fixed & Variable					16.19	12.82
Total Cash Costs					21.52	18.15

K-6MS/D21/D6
12/1/82

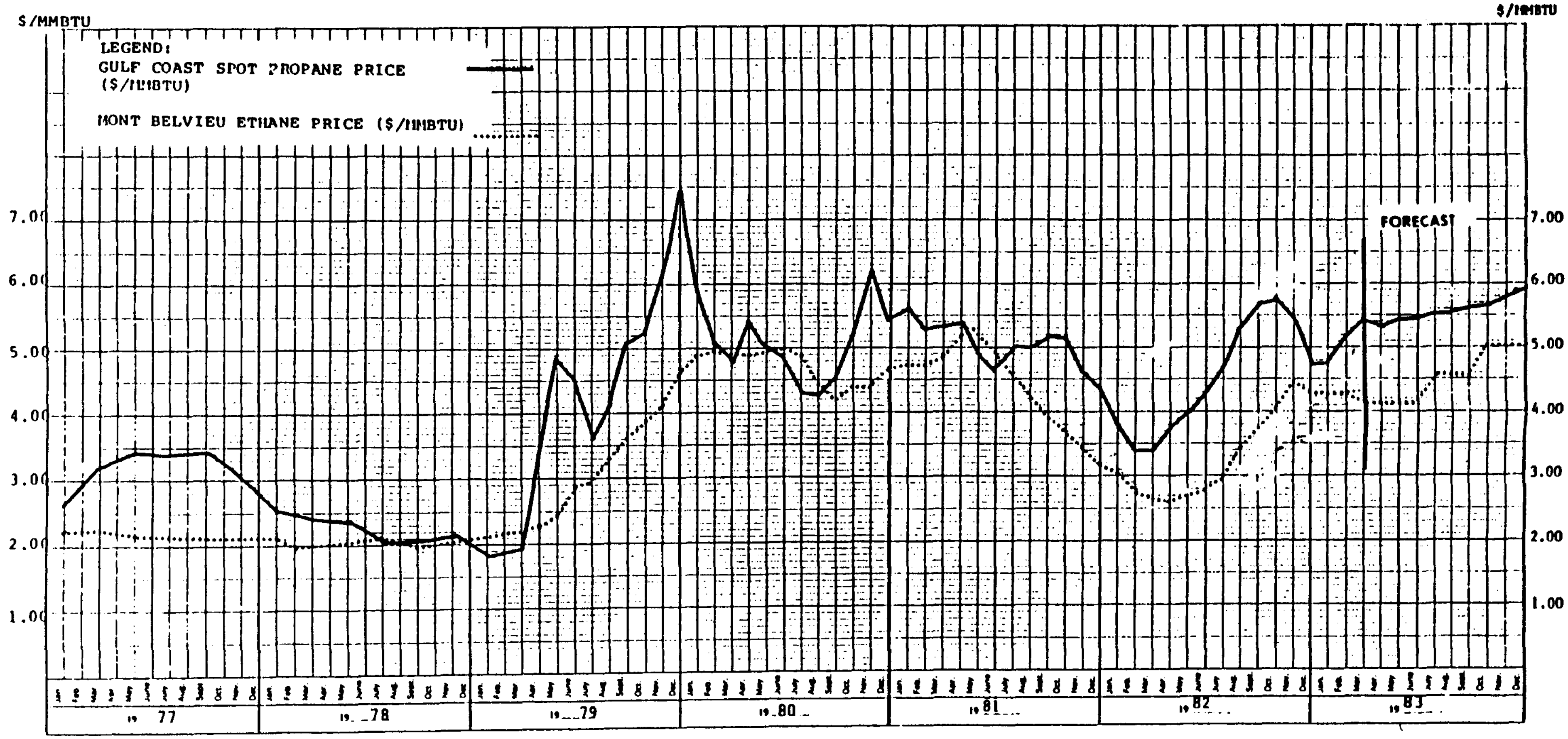
ETHANE PRICES

UPPER AND LOWER LIMITS



K·E YEARS BY MONTHS X 100 DIVISIONS KEUFFEL & ESSER CO. 46 3650 DIVISIONS 46 3650

GULF COAST ETHANE PRICE VS PROPANE SPOT PRICE
BASED ON HEATING VALUE (MMBTU)

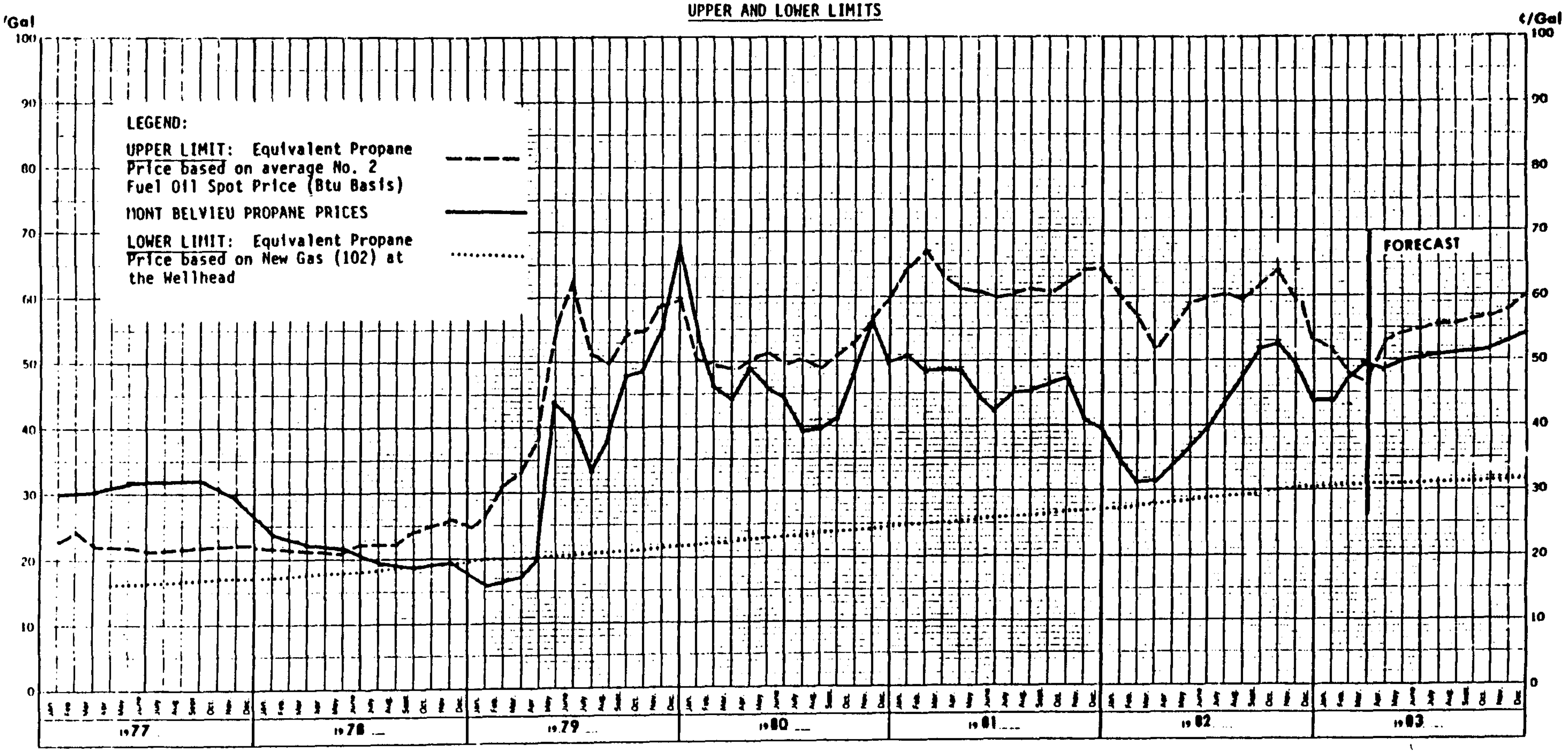


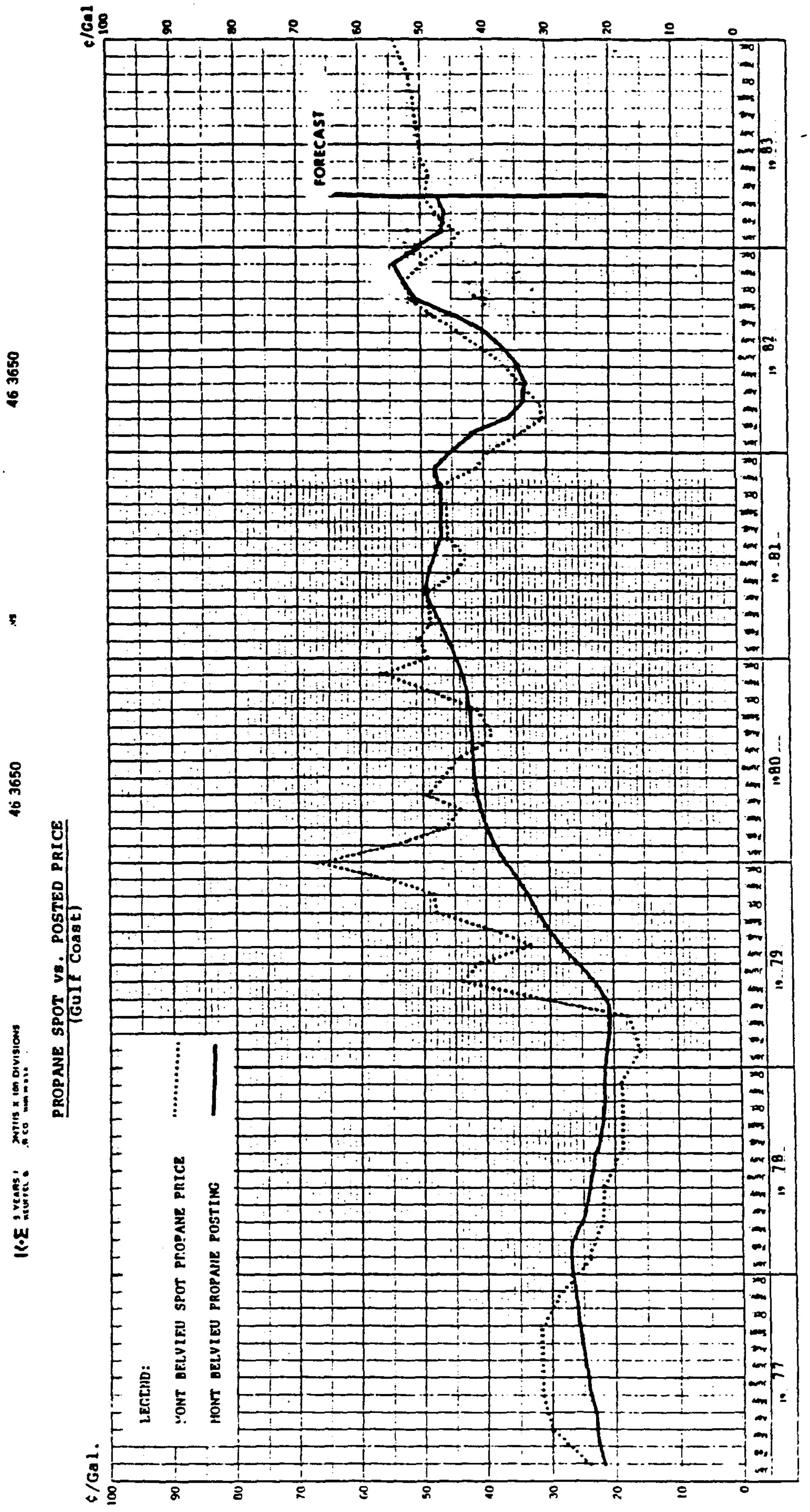
K+E 5 YEARS BY MONTHS X 100 DIVISIONS
KEUFFEL & ESSER CO.

46 3650

46 3650

PROPANE SPOT PRICES
UPPER AND LOWER LIMITS

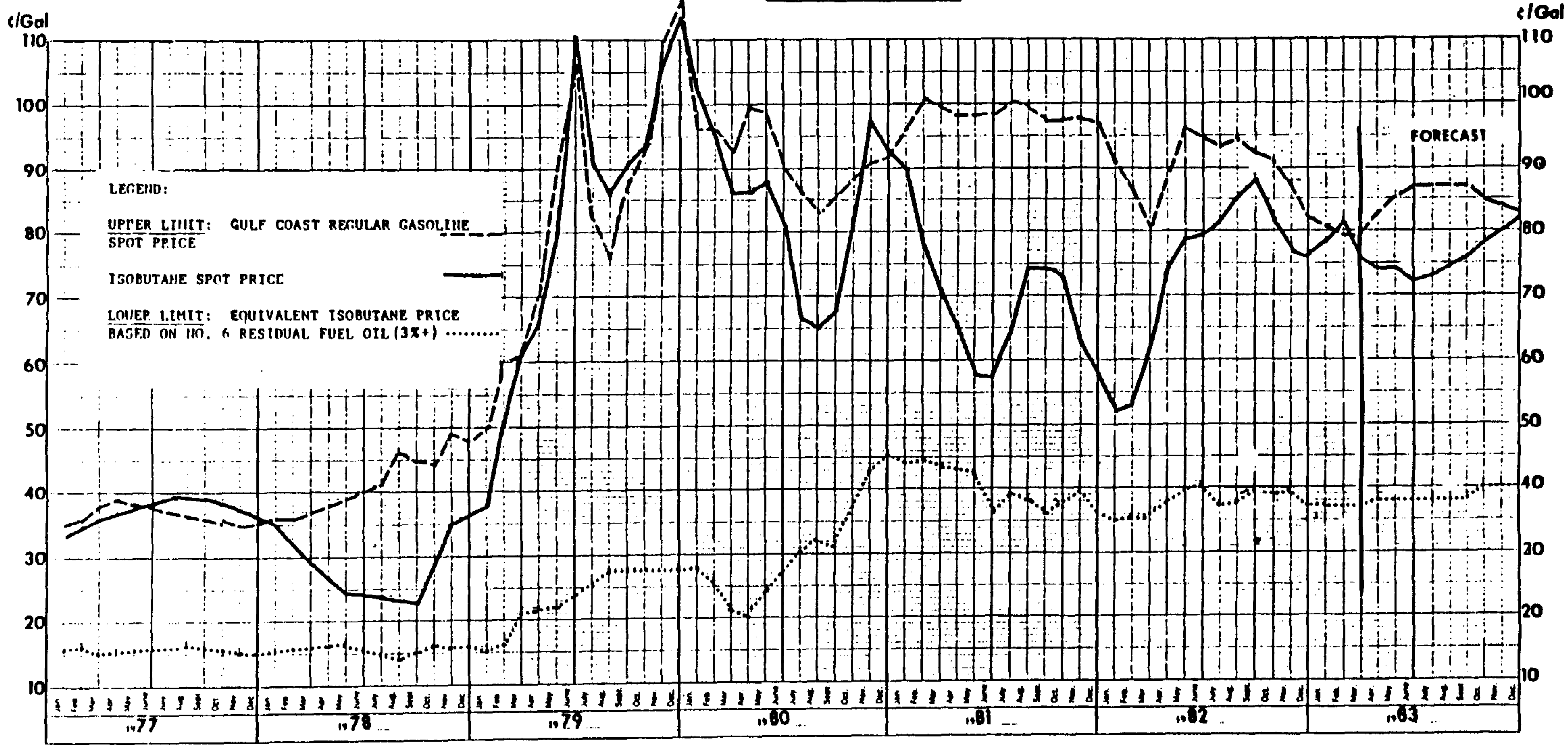



PROPANE SPOT vs. POSTED PRICE
(Gulf Coast)
LEGEND:
MONT BELVIEU SPOT PROPANE PRICE
MONT BELVIEU PROPANE POSTING
FORECAST
¢/Gal.
100
90
80
70
60
50
40
30
20
10
0
19 77
19 78
19 79
19 80
19 81
19 82
19 83
46 3650

46 3650

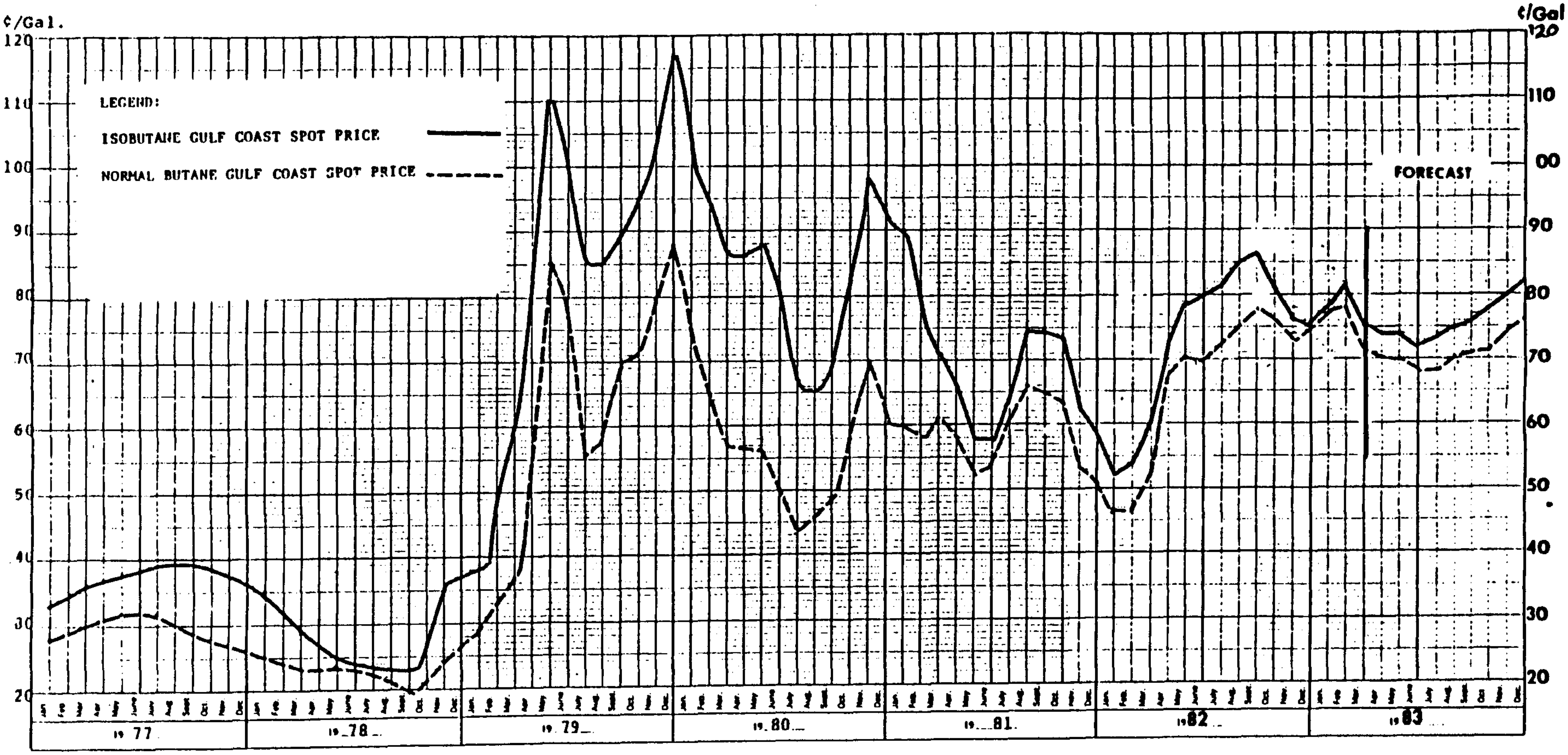
ISOBUTANE GULF COAST SPOT PRICES

UPPER AND LOWER LIMITS



K·E 5 YEARS BY 12 · 15 X 100 DIVISIONS · 46 3650 · 46 3650

ISOBUTANE vs NORMAL BUTANE SPOT PRICES
(Gulf Coast)



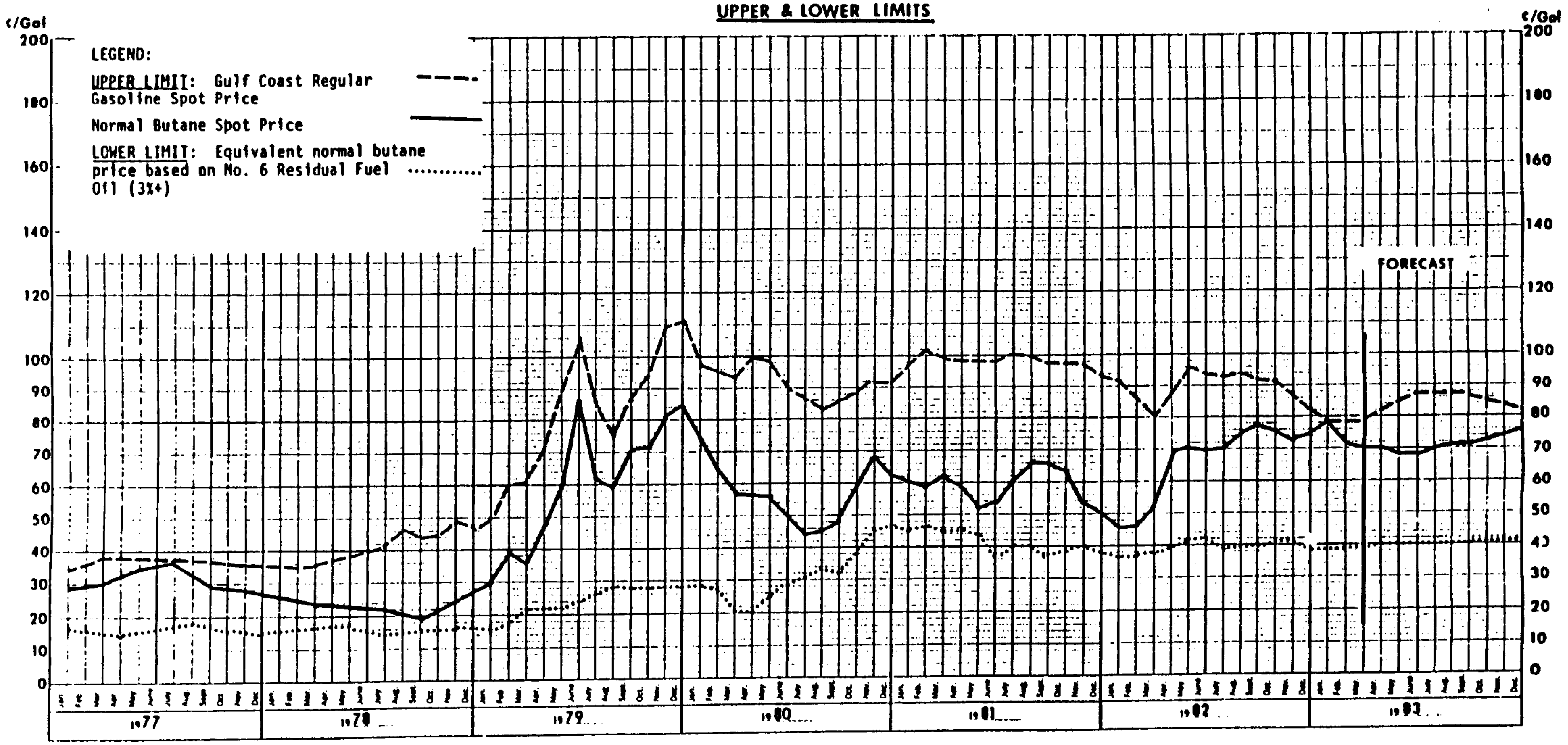
K+E 5 YEARS BY MONTHS X 100 DIVISIONS KEUFFEL & ESSER CO.

46 3650

46 3650

NORMAL BUTANE GULF COAST SPOT PRICES

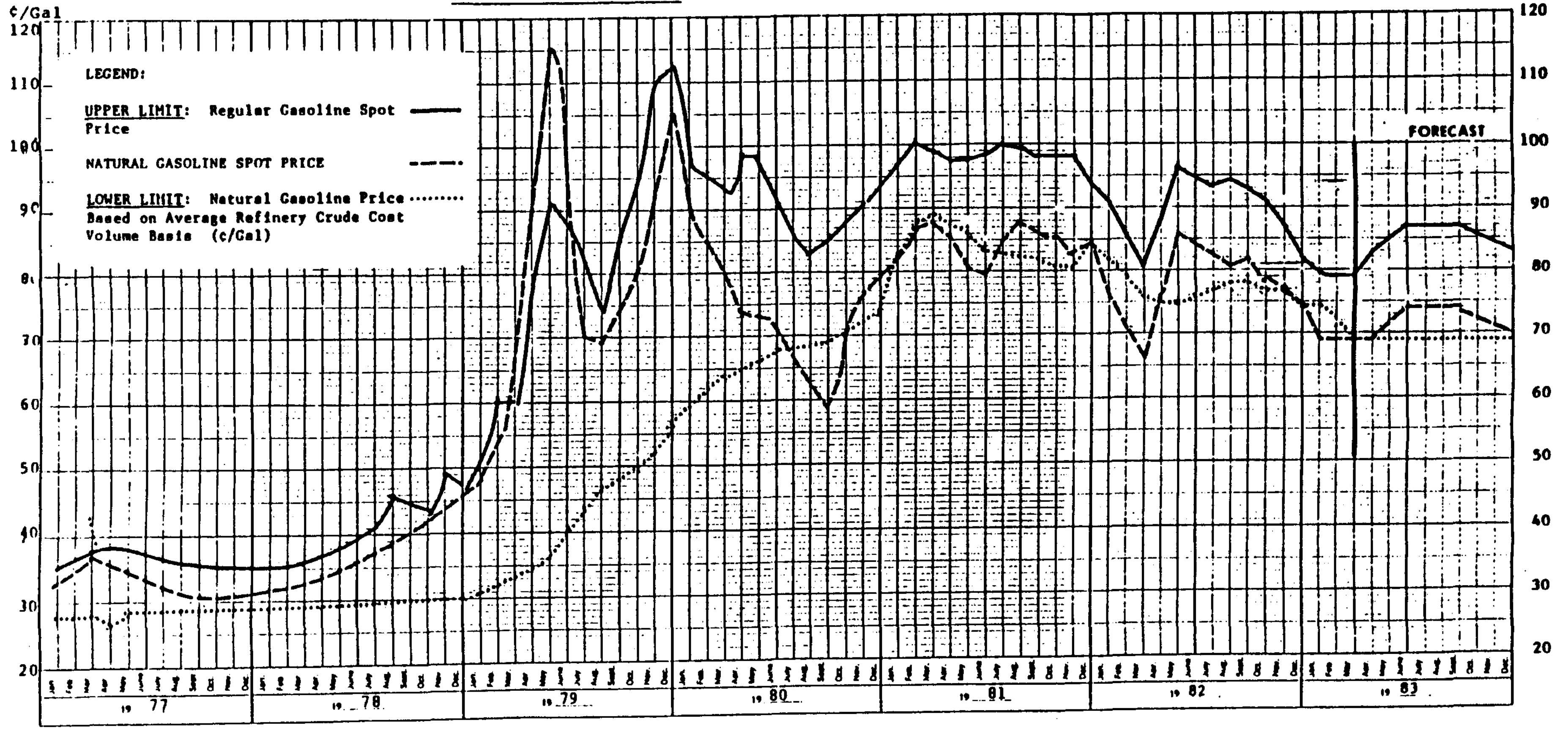
UPPER & LOWER LIMITS



K-E 3 YEARS BY MONTHS X 100 DIVISION KEUFFEL & ESSER CO. 46 3650 46 3650

NATURAL GASOLINE GULF COAST SPOT PRICES

UPPER AND LOWER LIMITS

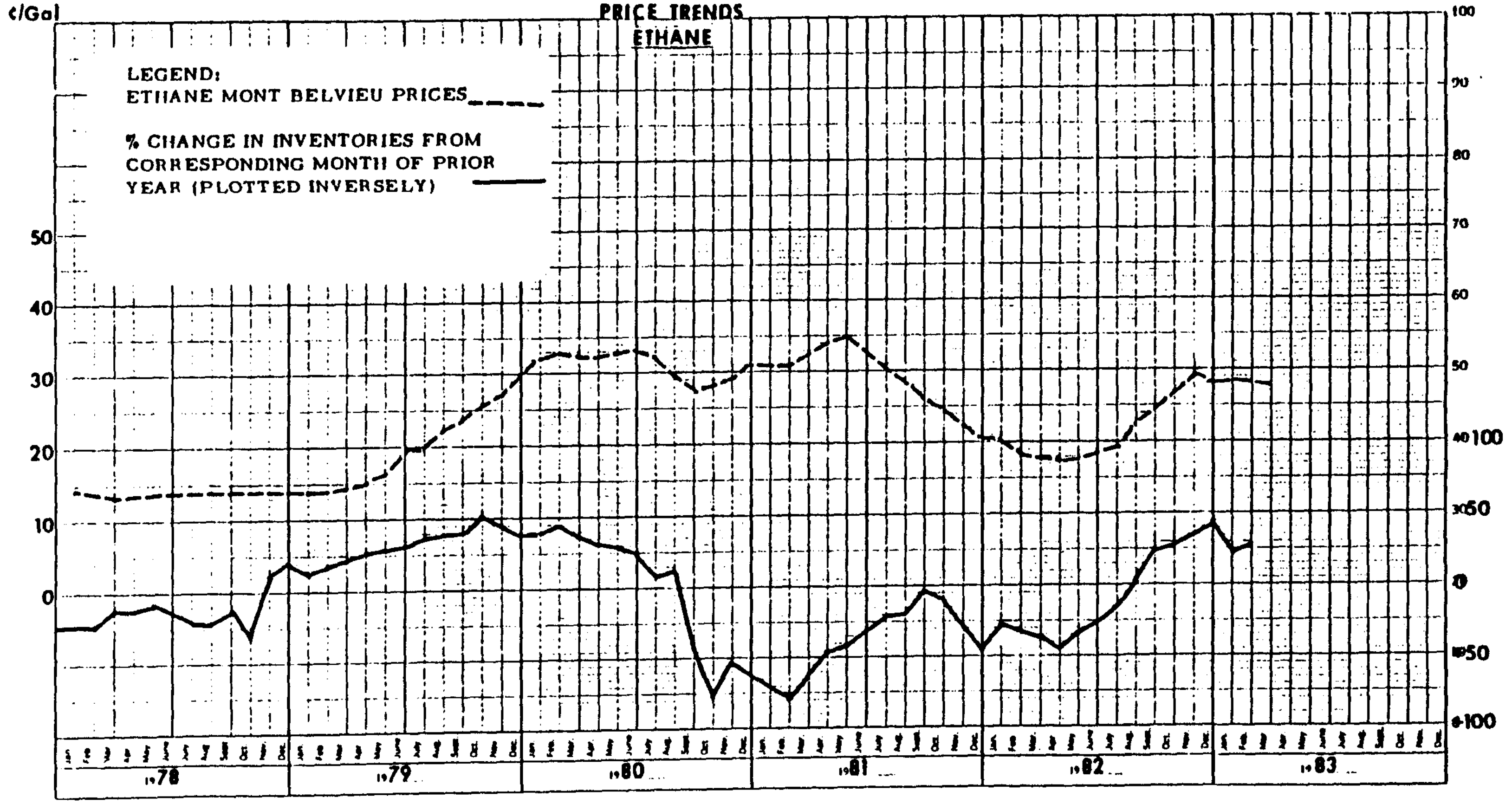


K+E 5 YEARS BY MONTHS X 100 DIVISIONS
KEUFFEL & ESSER CO.

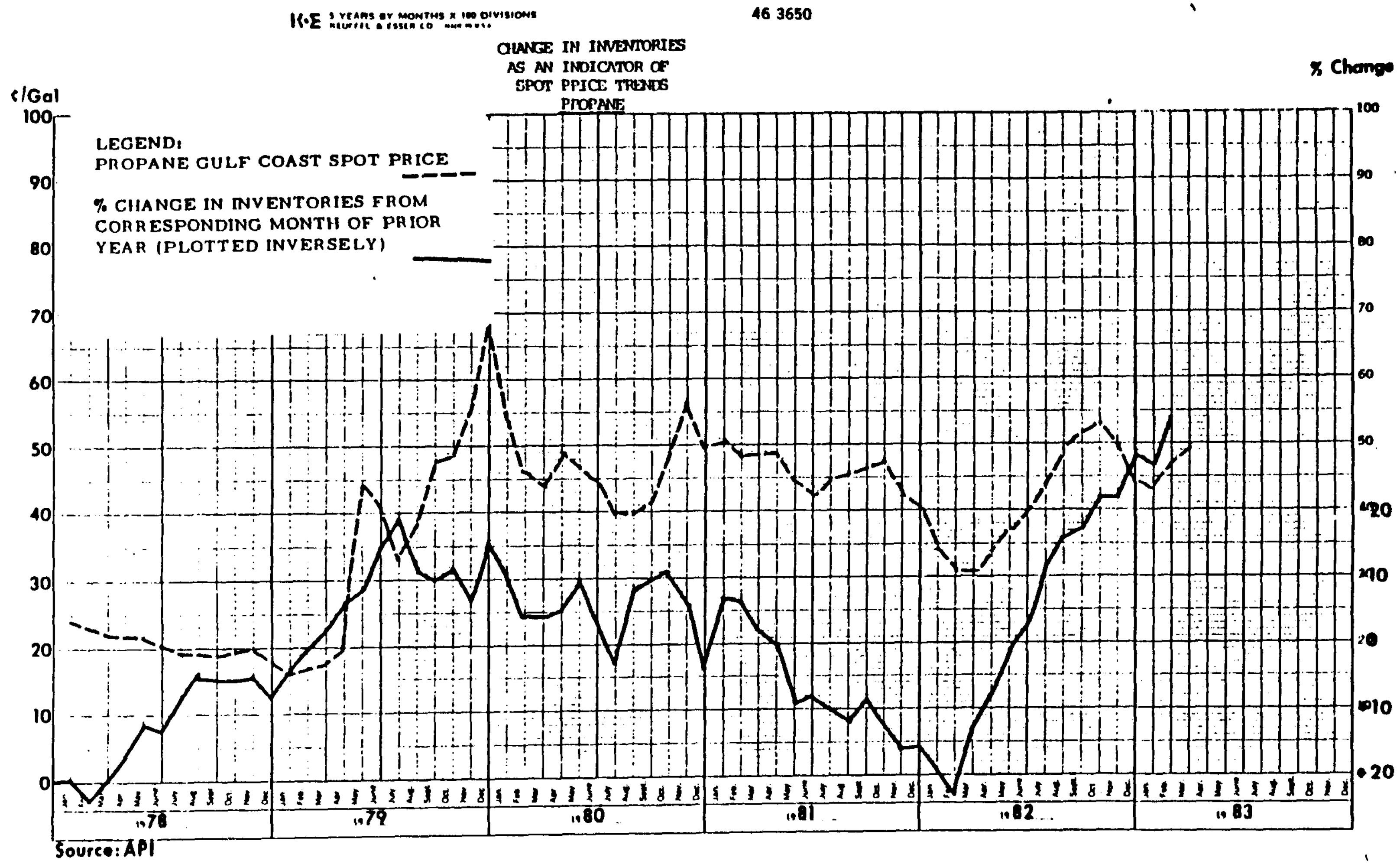
46 3650

CHANGE IN INVENTORIES AS AN INDICATION OF PRICE TRENDS

ETHANE



SOURCE: API

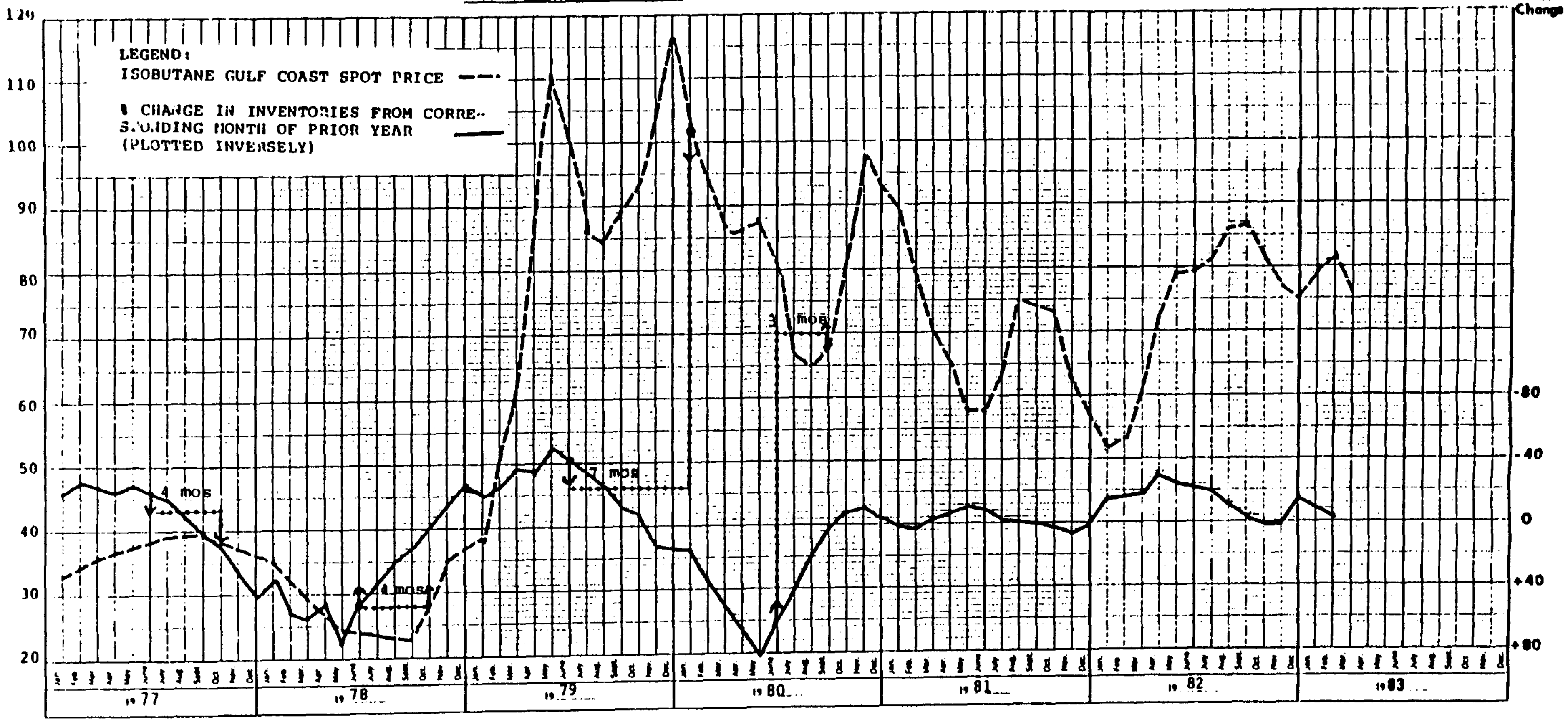


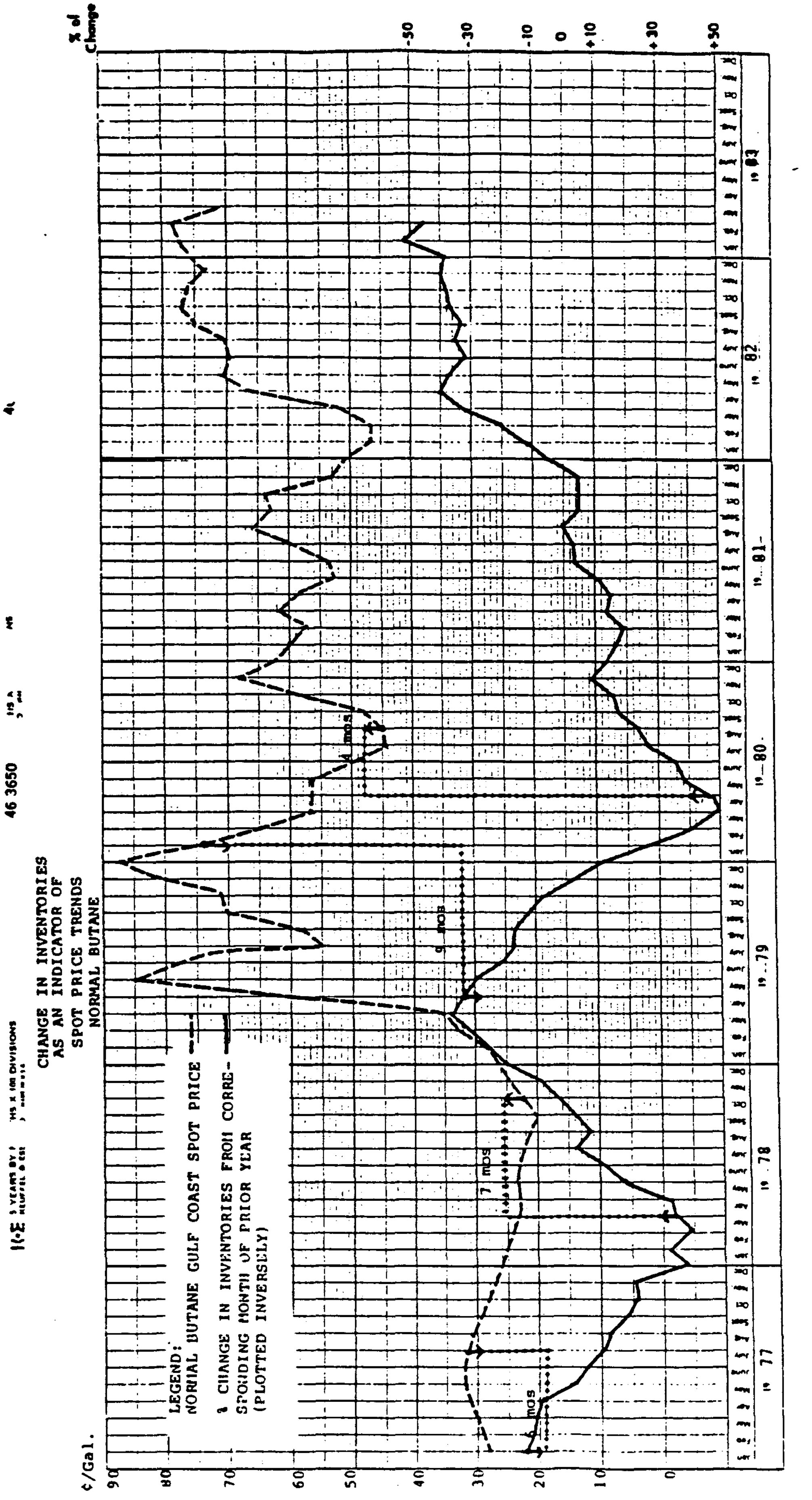
CHANGE IN INVENTORIES AS AN INDICATOR OF SPOT PRICE TRENDS PROPANE

Source: API

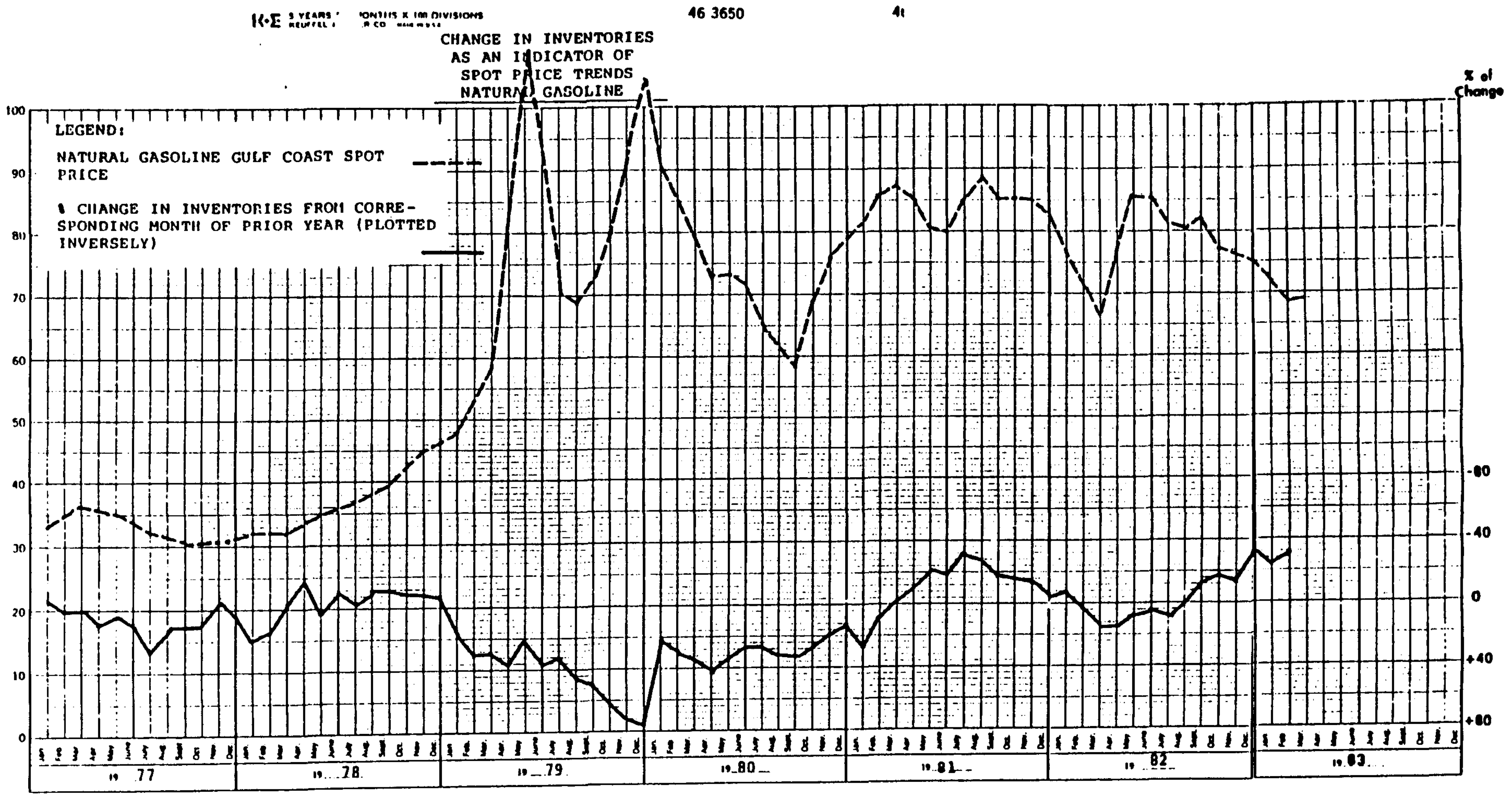
46 3650

CHANGE IN INVENTORIES AS AN INDICATOR OF SPOT PRICE TRENDS ISOBUTANE





CHANGE IN INVENTORIES AS AN INDICATOR OF SPOT PRICE TRENDS NORMAL BUTANE



CHANGE IN INVENTORIES
AS AN INDICATOR OF
SPOT PRICE TRENDS
NATURAL GASOLINE

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

May 13, 1983

Mr. David Calhoun
Occidental Chemical Corporation
P. O. Box 4289
Houston, TX 77210

Dear Dave:

This letter refers to the CONVERSION AGREEMENT dated JULY 24, 1978 between HOOKER CHEMICALS AND PLASTICS CORP. (subsidiary of OCCIDENTAL PETROLEUM COMPANY) and SHELL CHEMICAL COMPANY, as amended by letter dated December 18, 1980.

Article 1, TERM, states in part, either party may terminate as of the last day of the primary period or at any time thereafter by giving notice of termination to the other party at least eighteen (18) months in advance.

Whereas the primary period of the AGREEMENT ends on December 31, 1984, effective notice of termination by either party must be given no later than June 30, 1983.

It is hereby mutually agreed that Article 1, TERM, shall be amended to read, "either party may terminate as of the last day of the primary period or at any time thereafter by giving notice of termination to the other party at least fourteen (14) months in advance."

Very truly yours,

R. F. Weigle
Corporate Account Manager

ACCEPTED AND AGREED TO this ________ day of________________, 1983.

OCCIDENTAL CHEMICAL CORPORATION

By_____________________________

Title________________________

RFW1:66

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

MAR [illegible] 1976

SHELL CHEMICAL COMPANY
A DIVISION OF SHELL OIL COMPANY
600 SUMMER STREET
STAMFORD, CONNECTICUT 06904

TELEPHONE AREA CODE 203
327-3600

CHEMICAL SALES

March 16, 1976

RECEIVED
MAR 19 1976
Wm. E. Sholl

Hooker Chemical Corporation
342 Third Street
P.O. Box 728
Niagara Falls, N.Y. 14302

Attention: Mr. W. E. Sholl, Vice President Purchasing

Gentlemen:

Vinyl Chloride Monomer (VCM)

Please refer to our contract dated October 24, 1974, covering conversion of Chlorine supplied by Hooker into VCM at Shell's Norco facility. According to our contract, the 1976 fee Shell will charge Hooker for use of the Shell Chlorine pipeline between Taft, Louisiana and Norco, Louisiana, as provided in Paragraph 5.2 will be based on toll Chlorine deliveries of 57,920 tons (115,840 M pounds) by Hooker. This quantity relates to Shell's maximum obligation to supply Hooker with 181 million pounds of VCM and Shell's obligated purchase requirement to Chlorine from Hooker of 100,000 tons (200,000 M pounds).

Hooker's payment obligation pertains only to the toll Chlorine shipments. On this basis, Shell proposes to bill Hooker $8,925 per month ($107,100 annually) during 1976 based on target volumes. However, this charge will be adjusted at year end based on the actual movement of all Chlorine through the pipeline and the percentage of the total Chlorine received through the pipeline which Hooker toll Chlorine represents. It will be adjusted, therefore, for Chlorine shipments by third parties who transport their Chlorine through the same pipeline. The charge is based on spent capital, plus operating charges which will be incurred by Shell regardless of volume shipped.

(cont'd. page 2)

Should you have any questions on this matter, please do not hesitate to contact us. If you agree with the foregoing fee charge, please signify your agreement by signing and returning the enclosed copy of this letter.

Sincerely yours,

D. P. Jones / udes.

D. P. Jones, Account Manager
Chemical Sales

DPJ:udes
enc.

AGREED THIS 29 DAY OF March, 1976
Hooker Chemical & Plastics Corp.

BY: T M Barber

TITLE: Manager of Procurement
Raw Materials & Containers

Copy: B Bohula
3/30/76

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

UV 26 1974

SHELL CHEMICAL COMPANY
A DIVISION OF SHELL OIL COMPANY
600 SUMMER STREET
STAMFORD, CONNECTICUT 06904

TELEPHONE AREA CODE 203
327-3600

CHEMICAL SALES

November 21, 1974

NOV 26 1974
A. M.

Mr. Neil M. Barber
Mgr. of Purchases
Hooker Chemicals & Plastics Corp.
P.O. Box 728
Niagara Falls, N.Y. 14302

Dear Neil:

The date of 10/24/72 on the executed copies of the VCM contract apparently is a date that we started originally on re-negotiations. Boy!, how time flies.

I am sure everything will be in order if you will change the date on this contract to 10/24/74 and we will do the same with our copies. All other terms and conditions will remain the same.

Thank you for calling this to our attention - we appreciate your cooperation and patience in these tedious negotiations.

Sincerely yours,

DP Jones

D. P. Jones, Account Manager
Chemical Sales

DPJ:udes

cc: Mr. William Sholl
Hooker Chemical & Plastics Corp.
P.O. Box 728
Niagara Falls, N.Y. 14302

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11/25/74

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

SHELL CHEMICAL COMPANY
A DIVISION OF SHELL OIL COMPANY
ONE SHELL PLAZA
P.O. BOX 2463
HOUSTON, TEXAS 77001

April 10, 1975

Subject: Vinyl Chloride Monomer (VCM)

Hooker Chemical Corporation
345 Third Street
Niagara Falls, New York 14302

Attention Mr. W. E. Sholl, Vice President Purchasing

Gentlemen:

Pursuant to the contract dated October 24, 1974, covering conversion of chlorine supplied by Hooker into VCM at Shell's Norco facility, now in effect, this is to advise of the fee Shell will charge Hooker for use of the Shell chlorine pipeline now in place between Taft, Louisiana, and Norco, Louisiana, as provided in Paragraph 5.2. The fee is based on a reasonable capital charge calculated to cover the cost of installing, maintaining and operating Shell's pipeline. The fee in 1975 is based on chlorine deliveries required for VCM toll conversion equivalent to the contractual entitlement, 62,700 tons, and Shell's obligated purchase requirement, 90,000 tons.

Hooker's payment obligation pertains only to the toll chlorine shipments. On this basis, the fee will amount to approximately $2.00/ton of toll chlorine received from Hooker for Hooker's account. Shell proposes to bill Hooker $10,200 per month during 1975 based on target volumes. However, this charge will be adjusted at year end based on the actual movement of chlorine through the pipeline and the percentage of the total chlorine received which Hooker toll chlorine represents. It will also be adjusted for chlorine shipments by third parties who transport their chlorine through the same pipeline. The charge is based on spent capital plus operating charges which will be incurred by Shell regardless of volume shipped.

Should you have any questions on this matter, please do not hesitate to contact us. If you agree with the foregoing fee charge, please signify your agreement by signing and returning the enclosed copy of this letter.

Very truly yours,

W S Bazard Jr.

W. S. Bazard, Jr.
Account Manager
Corporate Accounts

Enclosure

Agreed this 25 day of September, 1975
HOOKER CHEMICAL CORPORATION

By: ____

Title: Manager of Procurement Raw Materials & Containers

cc - Mr. D. A. Bloomfield
Vice President & General Manager
Hooker Ruco Division
River Road
Burlington, New Jersey 08016

Mr. D. P. Jones
Shell Chemical Company
600 Summer Street
Stamford, Connecticut 06904

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

11/22/74

From: [illegible]

CONFIDENTIAL

AGREEMENT

THIS IS AN AGREEMENT, dated and effective October 24, 1972 by and between SHELL CHEMICAL COMPANY, a division of SHELL OIL COMPANY, a Delaware Corporation, having an office at One Shell Plaza, P. O. Box 2463 Houston, Texas 77001 (hereinafter referred to as "Shell"), and HOOKER CHEMICALS & PLASTICS CORP., a subsidiary of Occidental Petroleum Corporation, a California Corporation, having an office at 345 Third Street, Niagara Falls, New York 14302 (hereinafter referred to as "Hooker").

WHEREAS, Shell and Hooker have entered into a previous Agreement dated January 24, 1973 for the sale by Shell to Hooker of Vinyl Chloride Monomer (hereinafter referred to as "VCM") during the year 1974 and for the conversion by Shell of Hooker's chlorine to VCM subsequently for delivery to Hooker; and

WHEREAS, Shell and Hooker each recognize that the costs of VCM manufacture are increased substantially from those contemplated when entering into said previous Agreement and that future costs for such manufacture are increasingly uncertain owing to the uncertain costs of hydrocarbon supplies for feedstocks and power the escalation in costs for other raw materials, catalyst, utilities, power and labor, and the increased capital and operating costs required to meet Federal, State and Local Government environmental standards and operating requirements; and

WHEREAS, Shell and Hooker each desire to provide for such price and fee changes as are realistic and necessary from time to time for Shell

to maintain its VCM operations at a level of economic viability sufficient to enable Shell to provide for necessary raw materials and other resources so as to sustain the long-term continuity of VCM supply by Shell to Hooker; and

WHEREAS, Shell and Hooker desire to maintain a mutually beneficial long-term Agreement for the conversion of Hooker chlorine into VCM by Shell and for which Hooker is prepared to expand its chlorine manufacturing capacity and for which Shell is prepared to provide VCM conversion capacity on a long-term basis from its VCM plant at Norco, Louisiana;

NOW, THEREFORE; in consideration of the premises and of the mutual covenants and agreements hereinafter set forth, the parties hereto, effective as of January 1, 1974, hereby agree as follows:

WITNESSETH:

1. Term

This Agreement shall be in effect for a primary period of four (4) calendar years beginning January 1, 1974 and ending on December 31, 1977, and from calendar year to calendar year thereafter, either party being able to terminate this Agreement effective at the end of the primary period or at any time thereafter, by giving the other party at least eighteen (18) months prior written notice. In the event either party exercises the right to terminate this Agreement on eighteen (18) months prior written notice effective at any time subsequent to the expiration date of the primary period but not at the end of a calendar year, the rights and duties of the parties with respect to the year of termination shall be prorated in the proportion that

the number of days in the calendar year prior to the effective date of termination bear to the number of days in the calendar year.

2. 1974 Purchase

2.1 During the calendar year 1974 Shell shall sell and deliver and Hooker shall purchase and receive a minimum of 159,000,000 pounds and a maximum of 193,000,000 pounds of VCM FOB Shell's Plant. Hooker and Shell shall have the delegations and rights with regard to these quantities as set out in Paragraphs 3.2 and 3.3 hereof.

The "Base Price" hereunder for the calendar year 1974 shall be 6.75 cents ($0.0675) per pound of VCM, FOB Shell's plant, for all quantities actually shipped. Notwithstanding the foregoing, Hooker shall pay Shell a price of 5.247 cents ($0.05247) per pound of VCM for so long as the Economic Stabilization Act and Regulations issued thereunder prohibit Shell from increasing same.

2.2 The "Base Price" set forth in Paragraph 2.1 above shall be subject to increase or decrease effective as of July 1, 1974 and as of October 1, 1974 by Shell giving Hooker at least thirty (30) days prior written notice.

3. Quantity - Conversion

3.1 During the term of this Agreement after the calendar year 1974 Hooker shall deliver liquid chlorine to Shell, to be held by Shell for Hooker's account and to be converted thereafter into such amounts of VCM as Hooker shall order at a conversion ratio of 0.64 pounds of chlorine to 1.0 pounds of VCM.

3.2 During calendar years 1975, 1976 and 1977, Shell shall convert and deliver to Hooker and Hooker shall accept from Shell VCM in an amount not less than nor more (except with Shell's prior written approval) than the respective minimums and maximums set forth below, but not exceeding, except with Shell's prior written approval, one-tenth (1/10) of the applicable maximum calendar year quantity during any calendar month, or cumulatively one-sixth (1/6) of the applicable calendar year maximum in two (2) succeeding months.

MAXIMUM - MINIMUM QUANTITIES OF VCM CONVERTED (LBS)
PER CALENDAR YEAR

Year	Minimum Quantity	Maximum Quantity
1975	160,000,000	196,000,000
1976	167,000,000	203,000,000
1977	177,000,000	209,000,000

3.3 Hooker shall give written notice to Shell not less than six (6) months prior to each calendar year hereof as to the quantity of VCM it estimates it will require to be converted and/or delivered by Shell during that calendar year within the range of the calendar year minimum and maximum amounts as specified in this Agreement. Subject to the minimum and maximum quantities stated in Paragraphs 2 and 3.2 Hooker shall be required to receive not less than ninety-five (95) percent of the estimated calendar year quantity and Shell shall be required to deliver not more than one hundred five (105) percent of the estimated calendar year quantity in each calendar year covered by this Agreement, unless Shell shall agree in writing to deliver a greater or lesser quantity ordered by Hooker. If in any year Hooker requires and Shell agrees to sell VCM or to convert hereunder amounts of liquid chlorine

into VCM in excess of the calendar year maximum stated in Paragraph 2 or 3.2, then said calendar year maximum and minimum shall be of no further effect for such year and that amount requested by Hooker and agreed to by Shell shall be considered a commitment for such calendar year, and during that year Hooker shall be required to receive not less than 95% and Shell shall be required to deliver not more than 105% of such commitment.

3.4 Shell hereby extends to Hooker a right of first refusal to increase both the 1976 and 1977 quantities of VCM listed in Paragraph 3.2 to 210,000,000 pounds minimum and 260,000,000 pounds maximum per year. To exercise this right of first refusal, Hooker must give Shell written notice prior to July 1, 1975. If at any time prior to the exercise of this right by Hooker, Shell has an opportunity to utilize the conversion capacity represented by the quantities subject to this right of first refusal for sales to or for conversions for third parties, Shell shall notify Hooker to this effect in writing setting out the quantity involved and Hooker shall have three (3) months thereafter to exercise its right of first refusal to accept such quantities of VCM according to the terms hereof with delivery beginning 7 months following the date of Shell's notice. In the event Hooker elects not to accept such quantities of VCM, then Shell shall be relieved from any further obligation under this subsection. All of the foregoing relative to said right of first refusal shall be applicable only if, at the time Hooker gives written notice of its desire to exercise such right, Shell's projections indicate that it will have available to it at its Norco, Louisiana Plant, the raw materials needed to manufacture the increased quantities of VCM at costs no greater than for raw materials used to manufacture VCM not subject to this right

for the same calendar years (1976 and 1977). If such costs of raw materials as may be available to Shell as are needed to manufacture the increased quantities of VCM exceed costs for raw materials not subject to this right, Hooker shall have the option to pay such increased costs and exercise said right of first refusal. Shell will promptly notify Hooker of any contrary indication upon receipt of Hooker's said notice, in which event such right of first refusal shall be inoperative and of no force or effect. Conversion fees for any optional amounts of VCM above the applicable maximum quantity in Paragraph 3.2 shall be determined in the following way:

3.4.1 Shell will specify a conversion fee for the 1976 optional quantity before November 30, 1975. If the "Specified Fee" is not accepted by Hooker before December 15, 1975, then the Hooker right of first refusal on these optional quantities for 1976 and 1977 shall be of no further force or effect and the applicable quantities of VCM shall revert to those designated in Paragraph 3.2. The "Specified Fee" or any other fee for the 1976 and 1977 optional quantity subsequently in effect hereunder shall be subject to increase or decrease any time after it has been in effect for ninety (90) days by Shell giving Hooker at least thirty (30) days prior written notice. Shell warrants that until January 1, 1978 any such increase or decrease in the "Specified Fee" for the optional quantities of VCM provided hereunder will be determined according to the following formula:

$$\text{Optional Quantity Fee} = SF+0.0061(A-A_2)+0.0014(B-B_2)+0.0032(C-C_2)+D$$

where the terms used in the formula have the following definitions:

SF = Specified Fee as set forth in Paragraph 3.4.1

A = Crude Oil Price in Cents per Barrel

B = Average Labor Rate in Cents per Hour

C = Commodity Index Number

D = Extraordinary Costs in Cents per Pound of VCM

These terms are defined more specifically in Appendix I attached hereto and made a part hereof. A_2, B_2 and C_2 are the base numbers as more specifically defined in Appendix from which the Optional Quantity Fee shall be computed.

3.5 If this agreement shall continue subsequent to the calendar year 1977 in effect the optional quantities of VCM shall be the same as those applicable to the calendar year 1977.

4. Conversion Fees - Terms of Payment

4.1 The "Base Conversion Fee" hereunder shall be 5.25 cents ($0.0525) per pound, FOB Shell's plant, for all quantities of VCM as specified in Paragraph 3.2 hereunder which are actually shipped during the term hereof beginning with the calendar year 1975. The Base Conversion Fee shall be subject to increase or decrease January 1, 1975 and as of the first day of each succeeding calendar quarter in accordance with the premises hereof by Shell giving Hooker at least thirty (30) days prior written notice. Shell warrants that until January 1, 1978 any such increase or decrease in the Base Conversion Fee applicable to the conversion of chlorine supplied by Hooker into VCM as provided hereunder in quantities as determined pursuant to Paragraph 3.2 above will be determined according to the following formula:

Escalated Conversion Fee = $BCF+0.0061(A-A_1)+0.0014(B-B_1)+0.0032(C-C_1)+D$ where the terms used in the formula have the following definitions:

BCF = Base Conversion Fee as set forth above

A = Crude Oil Price in Cents per Barrel

B = Average Labor Rate in Cents per Hour

C = Commodity Index Number

D = Extraordinary Costs in Cents per Pound of VCM

These terms are defined more specifically in Appendix I attached hereto and made a part hereof. A_1, B_1 and C_1 are the base numbers as more specifically defined in Appendix I from which the Escalated Conversion Fee shall be computed.

4.2 In the event Shell elects to continue the manufacture and marketing of commercial quantities of VCM subsequent to the calendar year 1977, the primary period shall extend to December 31, 1979 or for so long until December 31, 1979 as Shell may so elect and in such event Shell will, before December 31, 1975 or as soon thereafter as it may so reasonably determine, so notify Hooker and the parties hereto will begin negotiations in good faith and endeavor to reach agreement before July 1, 1976 on the basis for establishing conversion fees applicable to the calendar year 1978 and thereafter. In the event the parties do not reach agreement on the basis for establishing conversion fees for the calendar year 1978 and subsequently, this Agreement shall terminate December 31, 1977.

4.3 For any calendar year after 1974, if Hooker provides Shell satisfactory written evidence of any offer from a domestic third party, made without

disclosure by Hooker of Shell's applicable conversion fee, of a conversion fee applicable to the receipt by Hooker of at least 75 million pounds of VCM for such calendar year and said offered conversion fee is lower by more than 0.1 cents ($0.001) per pound of VCM in the basis of delivered cost FOB Hooker's plant than Shell's applicable conversion fee plus Hooker's delivery costs in effect for the same time period, then unless Shell elects within thirty (30) days and so advises Hooker in writing to meet such third party conversion fee offer for the quantities so offered, such quantities shall be deducted from the base quantities deliverable to Hooker by Shell hereunder for such calendar year.

In the event Shell elects to meet such a competitive offer, it is agreed that no later offer of the same competitor or of the same parcel, made within twelve (12) months of the date of Shell's election, shall be considered to be a competitive offer.

4.4 Payment for VCM shall be made to Shell within thirty (30) days from the date of Shell's invoice for VCM delivered to Hooker or to Hooker's order. In the event that in any calendar year Hooker fails to accept the required minimum quantity of VCM as specified in Paragraphs 2 and 3.2 (as the same may be reduced under Paragraph 9), or as may be modified by Paragraphs 3.3, 3.4 or 3.5 Hooker shall pay Shell within 30 days after the beginning of the next calendar year the sum 0.75¢ multiplied by a figure equal to the difference between the number of pounds actually accepted by Hooker during such calendar year and the required minimum quantity, subject to the following conditions. After it has sold all of the VCM production capacity of its

Norco, Louisiana and Houston, Texas Plants for such year, exclusive of Hooker's minimum quantity hereunder for that year, Shell shall use diligent efforts to sell that portion of such minimum quantity not accepted by Hooker; and Hooker will be allowed a credit against the amount due to Shell hereunder for such unaccepted quantity equal to the amount received by Shell from the sale of such quantity, or any part thereof, to the extent only, however, that the amount so received by Shell from any such sale exceeds Shell's actual cost of chlorine for production of the said quantity of VCM plus an amount determined by subtracting 0.75¢ per pound from the amount Hooker would have paid Shell for such quantity of VCM had it accepted the same hereunder. Shell shall not be obligated, however, to sell VCM specified in the foregoing sentence at a price which, in Shell's sole judgment, would be lower than fair market value and in no event shall Hooker be allowed a credit exceeding 0.75¢ per pound for sale by Shell of VCM not accepted by Hooker. It is expressly understood, however, that if during the term of this Agreement Shell supplies VCM produced at its Norco, Louisiana and Houston, Texas Plants to parties other than Hooker under contract requiring such parties to take minimum annual quantities of VCM so produced, any sales by Shell of minimum quantities not accepted by Hooker and such other parties shall be attributed to such parties ratably for purpose of computing the above credit to Hooker.

If for any reason other than provided for in Paragraph 9, Shell fails to deliver VCM up to the required maximum quantity as may be ordered by Hooker in accordance with provisions of this Agreement, Shell shall pay Hooker 0.75¢ per pound for such undelivered VCM so ordered by Hooker.

5. Orders - Deliveries

5.1 Not less than ten (10) days prior to the beginning of each month hereof Hooker shall submit to Shell a notice setting out the quantity of VCM ordered for such month.

5.2 Shell has provided written notice indicating the availability of a connecting chlorine pipeline proposed by Shell hereunder. Therefore, Hooker will provide and maintain necessary facilities, including a pipeline to Hooker's Taft, Louisiana property line at Hooker's cost and expense to deliver such amounts of liquid chlorine as required to produce the appropriate quantity of VCM as specified hereunder. Shell proposes to transport such quantities of chlorine from Hooker's property line to Shell's Norco, Louisiana Plant in a proposed pipeline to be built and maintained at Shell's cost and expense. Hooker shall pay Shell on a monthly basis a reasonable pipeline charge for chlorine transported through Shell's pipeline and used for conversion to Hooker's VCM. Shell's pipeline charge will be computed by Shell and be comprised of a reasonable capital charge based on costs for installing Shell's pipeline and on operating costs both prorated on the basis that Hooker's throughput of chlorine for conversion to Hooker's VCM bears to the total throughput of chlorine through the line provided, however, that such pipeline charge shall not exceed Hooker's equivalent rail cost for movement of chlorine in Hooker's 90 ton rail cars from Hooker's Taft, Louisiana Plant to Shell's Norco, Louisiana Plant. The weight of chlorine delivered by pipeline for conversion to VCM hereunder shall be determined by Hooker's weigh tanks or by other means as may be mutually acceptable. Should Governmental restrictions prevent installation or usage of such pipeline for chlorine transportation, then Hooker shall deliver, at Hooker's expense, the aforementioned chlorine to Shell's

Norco, Louisiana Plant by 90 ton rail cars or other means agreeable to both parties. In the event Shell does not have the pipeline available for delivery of chlorine by January 1, 1975 Hooker shall use its best efforts to commence deliveries by 55 and/or 90 ton tank cars at Hooker's expense for so long as said pipeline is not available. Shell shall provide suitable facilities for receipt of such chlorine at the locations described herein. The weight of chlorine, delivered into Shell's facilities by tank car sufficient to satisfy the conversion ratio stated hereunder, shall be determined as specified in Exhibit C.

5.3 Shell shall deliver all VCM converted (or sold) hereunder FOB Shell's Norco, Louisiana Plant into Hooker's tank cars, of a capacity to be mutually agreed upon. The quantity or weight of VCM delivered into Hooker's tank cars shall be determined by railroad weight scales and certified weigh tickets shall be supplied for verification. In the event Hooker elects to verify Shell's measurements of the quantity of VCM delivered hereunder and differences in excess of 1% are uncovered in any car, such excess overages or shortages, if substantiated, shall be subject to billing adjustments. Tank Car "heel" allowance for VCM shall be computed on the basis of the standard factor at 5 psig of three (3) pounds per 100 gallons of car capacity provided such tank cars are made available to Shell with a VCM pressure of between five (5) and ten (10) psig prior to loading.

6. GOVERNMENTAL CHARGES

All new and increased domestic or foreign taxes and other governmental charges other than those based on income, which are imposed after December 31, 1973 on VCM, or on the feedstocks or process materials used to produce the VCM, or on Shell (including without limitation its VCM manufacturing facilities), or required to be paid or collected by Shell by reason of the sale, production, conversion, transportation, or delivery of the VCM hereunder, shall be paid to Shell by Hooker in addition to the prices and conversion fees herein specified and within fifteen (15) days after receipt of Shell's statement.

7. Title

Title to all chlorine delivered to Shell and held by Shell for Hooker's account and all VCM converted hereunder shall be and remain in Hooker, but Shell shall have the right to commingle the same with its own chlorine and VCM or with that held by Shell for a third party.

Responsibility for all losses or damage of the chlorine delivered hereunder shall be in Shell after receipt of the same by it in Shell's facilities as stated herein, except where the same arises out of the negligence of Hooker.

Responsibility for all losses or damage of the VCM converted (or sold) hereunder shall be in Shell until the same is delivered to Hooker into tank cars as provided for hereunder except where the same arises out of the negligence of Hooker.

Any chlorine required for conversion in excess of the conversion ratio shall be supplied by Shell at no cost to Hooker. Title to any chlorine remaining in storage at the end of any calendar year because of conversion efficiencies shall transfer to Shell.

8. Liabilities - Claim

Hooker warrants that the chlorine delivered hereunder and Shell warrants the VCM converted (or sold) hereunder will meet the specifications set forth respectively in Exhibit A and Exhibit B, but Shell and Hooker make NO OTHER WARRANTIES hereunder, WHETHER ON MERCHANTABILITY, FITNESS OR OTHERWISE AND NONE SHALL BE IMPLIED. Hooker shall accept Shell's analysis of VCM converted or sold hereunder as determined on the contents of Shell's storage spheres prior to delivery to Hooker and Hooker shall accept Shell's Certificate of Analysis therefor as representative of the quality of the VCM delivered hereunder with respect to meeting the specifications warranted.

Responsibility for all claims arising directly or indirectly out of the chlorine delivered hereunder shall be in Shell during unloading and discharge and after receipt of the same by Shell in its facilities as stated herein, except where the same arises out of the negligence of Hooker.

Responsibility for all claims arising directly or indirectly out of the VCM converted (or sold) hereunder shall be in Shell until the same is delivered to Hooker into tank cars as provided for hereunder, except where the same arises out of the negligence of Hooker.

Shell shall have no liability for, and Hooker shall indemnify Shell against all claims, loss liability and expense on account of, any injury or death of persons (including Hooker's employees) or damage to property (including Hooker's) caused by or happening in connection with Hooker's unloading, storage, handling or use of the VCM delivered hereunder, unless due to negligence of Shell, its agents or employees in the manufacture or loading of the product, or defects in the tank cars furnished for transportation of the product.

Hooker shall have no liability for, and Shell shall indemnify Hooker against all claims, loss liability and expense on account of, any injury or death of persons (including Shell's employees) or damage to property (including Shell's) caused by or happening in connection with Shell's receiving, unloading, transporting, storage, handling, or use of chlorine delivered hereunder, unless due to negligence of Hooker, its agents or employees, in the manufacture or handling of the product or facilities for transportation of the product.

Neither Shell nor Hooker shall have any liability to the other for any claims arising directly or indirectly out of or in connection with this Agreement, unless the claimant gives the other party notice of the claim (setting forth fully the facts on which it is based) within sixty (60) days after the date of discovery, or other transaction or occurrence giving rise to the claim. Claims shall in any case be limited to the value of VCM or chlorine as appropriate where for such purpose the value of VCM shall be assumed as if comprised of the conversion fee applicable plus 0.64 multiplied by the value of chlorine and the value of chlorine shall be taken

as Hooker's average selling price for bulk chlorine sold under long-term contract for delivery from Hooker's Taft, Louisiana chemical plant; and neither party shall ever be liable for any indirect, special or consequential damages.

9. Excuses for Non-Performance

Either Shell or Hooker shall be excused from its obligations hereunder when and to the extent that performance is delayed, impaired, or prevented (a) by any circumstances (except financial) reasonably beyond its control, or (b) by fire, explosion, breakdown in machinery or equipment, plant shutdown, or failure of catalyst, or riots, strikes, labor disputes, voluntary or involuntary compliance with any law, order, regulation, recommendation, or request of any governmental authority, (including, without limitation, those relating to economic stabilization or product allocation), or total or partial failure of the usual means of transportation of chlorine, ethylene, dichloroethane or VCM, or inability or delay in obtaining all or any part of the feedstocks or process materials used in the manufacture of VCM from Shell's earlier planned or established internal or third party sources of supply. As used herein, "labor dispute" means any controversy to which either Shell or Hooker has an interest, involving wages, hours or working conditions and includes any strike, picketing, lockout, suspension of construction or any other action taken in connection with or because of the labor dispute. Neither Shell nor Hooker shall have any obligation to participate in any settlement of a labor dispute, or to request its agents or contractors to do so except where the same is acceptable to such party in its

sole judgment. The quantities of VCM consequently undelivered as a result of causes excused hereunder shall not be required to be made up by Shell or Hooker upon resumption of full deliveries of VCM hereunder and such VCM quantities shall be deducted from the obligated quantities applicable to the then calendar year. In the event that Shell is excused from delivering any quantity of VCM due to any of the causes specified above, Shell shall have the right to apportion, solely according to Shell's judgment, the productive capacity being utilized to include Hooker, and Shell shall have no obligation in the event of any excused causes specified above to purchase VCM to perform hereunder or to purchase feedstocks or process materials from sources not previously established or to utilize any internal sources of supply of the same to perform hereunder.

If Shell's performance is excused hereunder due to inability to obtain feedstocks or process materials used in the manufacture of VCM from Shell's earlier planned or established sources, Shell shall use diligent efforts to obtain such feedstocks or process materials from other than earlier planned or established sources but fees hereunder shall be adjusted to reflect any increase in cost to Shell. If Shell is unable to obtain such feedstocks, Hooker, at its option, on reasonable notice and at Hooker's cost may provide such feedstocks to Shell by mutually agreeable delivery methods and Shell shall convert VCM from such feedstocks provided by Hooker for delivery to Hooker for so long as Shell's excused performance continues hereunder but fees shall be adjusted to reflect the corresponding decrease in cost of feedstocks to Shell.

Should excused deliveries of VCM or chlorine hereunder continue for a period in excess of one hundred twenty (120) days, the party whose performance is not excused during this period may cancel this Agreement effective sixty (60) days after written notice given following expiration of the aforesaid one hundred twenty (120) day period, provided that deliveries have not resumed at a rate corresponding to the minimum required by this Agreement before expiration of such sixty (60) days.

10. Assignability

Neither this Agreement nor any claim arising directly or indirectly out of or in connection therewith shall be assignable by either party or by operation of law without the written consent of the other party, which consent shall not be unreasonably withheld, except that either party may assign its rights hereunder, subject to the obligation thereof, to any successor of substantially all of its business assets pertaining to VCM or chlorine production or the use thereof as a raw material, as applicable.

11. Remedies

In the event of any breach by either party of any of the provisions of this Agreement, the other party shall have the right in addition to any other rights or remedies it may have to suspend or refuse deliveries hereunder and/or to terminate this Agreement by notice to the defaulting party effective as of the date of such notice. Either party's right to require strict performance of the obligation of the other shall not be affected in any way by any previous waiver, forebearance or course of dealing.

12. Notices

All notices or demands under this Agreement, whether required by the terms hereof or otherwise, shall be in writing and shall be delivered or mailed by certified or registered mail, return receipt requested, to the following addresses of the parties or to such other addresses as may be hereafter designated in writing by the respective parties:

If to Hooker: Hooker Chemical Corporation
345 Third Street
Niagara Falls, New York 14302

If to Shell: Shell Chemical Company
A Division of Shell Oil Company
P. O. Box 2463
One Shell Plaza
Houston, Texas 77001
Attention Manager Chemical Intermediates

13. Laws Governing Contract

This Agreement shall be governed under the laws of the State of New York.

14. Entirety - Execution

This Agreement comprises the entire Agreement and merges and supersedes all prior agreements, understandings and representations (oral or written) between Shell and Hooker concerning the subject matter hereof, including specifically said previous Agreement of January 24, 1973. Neither this Agreement nor any subsequent Agreement amending or supplementing this Agreement shall be binding on Shell or Hooker unless and until it has been

signed on Shell's or Hooker's behalf by a duly authorized representative, and commencement of performance hereunder or under any such subsequent Agreement shall not constitute a waiver of this requirement.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement in duplicate as of the day and date first written above.

SHELL CHEMICAL COMPANY A Division of Shell Oil Company	HOOKER CHEMICALS & PLASTICS CORP.
By:	By:

EXHIBIT A

CHLORINE SPECIFICATIONS

Chlorine	99.5% Volume
Chlorinated Compounds	1,000 ppm max.
Non-Volatile Matter	100 ppm max.
Water	30 ppm max.
Bromine	100 ppm max.

EXHIBIT B

SPECIFICATIONS FOR VINYL CHLORIDE

SPECIFICATIONS	MAXIMUM
Acetylene, mol ppm	3.0
Acetaldehyde, mol ppm	5.0
Butadiene, mol ppm	10.0
Water, weight ppm	100.0
Acidity (as HCl), weight ppm	2.0
Non-Volatiles, weight ppm	200.0
Iron, weight ppm	0.5
Color	Colorless
Appearance	Clear and free from suspended matter
Stabilizer	None added

EXHIBIT C

Measurements of the net quantity of chlorine shipped to Shell in tank cars shall be made using railroad type weigh scales. The type of scales and their calibration and use in weighing shall conform to requirements as set forth in the National Bureau of Standards in N.B.S. Handbook 44, the latest edition, or a maintenance measuring tolerance of ±0.2% of true weight.

The weigh scale used shall be the stationary weighing type for weighing cars at rest. The weigh scale weight capacity and weighing platform length shall enable weighing cars in a single weighing or draft. Cars to be weighed shall be uncoupled from any other railroad equipment when placed on the scale for weighing.

The weigh scale shall be calibrated monthly. Shell representatives shall have the privilege of witnessing each weigh scale calibration in addition to the routine weighing of cars. The supplier shall furnish copies of documents that will establish that calibration test weight cars are certified by N.B.S. weigh scales. Documents shall also be furnished for evidence and the integrity of all calibration and maintenance work. Copies of N.B.S. certificates shall be furnished by the supplier to Shell for all test weight cars used for weigh scale calibration.

Weigh scale calibration shall include using N.B.S. certified weights for 100% of maximum gross weight of cars loaded with chlorine.

Weigh scale repeatability shall be determined from three successive weight measurements of a test weight for 100% of the range of measurement. The weighing procedure used, including test weight car placement, re-zeroing

of scales, etc., shall be based upon N.B.S. Handbook 44 and should be included in written procedures to be furnished by the supplier for the mutual use of the supplier and Shell in all calibration and routine weighing. The weigh scale repeatability shall not exceed the minimum weigh scale indicated weight graduation. Shell shall have the privilege of witnessing or requesting that routine spot checks be made by the supplier of the weigh scale performance by determining the weigh scale repeatability by successively weighing a selected car loaded with chlorine three separate times.

Security measures shall include the use of serially numbered security seals. Seals shall be provided to assure that the integrity of measurement is assured by prevention of unauthorized tampering or adjustment of any weigh scale mechanism following its calibration. Sealing devices shall be installed after each weigh scale calibration and this action witnessed by a Shell representative. The supplier shall record all seal serial numbers and Shell shall be contacted and advised whenever removal of a seal is necessary. Verification of seal serial numbers shall be done and witnessed by Shell prior to that removal for weigh scale maintenance and calibration. The number and location of all seals shall be mutually agreed upon by the supplier and Shell to assure realizing adequate security.

The tare or light weight of each car to be loaded is to be measured immediately before loading with chlorine. A weigh document for each loaded car shall be furnished to Shell which shall include the time of day, date, weight, weigher and car number for the tare and gross weight. Car seal numbers shall be recorded for the gross weight. In each weighing, the weigh scales shall be re-zeroed before the car to be weighed is placed on the scales.

APPENDIX I

PAGE 1

A, A_1 AND A_2

CRUDE OIL PRICE

"A" shall equal the volumetric average delivered cost of the crude oils, condensates, natural gas liquids, and natural gas used as a raw material and processing and blend stocks which are recorded as intakes to Shell's refineries expressed in cents per barrel where the "current period" shall be the preceding months of September and October for the calendar quarter commencing January 1st, December-January for the calendar quarter commencing April 1st, March-April for the calendar quarter commencing July 1st and June-July for the calendar quarter commencing October 1st. "A_1" is the volumetric average delivered cost for the fourth calendar quarter of 1973 and is 563 cents per barrel. "A_2" is the volumetric average delivered value determined and entered as "A" during the months September-October 1975 for the determination of the escalated conversion fee to be effective January 1, 1976. These values, in addition to those determined pursuant to "D" as hereinafter described, are considered to be proprietary to Shell and, therefore, the values are not to be revealed to others by Hooker.

APPENDIX I

PAGE 2

B, B_1 AND B_2

LABOR RATES

B shall equal the arithmetical average, expressed in cents per hour, of the "average hourly earnings", Industrial Chemicals, reported for the "current period" (as identified below) by the United States Bureau of Labor Statistics in Table C-2 in the publication, "Employment and Earnings".

B_1 shall be the arithmetical average, expressed in cents per hour, of the "average hourly earnings", Industrial Chemicals, reported for the period October, November, December, 1973 and is 511 cents per hour.

The "current period" shall be the preceding months of December-February (inclusive) for the calendar quarter commencing July 1st, March-May (inclusive) for the calendar quarter commencing October 1st, June-August (inclusive) for the calendar quarter commencing January 1st and September-November (inclusive) for the calendar quarter commencing April 1st.

B_2 shall be the arithmetic average, expressed in cents per hour, of the "average hourly earnings", Industrial Chemicals, entered as B above during the fourth quarter 1975 for the determination of the Escalated Conversion Fee to be effective January 1, 1976.

Should the method of computing the hourly earnings referred to herein be changed, or should publication of same be discontinued or substantially delayed, the parties hereto shall agree upon the use of another similar labor rate compilation and shall adjust the Labor Rate Base to conform to the calculation method of the new compilation.

APPENDIX I

PAGE 3

C, C_1 AND C_2

COMMODITY INDICES

C shall equal the arithmetical averages of the latest final Wholesale Commodity Price Indices for Industrial Commodities reported for the "current period" (as identified below) by the United States Bureau of Labor Statistics in the publication "Wholesale Prices and Price Indices".

C_1 shall be the arithmetical average of the final Wholesale Commodity Price Indices for Industrial Commodities reported for the "base period" (as identified below) in the above-mentioned publication and table.

The "current period" and the "base period" shall include the identical months specified under "Labor Rates" for calculation of B and B_1 above. The base period index (C_1) is 133.4.

C_2 shall be the arithmetical average of the final Wholesale Commodity Price Indices for Industrial Commodities entered as C above during the fourth quarter 1975 for the determination of the Escalated Conversion Fee to be effective January 1, 1976.

Should the method of computing the Wholesale Commodity Price Index referred to herein be changed, or should publication of same be discontinued or substantially delayed, the parties hereto shall agree upon the use of another similar index and shall adjust the Wholesale Commodity Price Index Base to conform to the calculation method of the new index selected. If a new reference base is established, the Wholesale Commodity Price Index Base shall be converted to the new base by factors published by the Bureau of Labor Statistics. If the weighting structure is revised, the unofficial index will be used until the official index is released.

D

EXTRAORDINARY COSTS

Shell and Hooker each recognize that, owing to the uncertanties in, but not limited to, future Federal, State and Local operation requirements and environmental standards, in new requirements to protect safety and health of employees and the public, and in figure equipment performance from corrosion and maintenance standpoints, it is impractical as of the date of this Agreement to establish a fixed formula for escalation of the Base Conversion Fee to cover these costs on an equitable basis for as many years into the future as the intended duration of this Agreement. Each party agrees, however, that it is their intent such extraordinary costs incurred by Shell after May 1, 1974 shall be added to the Base Conversion Fee or applicable conversion fee described in Paragraph 4.1 based upon Shell's actual cost experience for the "current period" as specified under "Labor Rates" for calculation of B, B_1 and B_2 above. Shell's extraordinary cost fee will be computed by Shell and be comprised of a reasonable capital charge based on costs for installing new equipment, if any, and on new operating costs, if any, both prorated on the basis that Hooker's VCM conversion quantities during the period for which Shell's extraordinary costs are being computed for purposes of fee adjustment bear to a total VCM production for the period involved at the facility from which Hooker is receiving

deliveries of VCM as provided hereunder. Costs will not be considered extraordinary unless they exceed $350,000 for the productive capacity being utilized to include Hooker. Shell will give Hooker such advance notice of its non-binding best estimate of such extraordinary costs as soon as reasonably possible, but increases attributed to actual extraordinary costs as computed above will not be effective until notice of such increase is given pursuant to Paragraphs 3.4.1 and 4.1 hereunder. Decisions as to the necessity and type of such extraordinary costs shall reside solely with Shell.

CONFIDENTIAL

AGREEMENT

THIS IS AN AGREEMENT, dated and effective ____________________ by and between SHELL CHEMICAL COMPANY, a division of SHELL OIL COMPANY, a Delaware Corporation, having an office at One Shell Plaza, P. O. Box 2463 Houston, Texas 77001 (hereinafter referred to as "Shell"), and HOOKER CHEMICAL CORPORATION, a subsidiary of Occidental Petroleum Corporation, a California Corporation, having an office at 345 Third Street, Niagara Falls, New York 14302 (hereinafter referred to as "Hooker").

WHEREAS, Shell and Hooker have entered into a previous Agreement dated January 24, 1973 for the sale by Shell to Hooker of Vinyl Chloride Monomer (hereinafter referred to as "VCM") during the year 1974 and for the conversion by Shell of Hooker's chlorine to VCM subsequently for delivery to Hooker; and

WHEREAS, Shell and Hooker each recognize that the costs of VCM manufacture are increased substantially from those contemplated when entering into said previous Agreement and that future costs for such manufacture are increasingly uncertain owing to the uncertain costs of hydrocarbon supplies for feedstocks and power the escalation in costs for other raw materials, catalyst, utilities, power and labor, and the increased capital and operating costs required to meet Federal, State and Local Government environmental standards and operating requirements; and

WHEREAS, Shell and Hooker each desire to provide for such price and fee changes as are realistic and necessary from time to time for Shell

to maintain its VCM operations at a level of economic viability sufficient to enable Shell to provide for necessary raw materials and other resources so as to sustain the long-term continuity of VCM supply by Shell to Hooker; and

WHEREAS, Shell and Hooker desire to maintain a mutually beneficial long-term Agreement for the conversion of Hooker chlorine into VCM by Shell and for which Hooker is prepared to expand its chlorine manufacturing capacity and for which Shell is prepared to provide VCM conversion capacity on a long-term basis from its VCM plant at Norco, Louisiana;

NOW, THEREFORE; in consideration of the premises and of the mutual covenants and agreements hereinafter set forth, the parties hereto, effective as of January 1, 1974, hereby agree as follows:

WITNESSETH:

1. Term

This Agreement shall be in effect for a primary period of four (4) calendar years beginning January 1, 1974 and ending on December 31, 1977, and from calendar year to calendar year thereafter, either party being able to terminate this Agreement effective at the end of the primary period or at any time thereafter, by giving the other party at least eighteen (18) months prior written notice. In the event either party exercises the right to terminate this Agreement on eighteen (18) months prior written notice effective at any time subsequent to the expiration date of the primary period but not at the end of a calendar year, the rights and duties of the parties with respect to the year of termination shall be prorated in the proportion that

the number of days in the calendar year prior to the effective date of termination bear to the number of days in the calendar year.

2. 1974 Purchase

2.1 During the calendar year 1974 Shell shall sell and deliver and Hooker shall purchase and receive a minimum of 159,000,000 pounds and a maximum of 193,000,000 pounds of VCM FOB Shell's Plant. Hooker and Shell shall have the delegations and rights with regard to these quantities as set out in Paragraphs 3.2 and 3.3 hereof.

The "Base Price" hereunder for the calendar year 1974 shall be 6.75 cents ($0.0675) per pound of VCM, FOB Shell's plant, for all quantities actually shipped. Notwithstanding the foregoing, Hooker shall pay Shell a price of 5.247 cents ($0.05247) per pound of VCM for so long as the Economic Stabilization Act and Regulations issued thereunder prohibit Shell from increasing same.

2.2 The "Base Price" set forth in Paragraph 2.1 above shall be subject to increase or decrease effective as of July 1, 1974 and as of October 1, 1974 by Shell giving Hooker at least thirty (30) days prior written notice.

3. Quantity - Conversion

3.1 During the term of this Agreement after the calendar year 1974 Hooker shall deliver liquid chlorine to Shell, to be held by Shell for Hooker's account and to be converted thereafter into such amounts of VCM as Hooker shall order at a conversion ratio of 0.64 pounds of chlorine to 1.0 pounds of VCM.

3.2 During calendar years 1975, 1976 and 1977, Shell shall convert and deliver to Hooker and Hooker shall accept from Shell VCM in an amount not less than nor more (except with Shell's prior written approval) than the respective minimums and maximums set forth below, but not exceeding, except with Shell's prior written approval, one-tenth (1/10) of the applicable maximum calendar year quantity during any calendar month, or cumulatively one-sixth (1/6) of the applicable calendar year maximum in two (2) succeeding months.

MAXIMUM - MINIMUM QUANTITIES OF VCM CONVERTED (LBS)
PER CALENDAR YEAR

Year	Minimum Quantity	Maximum Quantity
1975	160,000,000	196,000,000
1976	167,000,000	203,000,000
1977	177,000,000	209,000,000

3.3 Hooker shall give written notice to Shell not less than six (6) months prior to each calendar year hereof as to the quantity of VCM it estimates it will require to be converted and/or delivered by Shell during that calendar year within the range of the calendar year minimum and maximum amounts as specified in this Agreement. Subject to the minimum and maximum quantities stated in Paragraphs 2 and 3.2 Hooker shall be required to receive not less than ninety-five (95) percent of the estimated calendar year quantity and Shell shall be required to deliver not more than one hundred five (105) percent of the estimated calendar year quantity in each calendar year covered by this Agreement, unless Shell shall agree in writing to deliver a greater or lesser quantity ordered by Hooker. If in any year Hooker requires and Shell agrees to sell VCM or to convert hereunder amounts of liquid chlorine

into VCM in excess of the calendar year maximum stated in Paragraph 2 or 3.2, then said calendar year maximum and minimum shall be of no further effect for such year and that amount requested by Hooker and agreed to by Shell shall be considered a commitment for such calendar year, and during that year Hooker shall be required to receive not less than 95% and Shell shall be required to deliver not more than 105% of such commitment.

3.4 Shell hereby extends to Hooker a right of first refusal to increase both the 1976 and 1977 quantities of VCM listed in Paragraph 3.2 to 210,000,000 pounds minimum and 260,000,000 pounds maximum per year. To exercise this right of first refusal, Hooker must give Shell written notice prior to July 1, 1975. If at any time prior to the exercise of this right by Hooker, Shell has an opportunity to utilize the conversion capacity represented by the quantities subject to this right of first refusal for sales to or for conversions for third parties, Shell shall notify Hooker to this effect in writing setting out the quantity involved and Hooker shall have three (3) months thereafter to exercise its right of first refusal to accept such quantities of VCM according to the terms hereof with delivery beginning 7 months following the date of Shell's notice. In the event Hooker elects not to accept such quantities of VCM, then Shell shall be relieved from any further obligation under this subsection. All of the foregoing relative to said right of first refusal shall be applicable only if, at the time Hooker gives written notice of its desire to exercise such right, Shell's projections indicate that it will have available to it at its Norco, Louisiana Plant, the raw materials needed to manufacture the increased quantities of VCM at costs no greater than for raw materials used to manufacture VCM not subject to this right

for the same calendar years (1976 and 1977). If such costs of raw materials as may be available to Shell as are needed to manufacture the increased quantities of VCM exceed costs for raw materials not subject to this right, Hooker shall have the option to pay such increased costs and exercise said right of first refusal. Shell will promptly notify Hooker of any contrary indication upon receipt of Hooker's said notice, in which event such right of first refusal shall be inoperative and of no force or effect. Conversion fees for any optional amounts of VCM above the applicable maximum quantity in Paragraph 3.2 shall be determined in the following way:

3.4.1 Shell will specify a conversion fee for the 1976 optional quantity before November 30, 1975. If the "Specified Fee" is not accepted by Hooker before December 15, 1975, then the Hooker right of first refusal on these optional quantities for 1976 and 1977 shall be of no further force or effect and the applicable quantities of VCM shall revert to those designated in Paragraph 3.2. The "Specified Fee" or any other fee for the 1976 and 1977 optional quantity subsequently in effect hereunder shall be subject to increase or decrease any time after it has been in effect for ninety (90) days by Shell giving Hooker at least thirty (30) days prior written notice. Shell warrants that until January 1, 1978 any such increase or decrease in the "Specified Fee" for the optional quantities of VCM provided hereunder will be determined according to the following formula:

$$\text{Optional Quantity Fee} = SF+0.0061(A-A_2)+0.0014(B-B_2)+0.0032(C-C_2)+D$$

where the terms used in the formula have the following definitions:

SF = Specified Fee as set forth in Paragraph 3.4.1

A = Crude Oil Price in Cents per Barrel

B = Average Labor Rate in Cents per Hour

C = Commodity Index Number

D = Extraordinary Costs in Cents per Pound of VCM

These terms are defined more specifically in Appendix I attached hereto and made a part hereof. A_2, B_2 and C_2 are the base numbers as more specifically defined in Appendix from which the Optional Quantity Fee shall be computed.

3.5 If this agreement shall continue subsequent to the calendar year 1977 in effect the optional quantities of VCM shall be the same as those applicable to the calendar year 1977.

4. Conversion Fees - Terms of Payment

4.1 The "Base Conversion Fee" hereunder shall be 5.25 cents ($0.0525) per pound, FOB Shell's plant, for all quantities of VCM as specified in Paragraph 3.2 hereunder which are actually shipped during the term hereof beginning with the calendar year 1975. The Base Conversion Fee shall be subject to increase or decrease January 1, 1975 and as of the first day of each succeeding calendar quarter in accordance with the premises hereof by Shell giving Hooker at least thirty (30) days prior written notice. Shell warrants that until January 1, 1978 any such increase or decrease in the Base Conversion Fee applicable to the conversion of chlorine supplied by Hooker into VCM as provided hereunder in quantities as determined pursuant to Paragraph 3.2 above will be determined according to the following formula:

Escalated Conversion Fee = $BCF+0.0061(A-A_1)+0.0014(B-B_1)+0.0032(C-C_1)+D$ where the terms used in the formula have the following definitions:

BCF = Base Conversion Fee as set forth above

A = Crude Oil Price in Cents per Barrel

B = Average Labor Rate in Cents per Hour

C = Commodity Index Number

D = Extraordinary Costs in Cents per Pound of VCM

These terms are defined more specifically in Appendix I attached hereto and made a part hereof. A_1, B_1 and C_1 are the base numbers as more specifically defined in Appendix I from which the Escalated Conversion Fee shall be computed.

4.2 In the event Shell elects to continue the manufacture and marketing of commercial quantities of VCM subsequent to the calendar year 1977, the primary period shall extend to December 31, 1979 or for so long until December 31, 1979 as Shell may so elect and in such event Shell will, before December 31, 1975 or as soon thereafter as it may so reasonably determine, so notify Hooker and the parties hereto will begin negotiations in good faith and endeavor to reach agreement before July 1, 1976 on the basis for establishing conversion fees applicable to the calendar year 1978 and thereafter. In the event the parties do not reach agreement on the basis for establishing conversion fees for the calendar year 1978 and subsequently, this Agreement shall terminate December 31, 1977.

4.3 For any calendar year after 1974, if Hooker provides Shell satisfactory written evidence of any offer from a domestic third party, made without

disclosure by Hooker of Shell's applicable conversion fee, of a conversion fee applicable to the receipt by Hooker of at least 75 million pounds of VCM for such calendar year and said offered conversion fee is lower by more than 0.1 cents ($0.001) per pound of VCM in the basis of delivered cost FOB Hooker's plant than Shell's applicable conversion fee plus Hooker's delivery costs in effect for the same time period, then unless Shell elects within thirty (30) days and so advises Hooker in writing to meet such third party conversion fee offer for the quantities so offered, such quantities shall be deducted from the base quantities deliverable to Hooker by Shell hereunder for such calendar year.

In the event Shell elects to meet such a competitive offer, it is agreed that no later offer of the same competitor or of the same parcel, made within twelve (12) months of the date of Shell's election, shall be considered to be a competitive offer.

4.4 Payment for VCM shall be made to Shell within thirty (30) days from the date of Shell's invoice for VCM delivered to Hooker or to Hooker's order. In the event that in any calendar year Hooker fails to accept the required minimum quantity of VCM as specified in Paragraphs 2 and 3.2 (as the same may be reduced under Paragraph 9), or as may be modified by Paragraphs 3.3, 3.4 or 3.5 Hooker shall pay Shell within 30 days after the beginning of the next calendar year the sum 0.75¢ multiplied by a figure equal to the difference between the number of pounds actually accepted by Hooker during such calendar year and the required minimum quantity, subject to the following conditions. After it has sold all of the VCM production capacity of its

Norco, Louisiana and Houston, Texas Plants for such year, exclusive of Hooker's minimum quantity hereunder for that year, Shell shall use diligent efforts to sell that portion of such minimum quantity not accepted by Hooker; and Hooker will be allowed a credit against the amount due to Shell hereunder for such unaccepted quantity equal to the amount received by Shell from the sale of such quantity, or any part thereof, to the extent only, however, that the amount so received by Shell from any such sale exceeds Shell's actual cost of chlorine for production of the said quantity of VCM plus an amount determined by subtracting 0.75¢ per pound from the amount Hooker would have paid Shell for such quantity of VCM had it accepted the same hereunder. Shell shall not be obligated, however, to sell VCM specified in the foregoing sentence at a price which, in Shell's sole judgment, would be lower than fair market value and in no event shall Hooker be allowed a credit exceeding 0.75¢ per pound for sale by Shell of VCM not accepted by Hooker. It is expressly understood, however, that if during the term of this Agreement Shell supplies VCM produced at its Norco, Louisiana and Houston, Texas Plants to parties other than Hooker under contract requiring such parties to take minimum annual quantities of VCM so produced, any sales by Shell of minimum quantities not accepted by Hooker and such other parties shall be attributed to such parties ratably for purpose of computing the above credit to Hooker.

If for any reason other than provided for in Paragraph 9, Shell fails to deliver VCM up to the required maximum quantity as may be ordered by Hooker in accordance with provisions of this Agreement, Shell shall pay Hooker 0.75¢ per pound for such undelivered VCM so ordered by Hooker.

5. Orders - Deliveries

5.1 Not less than ten (10) days prior to the beginning of each month hereof Hooker shall submit to Shell a notice setting out the quantity of VCM ordered for such month.

5.2 Shell has provided written notice indicating the availability of a connecting chlorine pipeline proposed by Shell hereunder. Therefore, Hooker will provide and maintain necessary facilities, including a pipeline to Hooker's Taft, Louisiana property line at Hooker's cost and expense to deliver such amounts of liquid chlorine as required to produce the appropriate quantity of VCM as specified hereunder. Shell proposes to transport such quantities of chlorine from Hooker's property line to Shell's Norco, Louisiana Plant in a proposed pipeline to be built and maintained at Shell's cost and expense. Hooker shall pay Shell on a monthly basis a reasonable pipeline charge for chlorine transported through Shell's pipeline and used for conversion to Hooker's VCM. Shell's pipeline charge will be computed by Shell and be comprised of a reasonable capital charge based on costs for installing Shell's pipeline and on operating costs both prorated on the basis that Hooker's throughput of chlorine for conversion to Hooker's VCM bears to the total throughput of chlorine through the line provided, however, that such pipeline charge shall not exceed Hooker's equivalent rail cost for movement of chlorine in Hooker's 90 ton rail cars from Hooker's Taft, Louisiana Plant to Shell's Norco, Louisiana Plant. The weight of chlorine delivered by pipeline for conversion to VCM hereunder shall be determined by Hooker's weigh tanks or by other means as may be mutually acceptable. Should Governmental restrictions prevent installation or usage of such pipeline for chlorine transportation, then Hooker shall deliver, at Hooker's expense, the aforementioned chlorine to Shell's

Norco, Louisiana Plant by 90 ton rail cars or other means agreeable to both parties. In the event Shell does not have the pipeline available for delivery of chlorine by January 1, 1975 Hooker shall use its best efforts to commence deliveries by 55 and/or 90 ton tank cars at Hooker's expense for so long as said pipeline is not available. Shell shall provide suitable facilities for receipt of such chlorine at the locations described herein. The weight of chlorine, delivered into Shell's facilities by tank car sufficient to satisfy the conversion ratio stated hereunder, shall be determined as specified in Exhibit C.

5.3 Shell shall deliver all VCM converted (or sold) hereunder FOB Shell's Norco, Louisiana Plant into Hooker's tank cars, of a capacity to be mutually agreed upon. The quantity or weight of VCM delivered into Hooker's tank cars shall be determined by railroad weight scales and certified weigh tickets shall be supplied for verification. In the event Hooker elects to verify Shell's measurements of the quantity of VCM delivered hereunder and differences in excess of 1% are uncovered in any car, such excess overages or shortages, if substantiated, shall be subject to billing adjustments. Tank Car "heel" allowance for VCM shall be computed on the basis of the standard factor at 5 psig of three (3) pounds per 100 gallons of car capacity provided such tank cars are made available to Shell with a VCM pressure of between five (5) and ten (10) psig prior to loading.

6. GOVERNMENTAL CHARGES

All new and increased domestic or foreign taxes and other governmental charges other than those based on income, which are imposed after December 31, 1973 on VCM, or on the feedstocks or process materials used to produce the VCM, or on Shell (including without limitation its VCM manufacturing facilities), or required to be paid or collected by Shell by reason of the sale, production, conversion, transportation, or delivery of the VCM hereunder, shall be paid to Shell by Hooker in addition to the prices and conversion fees herein specified and within fifteen (15) days after receipt of Shell's statement.

7. Title

Title to all chlorine delivered to Shell and held by Shell for Hooker's account and all VCM converted hereunder shall be and remain in Hooker, but Shell shall have the right to commingle the same with its own chlorine and VCM or with that held by Shell for a third party.

Responsibility for all losses or damage of the chlorine delivered hereunder shall be in Shell after receipt of the same by it in Shell's facilities as stated herein, except where the same arises out of the negligence of Hooker.

Responsibility for all losses or damage of the VCM converted (or sold) hereunder shall be in Shell until the same is delivered to Hooker into tank cars as provided for hereunder except where the same arises out of the negligence of Hooker.

Any chlorine required for conversion in excess of the conversion ratio shall be supplied by Shell at no cost to Hooker. Title to any chlorine remaining in storage at the end of any calendar year because of conversion efficiencies shall transfer to Shell.

8. Liabilities - Claim

Hooker warrants that the chlorine delivered hereunder and Shell warrants the VCM converted (or sold) hereunder will meet the specifications set forth respectively in Exhibit A and Exhibit B, but Shell and Hooker make NO OTHER WARRANTIES hereunder, WHETHER ON MERCHANTABILITY, FITNESS OR OTHERWISE AND NONE SHALL BE IMPLIED. Hooker shall accept Shell's analysis of VCM converted or sold hereunder as determined on the contents of Shell's storage spheres prior to delivery to Hooker and Hooker shall accept Shell's Certificate of Analysis therefor as representative of the quality of the VCM delivered hereunder with respect to meeting the specifications warranted.

Responsibility for all claims arising directly or indirectly out of the chlorine delivered hereunder shall be in Shell during unloading and discharge and after receipt of the same by Shell in its facilities as stated herein, except where the same arises out of the negligence of Hooker.

Responsibility for all claims arising directly or indirectly out of the VCM converted (or sold) hereunder shall be in Shell until the same is delivered to Hooker into tank cars as provided for hereunder, except where the same arises out of the negligence of Hooker.

Shell shall have no liability for, and Hooker shall indemnify Shell against all claims, loss liability and expense on account of, any injury or death of persons (including Hooker's employees) or damage to property (including Hooker's) caused by or happening in connection with Hooker's unloading, storage, handling or use of the VCM delivered hereunder, unless due to negligence of Shell, its agents or employees in the manufacture or loading of the product, or defects in the tank cars furnished for transportation of the product.

Hooker shall have no liability for, and Shell shall indemnify Hooker against all claims, loss liability and expense on account of, any injury or death of persons (including Shell's employees) or damage to property (including Shell's) caused by or happening in connection with Shell's receiving, unloading, transporting, storage, handling, or use of chlorine delivered hereunder, unless due to negligence of Hooker, its agents or employees, in the manufacture or handling of the product or facilities for transportation of the product.

Neither Shell nor Hooker shall have any liability to the other for any claims arising directly or indirectly out of or in connection with this Agreement, unless the claimant gives the other party notice of the claim (setting forth fully the facts on which it is based) within sixty (60) days after the date of discovery, or other transaction or occurrence giving rise to the claim. Claims shall in any case be limited to the value of VCM or chlorine as appropriate where for such purpose the value of VCM shall be assumed as if comprised of the conversion fee applicable plus 0.64 multiplied by the value of chlorine and the value of chlorine shall be taken

as Hooker's average selling price for bulk chlorine sold under long-term contract for delivery from Hooker's Taft, Louisiana chemical plant; and neither party shall ever be liable for any indirect, special or consequential damages.

9. Excuses for Non-Performance

Either Shell or Hooker shall be excused from its obligations hereunder when and to the extent that performance is delayed, impaired, or prevented (a) by any circumstances (except financial) reasonably beyond its control, or (b) by fire, explosion, breakdown in machinery or equipment, plant shutdown, or failure of catalyst, or riots, strikes, labor disputes, voluntary or involuntary compliance with any law, order, regulation, recommendation, or request of any governmental authority, (including, without limitation, those relating to economic stabilization or product allocation), or total or partial failure of the usual means of transportation of chlorine, ethylene, dichloroethane or VCM, or inability or delay in obtaining all or any part of the feedstocks or process materials used in the manufacture of VCM from Shell's earlier planned or established internal or third party sources of supply. As used herein, "labor dispute" means any controversy to which either Shell or Hooker has an interest, involving wages, hours or working conditions and includes any strike, picketing, lockout, suspension of construction or any other action taken in connection with or because of the labor dispute. Neither Shell nor Hooker shall have any obligation to participate in any settlement of a labor dispute, or to request its agents or contractors to do so except where the same is acceptable to such party in its

sole judgment. The quantities of VCM consequently undelivered as a result of causes excused hereunder shall not be required to be made up by Shell or Hooker upon resumption of full deliveries of VCM hereunder and such VCM quantities shall be deducted from the obligated quantities applicable to the then calendar year. In the event that Shell is excused from delivering any quantity of VCM due to any of the causes specified above, Shell shall have the right to apportion, solely according to Shell's judgment, the productive capacity being utilized to include Hooker, and Shell shall have no obligation in the event of any excused causes specified above to purchase VCM to perform hereunder or to purchase feedstocks or process materials from sources not previously established or to utilize any internal sources of supply of the same to perform hereunder.

If Shell's performance is excused hereunder due to inability to obtain feedstocks or process materials used in the manufacture of VCM from Shell's earlier planned or established sources, Shell shall use diligent efforts to obtain such feedstocks or process materials from other than earlier planned or established sources but fees hereunder shall be adjusted to reflect any increase in cost to Shell. If Shell is unable to obtain such feedstocks, Hooker, at its option, on reasonable notice and at Hooker's cost may provide such feedstocks to Shell by mutually agreeable delivery methods and Shell shall convert VCM from such feedstocks provided by Hooker for delivery to Hooker for so long as Shell's excused performance continues hereunder but fees shall be adjusted to reflect the corresponding decrease in cost of feedstocks to Shell.

Should excused deliveries of VCM or chlorine hereunder continue for a period in excess of one hundred twenty (120) days, the party whose performance is not excused during this period may cancel this Agreement effective sixty (60) days after written notice given following expiration of the aforesaid one hundred twenty (120) day period, provided that deliveries have not resumed at a rate corresponding to the minimum required by this Agreement before expiration of such sixty (60) days.

10. Assignability

Neither this Agreement nor any claim arising directly or indirectly out of or in connection therewith shall be assignable by either party or by operation of law without the written consent of the other party, which consent shall not be unreasonably withheld, except that either party may assign its rights hereunder, subject to the obligation thereof, to any successor of substantially all of its business assets pertaining to VCM or chlorine production or the use thereof as a raw material, as applicable.

11. Remedies

In the event of any breach by either party of any of the provisions of this Agreement, the other party shall have the right in addition to any other rights or remedies it may have to suspend or refuse deliveries hereunder and/or to terminate this Agreement by notice to the defaulting party effective as of the date of such notice. Either party's right to require strict performance of the obligation of the other shall not be affected in any way by any previous waiver, forebearance or course of dealing.

12. Notices

All notices or demands under this Agreement, whether required by the terms hereof or otherwise, shall be in writing and shall be delivered or mailed by certified or registered mail, return receipt requested, to the following addresses of the parties or to such other addresses as may be hereafter designated in writing by the respective parties:

If to Hooker: Hooker Chemical Corporation
345 Third Street
Niagara Falls, New York 14302

If to Shell: Shell Chemical Company
A Division of Shell Oil Company
P. O. Box 2463
One Shell Plaza
Houston, Texas 77001
Attention Manager Chemical Intermediates

13. Laws Governing Contract

This Agreement shall be governed under the laws of the State of New York.

14. Entirety - Execution

This Agreement comprises the entire Agreement and merges and supersedes all prior agreements, understandings and representations (oral or written) between Shell and Hooker concerning the subject matter hereof, including specifically said previous Agreement of January 24, 1973. Neither this Agreement nor any subsequent Agreement amending or supplementing this Agreement shall be binding on Shell or Hooker unless and until it has been

signed on Shell's or Hooker's behalf by a duly authorized representative, and commencement of performance hereunder or under any such subsequent Agreement shall not constitute a waiver of this requirement.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement in duplicate as of the day and date first written above.

SHELL CHEMICAL COMPANY A Division of Shell Oil Company	HOOKER CHEMICAL CORPORATION
By: ____________________	By: ____________________

EXHIBIT A

CHLORINE SPECIFICATIONS

Chlorine	99.5% Volume
Chlorinated Compounds	1,000 ppm max.
Non-Volatile Matter	100 ppm max.
Water	30 ppm max.
Bromine	100 ppm max.

EXHIBIT B

SPECIFICATIONS FOR VINYL CHLORIDE

SPECIFICATIONS	MAXIMUM
Acetylene, mol ppm	3.0
Acetaldehyde, mol ppm	5.0
Butadiene, mol ppm	10.0
Water, weight ppm	100.0
Acidity (as HCl), weight ppm	2.0
Non-Volatiles, weight ppm	200.0
Iron, weight ppm	0.5
Color	Colorless
Appearance	Clear and free from suspended matter
Stabilizer	None added

EXHIBIT C

Measurements of the net quantity of chlorine shipped to Shell in tank cars shall be made using railroad type weigh scales. The type of scales and their calibration and use in weighing shall conform to requirements as set forth in the National Bureau of Standards in N.B.S. Handbook 44, the latest edition, or a maintenance measuring tolerance of ±0.2% of true weight.

The weigh scale used shall be the stationary weighing type for weighing cars at rest. The weigh scale weight capacity and weighing platform length shall enable weighing cars in a single weighing or draft. Cars to be weighed shall be uncoupled from any other railroad equipment when placed on the scale for weighing.

The weigh scale shall be calibrated monthly. Shell representatives shall have the privilege of witnessing each weigh scale calibration in addition to the routine weighing of cars. The supplier shall furnish copies of documents that will establish that calibration test weight cars are certified by N.B.S. weigh scales. Documents shall also be furnished for evidence and the integrity of all calibration and maintenance work. Copies of N.B.S. certificates shall be furnished by the supplier to Shell for all test weight cars used for weigh scale calibration.

Weigh scale calibration shall include using N.B.S. certified weights for 100% of maximum gross weight of cars loaded with chlorine.

Weigh scale repeatability shall be determined from three successive weight measurements of a test weight for 100% of the range of measurement. The weighing procedure used, including test weight car placement, re-zeroing

of scales, etc., shall be based upon N.B.S. Handbook 44 and should be included in written procedures to be furnished by the supplier for the mutual use of the supplier and Shell in all calibration and routine weighing. The weigh scale repeatability shall not exceed the minimum weigh scale indicated weight graduation. Shell shall have the privilege of witnessing or requesting that routine spot checks be made by the supplier of the weigh scale performance by determining the weigh scale repeatability by successively weighing a selected car loaded with chlorine three separate times.

Security measures shall include the use of serially numbered security seals. Seals shall be provided to assure that the integrity of measurement is assured by prevention of unauthorized tampering or adjustment of any weigh scale mechanism following its calibration. Sealing devices shall be installed after each weigh scale calibration and this action witnessed by a Shell representative. The supplier shall record all seal serial numbers and Shell shall be contacted and advised whenever removal of a seal is necessary. Verification of seal serial numbers shall be done and witnessed by Shell prior to that removal for weigh scale maintenance and calibration. The number and location of all seals shall be mutually agreed upon by the supplier and Shell to assure realizing adequate security.

The tare or light weight of each car to be loaded is to be measured immediately before loading with chlorine. A weigh document for each loaded car shall be furnished to Shell which shall include the time of day, date, weight, weigher and car number for the tare and gross weight. Car seal numbers shall be recorded for the gross weight. In each weighing, the weigh scales shall be re-zeroed before the car to be weighed is placed on the scales.

APPENDIX I

PAGE 1

A, A_1 AND A_2

CRUDE OIL PRICE

"A" shall equal the volumetric average delivered cost of the crude oils, condensates, natural gas liquids, and natural gas used as a raw material and processing and blend stocks which are recorded as intakes to Shell's refineries expressed in cents per barrel where the "current period" shall be the preceding months of September and October for the calendar quarter commencing January 1st, December-January for the calendar quarter commencing April 1st, March-April for the calendar quarter commencing July 1st and June-July for the calendar quarter commencing October 1st. "A_1" is the volumetric average delivered cost for the fourth calendar quarter of 1973 and is 563 cents per barrel. "A_2" is the volumetric average delivered value determined and entered as "A" during the months September-October 1975 for the determination of the escalated conversion fee to be effective January 1, 1976. These values, in addition to those determined pursuant to "D" as hereinafter described, are considered to be proprietary to Shell and, therefore, the values are not to be revealed to others by Hooker.

APPENDIX I

PAGE 2

B, B_1 AND B_2

LABOR RATES

B shall equal the arithmetical average, expressed in cents per hour, of the "average hourly earnings", Industrial Chemicals, reported for the "current period" (as identified below) by the United States Bureau of Labor Statistics in Table C-2 in the publication, "Employment and Earnings".

B_1 shall be the arithmetical average, expressed in cents per hour, of the "average hourly earnings", Industrial Chemicals, reported for the period October, November, December, 1973 and is 511 cents per hour.

The "current period" shall be the preceding months of December-February (inclusive) for the calendar quarter commencing July 1st, March-May (inclusive) for the calendar quarter commencing October 1st, June-August (inclusive) for the calendar quarter commencing January 1st and September-November (inclusive) for the calendar quarter commencing April 1st.

B_2 shall be the arithmetic average, expressed in cents per hour, of the "average hourly earnings", Industrial Chemicals, entered as B above during the fourth quarter 1975 for the determination of the Escalated Conversion Fee to be effective January 1, 1976.

Should the method of computing the hourly earnings referred to herein be changed, or should publication of same be discontinued or substantially delayed, the parties hereto shall agree upon the use of another similar labor rate compilation and shall adjust the Labor Rate Base to conform to the calculation method of the new compilation.

APPENDIX I

PAGE 3

C, C_1 AND C_2

COMMODITY INDICES

C shall equal the arithmetical averages of the latest final Wholesale Commodity Price Indices for Industrial Commodities reported for the "current period" (as identified below) by the United States Bureau of Labor Statistics in the publication "Wholesale Prices and Price Indices".

C_1 shall be the arithmetical average of the final Wholesale Commodity Price Indices for Industrial Commodities reported for the "base period" (as identified below) in the above-mentioned publication and table.

The "current period" and the "base period" shall include the identical months specified under "Labor Rates" for calculation of B and B_1 above. The base period index (C_1) is 133.4.

C_2 shall be the arithmetical average of the final Wholesale Commodity Price Indices for Industrial Commodities entered as C above during the fourth quarter 1975 for the determination of the Escalated Conversion Fee to be effective January 1, 1976.

Should the method of computing the Wholesale Commodity Price Index referred to herein be changed, or should publication of same be discontinued or substantially delayed, the parties hereto shall agree upon the use of another similar index and shall adjust the Wholesale Commodity Price Index Base to conform to the calculation method of the new index selected. If a new reference base is established, the Wholesale Commodity Price Index Base shall be converted to the new base by factors published by the Bureau of Labor Statistics. If the weighting structure is revised, the unofficial index will be used until the official index is released.

D

EXTRAORDINARY COSTS

Shell and Hooker each recognize that, owing to the uncertainties in, but not limited to, future Federal, State and Local operation requirements and environmental standards, in new requirements to protect safety and health of employees and the public, and in figure equipment performance from corrosion and maintenance standpoints, it is impractical as of the date of this Agreement to establish a fixed formula for escalation of the Base Conversion Fee to cover these costs on an equitable basis for as many years into the future as the intended duration of this Agreement. Each party agrees, however, that it is their intent such extraordinary costs incurred by Shell after May 1, 1974 shall be added to the Base Conversion Fee or applicable conversion fee described in Paragraph 4.1 based upon Shell's actual cost experience for the "current period" as specified under "Labor Rates" for calculation of B, B_1 and B_2 above. Shell's extraordinary cost fee will be computed by Shell and be comprised of a reasonable capital charge based on costs for installing new equipment, if any, and on new operating costs, if any, both prorated on the basis that Hooker's VCM conversion quantities during the period for which Shell's extraordinary costs are being computed for purposes of fee adjustment bear to a total VCM production for the period involved at the facility from which Hooker is receiving

deliveries of VCM as provided hereunder. Costs will not be considered extraordinary unless they exceed $350,000 for the productive capacity being utilized to include Hooker. Shell will give Hooker such advance notice of its non-binding best estimate of such extraordinary costs as soon as reasonably possible, but increases attributed to actual extraordinary costs as computed above will not be effective until notice of such increase is given pursuant to Paragraphs 3.4.1 and 4.1 hereunder. Decisions as to the necessity and type of such extraordinary costs shall reside solely with Shell.

SEPARATOR SHEET

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hooker

345 THIRD STREET, BOX 728, NIAGARA FALLS, NEW YORK 14302, PHONE (716) 278-7000

June 14, 1974

Mr. D. P. Jones
Manager, Olefins & Aromatics
Shell Chemical Company
600 Summer Street
Stamford, Connecticut

Dear Dud:

Many conversations have been held between Shell and Hooker people on various points of the Shell Vinyl Chloride Monomer contract and although some better understanding exists, there are many points which need further discussion and clarification. We are suggesting a meeting here at Niagara in Bill Sholl's office on Monday, June 24th and hope that you, Dick and Ted can make it up here on that day.

For your guidance, the areas which need further discussion, clarification, definition and possible revision are as follows.

<u>Page 2, Section 1 - Term</u>

We would like Shell to consider a "running" three-year conversion contract, so that on any given day after conversion is initiated we have three years to live together under the agreement. This would express in a formal way the desire of Shell and Hooker to have a continuing business relationship on Vinyl Chloride Monomer.

<u>Page 3, Sections 2 and 2.1 - Purchase & Base Price</u>

We would like to walk through the make-up of the 6.75 base price (and also escalation which I will touch on later).

<u>Page 3, Section 3.1 - Conversion</u>

We definitely feel the conversion rate should be restored to the original 0.64 pounds of chlorine per pound of VCM for the proposed 0.65.

<u>Page 5, Section 3.4 - Optional Quantities in 1976 & 1977</u>

This whole matter must be firmed up as these quantities of VCM are <u>vital</u> to our Ruco Division. Hooker is willing to discuss underwriting purchased quantities of ethylene in 1976 until such time as Shell's ethylene plant is on stream.

<u>Page 7, Section 3.5 - Optional Quantities Beyond 1977</u>

As proposed this could result in Hooker's suffering a drop from 260MM pounds per year back to 210MM pounds per year should optional quantities provided by Shell not be available. This does not truly provide for growth. Hooker believes that the new base for years beyond 1977 should be the 260MM.

<u>Page 7, Section 4 - Conversion Fees & Terms of Payment</u>
We would like to walk through this area and suggest that Shell prepare a projection of Hooker's price for VCM through 1977. We need a detailed discussion on escalation and extraordinary costs. All references to payment within the contract should be thirty (30) days.

<u>Page 8, Section 4.2 - Conversion Fee for 1978 and Thereafter</u>
This needs discussion. As proposed, this will be based solely on Shell's judgment with no obligation to account to Hooker as to the worth of the conversion.

<u>Page 8, Section 4.3 - Meet Competition Clause</u>
This needs clarification to assure that a competitive situation is on a delivered basis to Hooker from both Shell and a potential competitor.

<u>Page 15, Section - Liabilities-Claim</u>
The notification period has been changed from 90 to 30 days. This should be discussed.

These are the main points we wish to cover, Dud, and I think most are capable of easy solution. We do need within Hooker a better understanding of Shell's costing and pricing logic as it applies to this contract and look forward to our discussion with you on this matter.

Looking forward to seeing you and I sincerely hope we can wrap this up on the 24th.

Best regards,

HOOKER CHEMICALS & PLASTICS CORP.

Neil

N. M. Barber
Manager of Purchases
Raw Materials & Containers

NMB/fl

cc: W. E. Sholl
W. J. Wetzel - Ruco Division
R. A. Willis - Ruco Division

Shell: K. L. Spalding
R. J. Reynolds

SEPARATOR SHEET

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Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

December 18, 1980

PRIVATE AND CONFIDENTIAL

RECEIVED
JAN 19 1981
J. R. HOPPER

Hooker Chemicals and Plastics Corporation
ATTN Mr. D. W. Calhoun
Director Energy and Raw Material Supply
1980 South Post Oak Road
Houston, Texas 77056

Gentlemen:

In accordance with our discussions following your recent purchase of the former Firestone PVC facilities, this letter when executed by you in the manner indicated below, will constitute an amendment to the confidential VCM Conversion Agreement between Shell Chemical Company and Hooker Chemicals and Plastics Corporation dated July 24, 1978 as follows:

A. Article 2. The table entitled "Quantity Of VCM To Be Converted - Million Pounds" is deleted in its entirety and replaced with the following:

" Quantities To Be Converted - Million Pounds

YEAR	MINIMUM	MAXIMUM
1979	150	180
1980	150	180
1981	330	380
1982	330	380
1983	330	380
1984 and Annually Thereafter	330	380 "

B. All other Terms and Conditions of Contract remain in full force and effect.

This amendment incorporates the quantities of VCM formerly committed by Shell to Firestone but does not include additional other volumes presently under discussion but not yet finally agreed to.

Effective on the date you execute this amendment, the VCM Contract between Firestone and Shell dated July 10, 1978, will be considered terminated by mutual consent. ~~andxwexwillxobtainxthexwrittenxconcurrence ofxFirestonexx~~

We sincerely appreciate the excellent business relationship between our two companies and look forward to serving your VCM requirements for many years to come.

Very truly yours,

George W. Ash

G. W. Ash
Corporate Account Manager

ACCEPTED AND AGREED TO THIS 23 DAY OF December, 1980

HOOKER CHEMICALS AND PLASTICS CORPORATION

BY William Wetzel

TITLE Vice President

SEPARATOR SHEET

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hooker RUCO DIVISION

P. O. BOX 456, RIVER ROAD, BURLINGTON, NEW JERSEY 08016, PHONE (609) 499-2300

March 12, 1979

Shell Chemical Company
600 Summer Street
Stamford, Conn. 06901
Attn: Mr. D.P. Jones

Gentlemen:

Please find enclosed two (2) signed copies of our VCM Conversion Agreements dated 7-24-78 and amended per your letter of 9-27-78.When they are countersigned please return one (1) copy for our files.

I have also included our P/O #98-56116 for our 1979 requirements.

Please thank the members of your organization for your patience and understanding in completing these negotiations.

Very truly yours,

Herbert H. Kaster
Division Materials Manager

HHK/djt

SEPARATOR SHEET

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TO SEPARATE DOCUMENTS

The Vinyl Institute

NEWS

Wayne Interchange Plaza II, 155 Route 46 West, Wayne, New Jersey 07470

Contact:
Nora Jacobs
Edward Howard & Co.
(216) 781-2400

For Immediate Release

OCCIDENTAL AGAIN RECOGNIZED FOR ENVIRONMENTAL PERFORMANCE

WAYNE, New Jersey, June 3, 1988 — For the second year in a row, Occidental Chemical Corporation's plants in Burlington, New Jersey have been cited for superior performance in the area of environmental health by the Vinyl Institute, a national trade association representing the leading manufacturers of PVC (polyvinyl chloride, or vinyl), VCM (vinyl chloride monomer) and PVC modifiers and additives. Occidental received the Institute's annual environmental achievement award, designed to measure a plant's ability to control and minimize VCM emissions.

The award is modeled on the U.S. Environmental Protection Agency's National Emission Standard for Hazardous Air Pollutants. The best score possible is 100. Occidental received a score of 100 for its Burlington operations, where PVC is produced. Another Occidental Chemical PVC plant, located in Addis, Louisiana, also received an award from the Vinyl Institute for its environmental performance, as did a plant in Deer Park, Texas, which manufactures VCM and EDC (ethylene dichloride), feedstocks used in the PVC production process.

(more)

Occidental representatives received the awards at the Vinyl Institute's annual meeting on May 12. The company was one of seven recognized by the association for environmental achievement in 1987.

PVC, or vinyl, is the world's second largest selling plastic material. It is used in numerous industrial and consumer products including pipe, wire and cable jacketing and insulation, house siding, window frames, wall and floor coverings, medical devices and various types of rigid and flexible packaging.

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SEPARATOR SHEET

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OCCIDENTAL CHEMICAL CORPORATION
Polyvinyl Chloride (PVC)
480.34 1986-

hooker

June 15, 1976

H. Kaster
Mgr. - Materials Mgmt.
Ruco Division
Burlington

VCM - SHELL CHEMICAL

As per our conversations, attached is an executed copy of the Shell contract with a package dated 12/8/75 with updated revisions.

Shell confirms their shutdown as of 6/21/76 and also their hopes to limit outage period to 10 days. Ruco's requirements have been plugged in as 15MM lbs. in June and 12MM lbs. in July and Shell anticipates no difficulty in satisfying them. May even ship from Houston if necessary although they are not bound by contract to do so.

Insofar as optional quantities for 1977 Ruco must notify Shell prior to July 1. The contract provides you with a Min.-Max. range of 177-209 MM lbs. and with the +5% provision you could nominate 209MM lbs. for your 1977 requirement and Shell could be called upon to supply 219MM lbs. Your probably take at Burlington would not exceed 180MM so this would give you nearly 40MM for conversions. Bear in mind that under the current arrangement one half of shortfall incurred in 1977 could be deducted from 1978 Min.-Max. ranges.

In regard to 1978 VCM supply I strongly recommend that we let July 1, 1976 pass with no formal notification to Shell of termination which automatically extends the contract through 1978. Shell has no intention to terminate at end of 1977. This will still give us an opportunity to pursue alternatives such as a Conoco, Diamond Shamrock, Dow etc. and I believe would actually tie in better with these companies expansion plans.

N. M. Barber

N. M. Barber
Mgr. - Raw Materials

/jci

cc: W. J. Wetzel

RECEIVED

JUL 14 1975

Wm. E. Sholl

SHELL CHEMICAL COMPANY
A DIVISION OF SHELL OIL COMPANY
ONE SHELL PLAZA
P.O. BOX 2463
HOUSTON, TEXAS 77001

July 9, 1975

REGISTERED MAIL
RETURN RECEIPT REQUESTED

Hooker Chemical Corporation
345 Third Street
Niagara Falls, NY 14302

Attention: Mr. W. E. Sholl, Vice President, Purchasing

Vinyl Chloride Monomer

Gentlemen:

Confirming discussions between our companies, we attach to this letter proposed changes to our Agreement dated October 24, 1974. We believe you will find these changes acceptable and consistent with the intent reviewed during previous discussions.

If you are in agreement with the enclosed changes, please so indicate your acceptance by signing and returning to us an enclosed copy of this letter and the attachment for our files.

Very truly yours,

J F Kroeger

J. F. Kroeger
General Manager
Chemical Sales

Enclosure

Agreed and Accepted

Date: ____________

By: ______________________________
Hooker Chemical Corp.

Title: ____________________________

cc: Mr. David A. Blumfield
Vice President General Manager
Hooker Chemicals & Plastics Corp.
Ruco Division
P. O. Box 456
Burlington, New Jersey 08016

Mr. D. P. Jones
Shell Chemical Co.
600 Summer St.
Stamford, Connecticut 06902

hooker

December 8, 1975

W E Sholl
C D Carley

SUBJECT: Vinyl Chloride Monomer
Shell Contract Revisions

Attached are Shell's proposed revisions in the Vinyl Chloride Monomer contract. The important change is the removal of the 0.75¢/pound penalty for undertake and its replacement with a new Paragraph 4.4 which in effect provides that the base quantity for 1977 will be reduced by 50% of any shortfall from the 1976 Nominated Quantity (172MM pounds less 5% or 163.4MM pounds). Ruco strongly favors this approach and our International Division will not need coverage for VCM under the Ruco contract as Mayurnik now sees the situation.

A brief review of each proposed change follows.

1. Paragraph 3.3: Changes notification of quantity required from 6 months to 9 months.
2. Add 3.3.1: States formula for revising base quantity as 50% of shortfall in a given year.
3. Paragraph 3.4: Reflects floating adjusted base. Still gives Hooker first option on additional 60MM pounds in 1978.
4. Paragraph 3.4.1: Optional quantities for 1976 and 1977 have been removed. Realistically our first need for optional quantities will occur, if at all, in 1978. OK with Ruco.
5. Paragraph 3.5: Delete; optional quantities out for 1977.
6. Paragraph 4.4: Removes 0.75¢/pound penalty for shortfall.

7, 8 & 9: Appendix 1, Pages 1, 2, & 3: Defines more clearly the escalations that shall apply to optional quantity fee for 1978.

All other Shell customers have gone along with the new approach of no penalty and the adjustment by 50% of any shortfall on the succeeding years range. These quantities of VCM are placed in a pool by Shell and offered to existing contract customers prior to any offers to new customers. In view of Ruco's approval and International's analysis of their situations, I recommend we sign the amendment. The penalty under the old contract would have worked out to $260,000 for 1975 if invoked (0.75¢ x 37MM pounds).

N M Barber
Manager of Procurement
Raw Materials & Containers
fl

attachment

Changes to Agreement dated October 24, 1974 by and between Shell Chemical Company and Hooker Chemicals & Plastics Corp.

1. Paragraph 3.3

Delete and replace with the following:

Hooker shall give written notice to Shell not less than nine (9) months prior to each calendar year hereof as to the quantity of VCM it estimates it will require to be converted by Shell during that calendar year within the range of the calendar year minimum and maximum amounts as specified in this Agreement. Subject to the minimum and maximum quantities stated in Paragraph 3.2 Hooker shall be required to receive not less than ninety-five (95) percent of the estimated calendar year quantity and Shell shall be required to deliver not more than one hundred five (105) percent of the estimated calendar year quantity in each calendar year covered by this Agreement, unless Shell shall agree in writing to deliver a greater or lesser quantity ordered by Hooker. If in any year Hooker requires and Shell agrees to convert hereunder amounts of liquid chlorine into VCM in excess of the calendar year maximum stated in Paragraph 3.2, then said calendar year maximum and minimum shall be of no further effect for such year and that amount requested by Hooker and agreed to by Shell shall be considered a commitment for such calendar year, and during that year Hooker shall be required to receive not less than 95% and Shell shall be required to deliver not more than 105% of such commitment.

2. Add Paragraph 3.3.1

In the event that in any calendar year Hooker fails to accept the required minimum quantity of VCM as specified in Paragraph 3.2 (as the same may be reduced under the provisions of Paragraph 9 or modified in accordance with the provisions of Paragraphs 3.3 or 3.4), the minimum and maximum quantities deliverable to Hooker by Shell hereunder shall be reduced by a quantity equal to one half of the difference between the number of pounds actually accepted by Hooker during such calendar year and the required minimum quantity, for all subsequent years of this agreement.

As a basis for determining the quantity received by Hooker in 1975, Shell will use the number of pounds actually shipped during such calendar year including 7,000,000 pounds of VCM paid for in 1974 and shipped in 1975.

3. Paragraph 3.4

Delete and replace with the following:

If this agreement continues subsequent to the calendar year 1977, Shell hereby extends to Hooker a right of first refusal to increase the minimum and maximum quantities of VCM then in effect by 60,000,000 lbs. for each calendar year the same continues in effect subject to Paragraphs 3.2, 3.3, 3.3.1 and 9.

To exercise this right of first refusal, Hooker must give Shell written notice prior to January 1, 1977 or the same shall automatically expire for all subsequent years of this Agreement.

4. Paragraph 3.4.1

Delete and replace with the following:

Shell will specify a conversion fee for the 1978 optional quantity before November 30, 1977. If the "Specified Fee" is not accepted by Hooker before December 15, 1977, then the Hooker right of first refusal on the 60,000,000 lbs. optional quantity for 1978 and all subsequent years of this agreement shall be of no further force or effect and the applicable quantities of VCM shall revert to those designated in Paragraph 3.2. The "Specified Fee" or any other fee for the 1978 optional quantity subsequently in effect hereunder shall be subject to increase or decrease any time after it has been in effect for ninety (90) days by Shell giving Hooker at least thirty (30) days prior written notice. Shell warrants that until January 1, 1979 any such increase or decrease in the "Specified Fee" for the optional quantities of VCM provided hereunder will be determined according to the following formula:

$$\text{Optional Quantity Fee} = SF+0.0061(A-A_2)+0.0014(B-B_2)+0.0032(C-C_2)+D$$

where the terms used in the formula have the following definitions:

SF = Specified Fee as set forth in Paragraph 3.4.1

A = Crude Oil Price in Cents per Barrel

B = Average Labor Rate in Cents per hour

C = Commodity Index Number

D = Extraordinary Costs in Cents per Pounds of VCM

These terms are defined more specifically in Appendix I attached hereto and made a part hereof. A_2, B_2 and C_2 are the base numbers as more specifically defined in Appendix from which the Optional Quantity Fee shall be computed.

5. Paragraph 3.5

Delete.

6. Paragraph 4.4

Delete and replace with the following:

Payment for VCM shall be made to Shell within thirty (30) days from the date of Shell's invoice for VCM delivered to Hooker or to Hooker's order.

7. Appendix I, Page 1

Delete and replace with the following:

"A" shall equal the volumetric average delivered cost of the crude oils, condensates, natural gas liquids, and natural gas used as a raw material and processing and blend stocks which are recorded as intakes to Shell's refineries expressed in cents per barrel where the "current period" shall be the preceding months of September and October for the calendar quarter commencing January 1st, December-January for the calendar quarter commencing April 1st, March-April for the calendar quarter commencing July 1st and June-July for the calendar quarter commencing October 1st. "A_1" is the volumetric average delivered cost for the fourth calendar quarter of 1973 and is 563 cents per barrel. "A_2" is the volumetric average delivered value determined and entered as "A" during the months September-October 1977 for the determination of the Optional Quantity Fee to be effective January 1, 1978. These values, in addition to those determined pursuant to "D" as hereinafter described, are considered to be proprietary to Shell and, therefore, the values are not to be revealed to others by Hooker.

8. Appendix I, Page 2

Delete and replace with the following:

B shall equal the arithmetical average, expressed in cents per hour, of the "average hourly earnings", Industrial Chemicals, reported for the "current period" (as identified below) by the United States Bureau of Labor Statistics in Table C-2 in the publication, "Employment and Earnings".

B_1 shall be the arithmetical average, expressed in cents per hour, of the "average hourly earnings", Industrial Chemicals, reported for the period October, November, December, 1973 and is 511 cents per hour.

The "current period" shall be the preceeding months of December-February (inclusive) for the calendar quarter commencing July 1st, March-May (inclusive) for the calendar quarter commencing October 1st, June-August (inclusive) for the calendar quarter commencing January 1st and September-November (inclusive) for the calendar quarter commencing April 1st.

B_2 shall be the arithmetic average, expressed in cents per hour, of the "average hourly earnings", Industrial Chemicals, entered as B above for the "current period" for the determination of the Optional Quantity Fee to be effective January 1, 1978.

Should the method of computing the hourly earnings referred to herein be changed, or should publication of same be discontinued or substantially delayed, the parties hereto shall agree upon the use of another similar labor rate compilation and shall adjust the Labor Rate Base to conform to the calculation method of the new compilation.

9. Appendix I, Page 3

Delete and replace with the following.

C shall equal the arithmetical averages of the latest final Wholesale Commodity Price Indices for Industrial Commodities reported for the "current period" (as identified below) by the United States Bureau of Labor Statistics in the publication "Wholesale Prices and Price Indices".

C_1 shall be the arithmetical average of the final Wholesale Commodity Price Indices for Industrial Commodities reported for the "base period" (as identified below) in the above-mentioned publication and table.

The "current period" and the "base period" shall include the identical months specified under "Labor Rates" for calculation of B and B_1 above. The base period index (D_1) is 133.4.

C_2 shall be the arithmetical average of the final Wholesale Commodity Price Indices for Industrial Commodities entered as C for the "current period" for the determination of the Optional Quantity Fee to be effective January 1, 1978.

Should the method of computing the Wholesale Commodity Price Index referred to herein be changed, or should publication of same be discontinued or substantially delayed, the parties hereto shall agree upon the use of another similar index and shall adjust the Wholesale Commodity Price Index Base to conform to the calculation method of the new index selected. If a new reference base is established, the Wholesale Commodity Price Index Base should be converted to the new base by factors published by the Bureau of Labor Statistics. If the weighting structure is revised, the unofficial index will be used until the official index is released.

AGREED AND ACCEPTED

DATE ______________________

BY: ______________________
Hooker Chemical Corporation

TITLE: ______________________

SEPARATOR SHEET

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18-409

CONFIDENTIAL

AGREEMENT

11/25/74 T.M.B

THIS IS AN AGREEMENT, dated and effective October 24, 1974 by and between SHELL CHEMICAL COMPANY, a division of SHELL OIL COMPANY, a Delaware Corporation, having an office at One Shell Plaza, P. O. Box 2463 Houston, Texas 77001 (hereinafter referred to as "Shell"), and HOOKER CHEMICALS & PLASTICS CORP., a subsidiary of Occidental Petroleum Corporation, a California Corporation, having an office at 345 Third Street, Niagara Falls, New York 14302 (hereinafter referred to as "Hooker").

WHEREAS, Shell and Hooker have entered into a previous Agreement dated January 24, 1973 for the sale by Shell to Hooker of Vinyl Chloride Monomer (hereinafter referred to as "VCM") during the year 1974 and for the conversion by Shell of Hooker's chlorine to VCM subsequently for delivery to Hooker; and

WHEREAS, Shell and Hooker each recognize that the costs of VCM manufacture are increased substantially from those contemplated when entering into said previous Agreement and that future costs for such manufacture are increasingly uncertain owing to the uncertain costs of hydrocarbon supplies for feedstocks and power the escalation in costs for other raw materials, catalyst, utilities, power and labor, and the increased capital and operating costs required to meet Federal, State and Local Government environmental standards and operating requirements; and

WHEREAS, Shell and Hooker each desire to provide for such price and fee changes as are realistic and necessary from time to time for Shell

to maintain its VCM operations at a level of economic viability sufficient to enable Shell to provide for necessary raw materials and other resources so as to sustain the long-term continuity of VCM supply by Shell to Hooker; and

WHEREAS, Shell and Hooker desire to maintain a mutually beneficial long-term Agreement for the conversion of Hooker chlorine into VCM by Shell and for which Hooker is prepared to expand its chlorine manufacturing capacity and for which Shell is prepared to provide VCM conversion capacity on a long-term basis from its VCM plant at Norco, Louisiana;

NOW, THEREFORE; in consideration of the premises and of the mutual covenants and agreements hereinafter set forth, the parties hereto, effective as of January 1, 1974, hereby agree as follows:

WITNESSETH:

1. Term

This Agreement shall be in effect for a primary period of four (4) calendar years beginning January 1, 1974 and ending on December 31, 1977, and from calendar year to calendar year thereafter, either party being able to terminate this Agreement effective at the end of the primary period or at any time thereafter, by giving the other party at least eighteen (18) months prior written notice. In the event either party exercises the right to terminate this Agreement on eighteen (18) months prior written notice effective at any time subsequent to the expiration date of the primary period but not at the end of a calendar year, the rights and duties of the parties with respect to the year of termination shall be prorated in the proportion that

the number of days in the calendar year prior to the effective date of termination bear to the number of days in the calendar year.

2. 1974 Purchase

2.1 During the calendar year 1974 Shell shall sell and deliver and Hooker shall purchase and receive a minimum of 159,000,000 pounds and a maximum of 193,000,000 pounds of VCM FOB Shell's Plant. Hooker and Shell shall have the delegations and rights with regard to these quantities as set out in Paragraphs 3.2 and 3.3 hereof.

The "Base Price" hereunder for the calendar year 1974 shall be 6.75 cents ($0.0675) per pound of VCM, FOB Shell's plant, for all quantities actually shipped. Notwithstanding the foregoing, Hooker shall pay Shell a price of 5.247 cents ($0.05247) per pound of VCM for so long as the Economic Stabilization Act and Regulations issued thereunder prohibit Shell from increasing same.

2.2 The "Base Price" set forth in Paragraph 2.1 above shall be subject to increase or decrease effective as of July 1, 1974 and as of October 1, 1974 by Shell giving Hooker at least thirty (30) days prior written notice.

3. Quantity - Conversion

3.1 During the term of this Agreement after the calendar year 1974 Hooker shall deliver liquid chlorine to Shell, to be held by Shell for Hooker's account and to be converted thereafter into such amounts of VCM as Hooker shall order at a conversion ratio of 0.64 pounds of chlorine to 1.0 pounds of VCM.

3.2 During calendar years 1975, 1976 and 1977, Shell shall convert and deliver to Hooker and Hooker shall accept from Shell VCM in an amount not less than nor more (except with Shell's prior written approval) than the respective minimums and maximums set forth below, but not exceeding, except with Shell's prior written approval, one-tenth (1/10) of the applicable maximum calendar year quantity during any calendar month, or cumulatively one-sixth (1/6) of the applicable calendar year maximum in two (2) succeeding months.

MAXIMUM - MINIMUM QUANTITIES OF VCM CONVERTED (LBS)
PER CALENDAR YEAR

Year	Minimum Quantity	Maximum Quantity
1975	160,000,000	196,000,000
1976	167,000,000	203,000,000
1977	177,000,000	209,000,000

3.3 Hooker shall give written notice to Shell not less than six (6) months prior to each calendar year hereof as to the quantity of VCM it estimates it will require to be converted and/or delivered by Shell during that calendar year within the range of the calendar year minimum and maximum amounts as specified in this Agreement. Subject to the minimum and maximum quantities stated in Paragraphs 2 and 3.2 Hooker shall be required to receive not less than ninety-five (95) percent of the estimated calendar year quantity and Shell shall be required to deliver not more than one hundred five (105) percent of the estimated calendar year quantity in each calendar year covered by this Agreement, unless Shell shall agree in writing to deliver a greater or lesser quantity ordered by Hooker. If in any year Hooker requires and Shell agrees to sell VCM or to convert hereunder amounts of liquid chlorine

into VCM in excess of the calendar year maximum stated in Paragraph 2 or 3.2, then said calendar year maximum and minimum shall be of no further effect for such year and that amount requested by Hooker and agreed to by Shell shall be considered a commitment for such calendar year, and during that year Hooker shall be required to receive not less than 95% and Shell shall be required to deliver not more than 105% of such commitment.

3.4 Shell hereby extends to Hooker a right of first refusal to increase both the 1976 and 1977 quantities of VCM listed in Paragraph 3.2 to 210,000,000 pounds minimum and 260,000,000 pounds maximum per year. To exercise this right of first refusal, Hooker must give Shell written notice prior to July 1, 1975. If at any time prior to the exercise of this right by Hooker, Shell has an opportunity to utilize the conversion capacity represented by the quantities subject to this right of first refusal for sales to or for conversions for third parties, Shell shall notify Hooker to this effect in writing setting out the quantity involved and Hooker shall have three (3) months thereafter to exercise its right of first refusal to accept such quantities of VCM according to the terms hereof with delivery beginning 7 months following the date of Shell's notice. In the event Hooker elects not to accept such quantities of VCM, then Shell shall be relieved from any further obligation under this subsection. All of the foregoing relative to said right of first refusal shall be applicable only if, at the time Hooker gives written notice of its desire to exercise such right, Shell's projections indicate that it will have available to it at its Norco, Louisiana Plant, the raw materials needed to manufacture the increased quantities of VCM at costs no greater than for raw materials used to manufacture VCM not subject to this right

for the same calendar years (1976 and 1977). If such costs of raw materials as may be available to Shell as are needed to manufacture the increased quantities of VCM exceed costs for raw materials not subject to this right, Hooker shall have the option to pay such increased costs and exercise said right of first refusal. Shell will promptly notify Hooker of any contrary indication upon receipt of Hooker's said notice, in which event such right of first refusal shall be inoperative and of no force or effect. Conversion fees for any optional amounts of VCM above the applicable maximum quantity in Paragraph 3.2 shall be determined in the following way:

3.4.1 Shell will specify a conversion fee for the 1976 optional quantity before November 30, 1975. If the "Specified Fee" is not accepted by Hooker before December 15, 1975, then the Hooker right of first refusal on these optional quantities for 1976 and 1977 shall be of no further force or effect and the applicable quantities of VCM shall revert to those designated in Paragraph 3.2. The "Specified Fee" or any other fee for the 1976 and 1977 optional quantity subsequently in effect hereunder shall be subject to increase or decrease any time after it has been in effect for ninety (90) days by Shell giving Hooker at least thirty (30) days prior written notice. Shell warrants that until January 1, 1978 any such increase or decrease in the "Specified Fee" for the optional quantities of VCM provided hereunder will be determined according to the following formula:

Optional Quantity Fee = $SF+0.0061(A-A_2)+0.0014(B-B_2)+0.0032(C-C_2)+D$

where the terms used in the formula have the following definitions:

SF = Specified Fee as set forth in Paragraph 3.4.1

A = Crude Oil Price in Cents per Barrel

B = Average Labor Rate in Cents per Hour

C = Commodity Index Number

D = Extraordinary Costs in Cents per Pound of VCM

These terms are defined more specifically in Appendix I attached hereto and made a part hereof. A_2, B_2 and C_2 are the base numbers as more specifically defined in Appendix from which the Optional Quantity Fee shall be computed.

3.5 If this agreement shall continue subsequent to the calendar year 1977 in effect the optional quantities of VCM shall be the same as those applicable to the calendar year 1977.

4. Conversion Fees - Terms of Payment

4.1 The "Base Conversion Fee" hereunder shall be 5.25 cents ($0.0525) per pound, FOB Shell's plant, for all quantities of VCM as specified in Paragraph 3.2 hereunder which are actually shipped during the term hereof beginning with the calendar year 1975. The Base Conversion Fee shall be subject to increase or decrease January 1, 1975 and as of the first day of each succeeding calendar quarter in accordance with the premises hereof by Shell giving Hooker at least thirty (30) days prior written notice. Shell warrants that until January 1, 1978 any such increase or decrease in the Base Conversion Fee applicable to the conversion of chlorine supplied by Hooker into VCM as provided hereunder in quantities as determined pursuant to Paragraph 3.2 above will be determined according to the following formula:

Escalated Conversion Fee = $BCF+0.0061(A-A_1)+0.0014(B-B_1)+0.0032(C-C_1)+D$ where the terms used in the formula have the following definitions:

BCF = Base Conversion Fee as set forth above

A = Crude Oil Price in Cents per Barrel

B = Average Labor Rate in Cents per Hour

C = Commodity Index Number

D = Extraordinary Costs in Cents per Pound of VCM

These terms are defined more specifically in Appendix I attached hereto and made a part hereof. A_1, B_1 and C_1 are the base numbers as more specifically defined in Appendix I from which the Escalated Conversion Fee shall be computed.

4.2 In the event Shell elects to continue the manufacture and marketing of commercial quantities of VCM subsequent to the calendar year 1977, the primary period shall extend to December 31, 1979 or for so long until December 31, 1979 as Shell may so elect and in such event Shell will, before December 31, 1975 or as soon thereafter as it may so reasonably determine, so notify Hooker and the parties hereto will begin negotiations in good faith and endeavor to reach agreement before July 1, 1976 on the basis for establishing conversion fees applicable to the calendar year 1978 and thereafter. In the event the parties do not reach agreement on the basis for establishing conversion fees for the calendar year 1978 and subsequently, this Agreement shall terminate December 31, 1977.

4.3 For any calendar year after 1974, if Hooker provides Shell satisfactory written evidence of any offer from a domestic third party, made without

disclosure by Hooker of Shell's applicable conversion fee, of a conversion fee applicable to the receipt by Hooker of at least 75 million pounds of VCM for such calendar year and said offered conversion fee is lower by more than 0.1 cents ($0.001) per pound of VCM in the basis of delivered cost FOB Hooker's plant than Shell's applicable conversion fee plus Hooker's delivery costs in effect for the same time period, then unless Shell elects within thirty (30) days and so advises Hooker in writing to meet such third party conversion fee offer for the quantities so offered, such quantities shall be deducted from the base quantities deliverable to Hooker by Shell hereunder for such calendar year.

In the event Shell elects to meet such a competitive offer, it is agreed that no later offer of the same competitor or of the same parcel, made within twelve (12) months of the date of Shell's election, shall be considered to be a competitive offer.

4.4 Payment for VCM shall be made to Shell within thirty (30) days from the date of Shell's invoice for VCM delivered to Hooker or to Hooker's order. In the event that in any calendar year Hooker fails to accept the required minimum quantity of VCM as specified in Paragraphs 2 and 3.2 (as the same may be reduced under Paragraph 9), or as may be modified by Paragraphs 3.3, 3.4 or 3.5 Hooker shall pay Shell within 30 days after the beginning of the next calendar year the sum 0.75¢ multiplied by a figure equal to the difference between the number of pounds actually accepted by Hooker during such calendar year and the required minimum quantity, subject to the following conditions. After it has sold all of the VCM production capacity of its

Norco, Louisiana and Houston, Texas Plants for such year, exclusive of Hooker's minimum quantity hereunder for that year, Shell shall use diligent efforts to sell that portion of such minimum quantity not accepted by Hooker; and Hooker will be allowed a credit against the amount due to Shell hereunder for such unaccepted quantity equal to the amount received by Shell from the sale of such quantity, or any part thereof, to the extent only, however, that the amount so received by Shell from any such sale exceeds Shell's actual cost of chlorine for production of the said quantity of VCM plus an amount determined by subtracting 0.75¢ per pound from the amount Hooker would have paid Shell for such quantity of VCM had it accepted the same hereunder. Shell shall not be obligated, however, to sell VCM specified in the foregoing sentence at a price which, in Shell's sole judgment, would be lower than fair market value and in no event shall Hooker be allowed a credit exceeding 0.75¢ per pound for sale by Shell of VCM not accepted by Hooker. It is expressly understood, however, that if during the term of this Agreement Shell supplies VCM produced at its Norco, Louisiana and Houston, Texas Plants to parties other than Hooker under contract requiring such parties to take minimum annual quantities of VCM so produced, any sales by Shell of minimum quantities not accepted by Hooker and such other parties shall be attributed to such parties ratably for purpose of computing the above credit to Hooker.

If for any reason other than provided for in Paragraph 9, Shell fails to deliver VCM up to the required maximum quantity as may be ordered by Hooker in accordance with provisions of this Agreement, Shell shall pay Hooker 0.75¢ per pound for such undelivered VCM so ordered by Hooker.

5. Orders - Deliveries

5.1 Not less than ten (10) days prior to the beginning of each month hereof Hooker shall submit to Shell a notice setting out the quantity of VCM ordered for such month.

5.2 Shell has provided written notice indicating the availability of a connecting chlorine pipeline proposed by Shell hereunder. Therefore, Hooker will provide and maintain necessary facilities, including a pipeline to Hooker's Taft, Louisiana property line at Hooker's cost and expense to deliver such amounts of liquid chlorine as required to produce the appropriate quantity of VCM as specified hereunder. Shell proposes to transport such quantities of chlorine from Hooker's property line to Shell's Norco, Louisiana Plant in a proposed pipeline to be built and maintained at Shell's cost and expense. Hooker shall pay Shell on a monthly basis a reasonable pipeline charge for chlorine transported through Shell's pipeline and used for conversion to Hooker's VCM. Shell's pipeline charge will be computed by Shell and be comprised of a reasonable capital charge based on costs for installing Shell's pipeline and on operating costs both prorated on the basis that Hooker's throughput of chlorine for conversion to Hooker's VCM bears to the total throughput of chlorine through the line provided, however, that such pipeline charge shall not exceed Hooker's equivalent rail cost for movement of chlorine in Hooker's 90 ton rail cars from Hooker's Taft, Louisiana Plant to Shell's Norco, Louisiana Plant. The weight of chlorine delivered by pipeline for conversion to VCM hereunder shall be determined by Hooker's weigh tanks or by other means as may be mutually acceptable. Should Governmental restrictions prevent installation or usage of such pipeline for chlorine transportation, then Hooker shall deliver, at Hooker's expense, the aforementioned chlorine to Shell's

Norco, Louisiana Plant by 90 ton rail cars or other means agreeable to both parties. In the event Shell does not have the pipeline available for delivery of chlorine by January 1, 1975 Hooker shall use its best efforts to commence deliveries by 55 and/or 90 ton tank cars at Hooker's expense for so long as said pipeline is not available. Shell shall provide suitable facilities for receipt of such chlorine at the locations described herein. The weight of chlorine, delivered into Shell's facilities by tank car sufficient to satisfy the conversion ratio stated hereunder, shall be determined as specified in Exhibit C.

5.3 Shell shall deliver all VCM converted (or sold) hereunder FOB Shell's Norco, Louisiana Plant into Hooker's tank cars, of a capacity to be mutually agreed upon. The quantity or weight of VCM delivered into Hooker's tank cars shall be determined by railroad weight scales and certified weigh tickets shall be supplied for verification. In the event Hooker elects to verify Shell's measurements of the quantity of VCM delivered hereunder and differences in excess of 1% are uncovered in any car, such excess overages or shortages, if substantiated, shall be subject to billing adjustments. Tank Car "heel" allowance for VCM shall be computed on the basis of the standard factor at 5 psig of three (3) pounds per 100 gallons of car capacity provided such tank cars are made available to Shell with a VCM pressure of between five (5) and ten (10) psig prior to loading.

6. GOVERNMENTAL CHARGES

All new and increased domestic or foreign taxes and other governmental charges other than those based on income, which are imposed after December 31, 1973 on VCM, or on the feedstocks or process materials used to produce the VCM, or on Shell (including without limitation its VCM manufacturing facilities), or required to be paid or collected by Shell by reason of the sale, production, conversion, transportation, or delivery of the VCM hereunder, shall be paid to Shell by Hooker in addition to the prices and conversion fees herein specified and within fifteen (15) days after receipt of Shell's statement.

7. Title

Title to all chlorine delivered to Shell and held by Shell for Hooker's account and all VCM converted hereunder shall be and remain in Hooker, but Shell shall have the right to commingle the same with its own chlorine and VCM or with that held by Shell for a third party.

Responsibility for all losses or damage of the chlorine delivered hereunder shall be in Shell after receipt of the same by it in Shell's facilities as stated herein, except where the same arises out of the negligence of Hooker.

Responsibility for all losses or damage of the VCM converted (or sold) hereunder shall be in Shell until the same is delivered to Hooker into tank cars as provided for hereunder except where the same arises out of the negligence of Hooker.

Any chlorine required for conversion in excess of the conversion ratio shall be supplied by Shell at no cost to Hooker. Title to any chlorine remaining in storage at the end of any calendar year because of conversion efficiencies shall transfer to Shell.

8. Liabilities - Claim

Hooker warrants that the chlorine delivered hereunder and Shell warrants the VCM converted (or sold) hereunder will meet the specifications set forth respectively in Exhibit A and Exhibit B, but Shell and Hooker make NO OTHER WARRANTIES hereunder, WHETHER ON MERCHANTABILITY, FITNESS OR OTHERWISE AND NONE SHALL BE IMPLIED. Hooker shall accept Shell's analysis of VCM converted or sold hereunder as determined on the contents of Shell's storage spheres prior to delivery to Hooker and Hooker shall accept Shell's Certificate of Analysis therefor as representative of the quality of the VCM delivered hereunder with respect to meeting the specifications warranted.

Responsibility for all claims arising directly or indirectly out of the chlorine delivered hereunder shall be in Shell during unloading and discharge and after receipt of the same by Shell in its facilities as stated herein, except where the same arises out of the negligence of Hooker.

Responsibility for all claims arising directly or indirectly out of the VCM converted (or sold) hereunder shall be in Shell until the same is delivered to Hooker into tank cars as provided for hereunder, except where the same arises out of the negligence of Hooker.

Shell shall have no liability for, and Hooker shall indemnify Shell against all claims, loss liability and expense on account of, any injury or death of persons (including Hooker's employees) or damage to property (including Hooker's) caused by or happening in connection with Hooker's unloading, storage, handling or use of the VCM delivered hereunder, unless due to negligence of Shell, its agents or employees in the manufacture or loading of the product, or defects in the tank cars furnished for transportation of the product.

Hooker shall have no liability for, and Shell shall indemnify Hooker against all claims, loss liability and expense on account of, any injury or death of persons (including Shell's employees) or damage to property (including Shell's) caused by or happening in connection with Shell's receiving, unloading, transporting, storage, handling, or use of chlorine delivered hereunder, unless due to negligence of Hooker, its agents or employees, in the manufacture or handling of the product or facilities for transportation of the product.

Neither Shell nor Hooker shall have any liability to the other for any claims arising directly or indirectly out of or in connection with this Agreement, unless the claimant gives the other party notice of the claim (setting forth fully the facts on which it is based) within sixty (60) days after the date of discovery, or other transaction or occurrence giving rise to the claim. Claims shall in any case be limited to the value of VCM or chlorine as appropriate where for such purpose the value of VCM shall be assumed as if comprised of the conversion fee applicable plus 0.64 multiplied by the value of chlorine and the value of chlorine shall be taken

as Hooker's average selling price for bulk chlorine sold under long-term contract for delivery from Hooker's Taft, Louisiana chemical plant; and neither party shall ever be liable for any indirect, special or consequential damages.

9. Excuses for Non-Performance

Either Shell or Hooker shall be excused from its obligations hereunder when and to the extent that performance is delayed, impaired, or prevented (a) by any circumstances (except financial) reasonably beyond its control, or (b) by fire, explosion, breakdown in machinery or equipment, plant shutdown, or failure of catalyst, or riots, strikes, labor disputes, voluntary or involuntary compliance with any law, order, regulation, recommendation, or request of any governmental authority, (including, without limitation, those relating to economic stabilization or product allocation), or total or partial failure of the usual means of transportation of chlorine, ethylene, dichloroethane or VCM, or inability or delay in obtaining all or any part of the feedstocks or process materials used in the manufacture of VCM from Shell's earlier planned or established internal or third party sources of supply. As used herein, "labor dispute" means any controversy to which either Shell or Hooker has an interest, involving wages, hours or working conditions and includes any strike, picketing, lockout, suspension of construction or any other action taken in connection with or because of the labor dispute. Neither Shell nor Hooker shall have any obligation to participate in any settlement of a labor dispute, or to request its agents or contractors to do so except where the same is acceptable to such party in its

sole judgment. The quantities of VCM consequently undelivered as a result of causes excused hereunder shall not be required to be made up by Shell or Hooker upon resumption of full deliveries of VCM hereunder and such VCM quantities shall be deducted from the obligated quantities applicable to the then calendar year. In the event that Shell is excused from delivering any quantity of VCM due to any of the causes specified above, Shell shall have the right to apportion, solely according to Shell's judgment, the productive capacity being utilized to include Hooker, and Shell shall have no obligation in the event of any excused causes specified above to purchase VCM to perform hereunder or to purchase feedstocks or process materials from sources not previously established or to utilize any internal sources of supply of the same to perform hereunder.

If Shell's performance is excused hereunder due to inability to obtain feedstocks or process materials used in the manufacture of VCM from Shell's earlier planned or established sources, Shell shall use diligent efforts to obtain such feedstocks or process materials from other than earlier planned or established sources but fees hereunder shall be adjusted to reflect any increase in cost to Shell. If Shell is unable to obtain such feedstocks, Hooker, at its option, on reasonable notice and at Hooker's cost may provide such feedstocks to Shell by mutually agreeable delivery methods and Shell shall convert VCM from such feedstocks provided by Hooker for delivery to Hooker for so long as Shell's excused performance continues hereunder but fees shall be adjusted to reflect the corresponding decrease in cost of feedstocks to Shell.

Should excused deliveries of VCM or chlorine hereunder continue for a period in excess of one hundred twenty (120) days, the party whose performance is not excused during this period may cancel this Agreement effective sixty (60) days after written notice given following expiration of the aforesaid one hundred twenty (120) day period, provided that deliveries have not resumed at a rate corresponding to the minimum required by this Agreement before expiration of such sixty (60) days.

10. Assignability

Neither this Agreement nor any claim arising directly or indirectly out of or in connection therewith shall be assignable by either party or by operation of law without the written consent of the other party, which consent shall not be unreasonably withheld, except that either party may assign its rights hereunder, subject to the obligation thereof, to any successor of substantially all of its business assets pertaining to VCM or chlorine production or the use thereof as a raw material, as applicable.

11. Remedies

In the event of any breach by either party of any of the provisions of this Agreement, the other party shall have the right in addition to any other rights or remedies it may have to suspend or refuse deliveries hereunder and/or to terminate this Agreement by notice to the defaulting party effective as of the date of such notice. Either party's right to require strict performance of the obligation of the other shall not be affected in any way by any previous waiver, forebearance or course of dealing.

12. Notices

All notices or demands under this Agreement, whether required by the terms hereof or otherwise, shall be in writing and shall be delivered or mailed by certified or registered mail, return receipt requested, to the following addresses of the parties or to such other addresses as may be hereafter designated in writing by the respective parties:

If to Hooker: Hooker Chemical Corporation
345 Third Street
Niagara Falls, New York 14302

If to Shell: Shell Chemical Company
A Division of Shell Oil Company
P. O. Box 2463
One Shell Plaza
Houston, Texas 77001
Attention Manager Chemical Intermediates

13. Laws Governing Contract

This Agreement shall be governed under the laws of the State of New York.

14. Entirety - Execution

This Agreement comprises the entire Agreement and merges and supersedes all prior agreements, understandings and representations (oral or written) between Shell and Hooker concerning the subject matter hereof, including specifically said previous Agreement of January 24, 1973. Neither this Agreement nor any subsequent Agreement amending or supplementing this Agreement shall be binding on Shell or Hooker unless and until it has been

signed on Shell's or Hooker's behalf by a duly authorized representative, and commencement of performance hereunder or under any such subsequent Agreement shall not constitute a waiver of this requirement.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement in duplicate as of the day and date first written above.

SHELL CHEMICAL COMPANY A Division of Shell Oil Company	HOOKER CHEMICALS & PLASTICS CORP.
By: John F Kroeger	By: J J Corey

EXHIBIT A

CHLORINE SPECIFICATIONS

Chlorine	99.5% Volume
Chlorinated Compounds	1,000 ppm max.
Non-Volatile Matter	100 ppm max.
Water	30 ppm max.
Bromine	100 ppm max.

EXHIBIT B

SPECIFICATIONS FOR VINYL CHLORIDE

SPECIFICATIONS	MAXIMUM
Acetylene, mol ppm	3.0
Acetaldehyde, mol ppm	5.0
Butadiene, mol ppm	10.0
Water, weight ppm	100.0
Acidity (as HCl), weight ppm	2.0
Non-Volatiles, weight ppm	200.0
Iron, weight ppm	0.5
Color	Colorless
Appearance	Clear and free from suspended matter
Stabilizer	None added

EXHIBIT C

Measurements of the net quantity of chlorine shipped to Shell in tank cars shall be made using railroad type weigh scales. The type of scales and their calibration and use in weighing shall conform to requirements as set forth in the National Bureau of Standards in N.B.S. Handbook 44, the latest edition, or a maintenance measuring tolerance of ±0.2% of true weight.

The weigh scale used shall be the stationary weighing type for weighing cars at rest. The weigh scale weight capacity and weighing platform length shall enable weighing cars in a single weighing or draft. Cars to be weighed shall be uncoupled from any other railroad equipment when placed on the scale for weighing.

The weigh scale shall be calibrated monthly. Shell representatives shall have the privilege of witnessing each weigh scale calibration in addition to the routine weighing of cars. The supplier shall furnish copies of documents that will establish that calibration test weight cars are certified by N.B.S. weigh scales. Documents shall also be furnished for evidence and the integrity of all calibration and maintenance work. Copies of N.B.S. certificates shall be furnished by the supplier to Shell for all test weight cars used for weigh scale calibration.

Weigh scale calibration shall include using N.B.S. certified weights for 100% of maximum gross weight of cars loaded with chlorine.

Weigh scale repeatability shall be determined from three successive weight measurements of a test weight for 100% of the range of measurement. The weighing procedure used, including test weight car placement, re-zeroing

of scales, etc., shall be based upon N.B.S. Handbook 44 and should be included in written procedures to be furnished by the supplier for the mutual use of the supplier and Shell in all calibration and routine weighing. The weigh scale repeatability shall not exceed the minimum weigh scale indicated weight graduation. Shell shall have the privilege of witnessing or requesting that routine spot checks be made by the supplier of the weigh scale performance by determining the weigh scale repeatability by successively weighing a selected car loaded with chlorine three separate times.

Security measures shall include the use of serially numbered security seals. Seals shall be provided to assure that the integrity of measurement is assured by prevention of unauthorized tampering or adjustment of any weigh scale mechanism following its calibration. Sealing devices shall be installed after each weigh scale calibration and this action witnessed by a Shell representative. The supplier shall record all seal serial numbers and Shell shall be contacted and advised whenever removal of a seal is necessary. Verification of seal serial numbers shall be done and witnessed by Shell prior to that removal for weigh scale maintenance and calibration. The number and location of all seals shall be mutually agreed upon by the supplier and Shell to assure realizing adequate security.

The tare or light weight of each car to be loaded is to be measured immediately before loading with chlorine. A weigh document for each loaded car shall be furnished to Shell which shall include the time of day, date, weight, weigher and car number for the tare and gross weight. Car seal numbers shall be recorded for the gross weight. In each weighing, the weigh scales shall be re-zeroed before the car to be weighed is placed on the scales.

APPENDIX I

PAGE 1

A, A_1 AND A_2

CRUDE OIL PRICE

"A" shall equal the volumetric average delivered cost of the crude oils, condensates, natural gas liquids, and natural gas used as a raw material and processing and blend stocks which are recorded as intakes to Shell's refineries expressed in cents per barrel where the "current period" shall be the preceding months of September and October for the calendar quarter commencing January 1st, December-January for the calendar quarter commencing April 1st, March-April for the calendar quarter commencing July 1st and June-July for the calendar quarter commencing October 1st. "A_1" is the volumetric average delivered cost for the fourth calendar quarter of 1973 and is 563 cents per barrel. "A_2" is the volumetric average delivered value determined and entered as "A" during the months September-October 1975 for the determination of the escalated conversion fee to be effective January 1, 1976. These values, in addition to those determined pursuant to "D" as hereinafter described, are considered to be proprietary to Shell and, therefore, the values are not to be revealed to others by Hooker.

APPENDIX I

PAGE 2

B, B_1 AND B_2

LABOR RATES

B shall equal the arithmetical average, expressed in cents per hour, of the "average hourly earnings", Industrial Chemicals, reported for the "current period" (as identified below) by the United States Bureau of Labor Statistics in Table C-2 in the publication, "Employment and Earnings".

B_1 shall be the arithmetical average, expressed in cents per hour, of the "average hourly earnings", Industrial Chemicals, reported for the period October, November, December, 1973 and is 511 cents per hour.

The "current period" shall be the preceding months of December-February (inclusive) for the calendar quarter commencing July 1st, March-May (inclusive) for the calendar quarter commencing October 1st, June-August (inclusive) for the calendar quarter commencing January 1st and September-November (inclusive) for the calendar quarter commencing April 1st.

B_2 shall be the arithmetic average, expressed in cents per hour, of the "average hourly earnings", Industrial Chemicals, entered as B above during the fourth quarter 1975 for the determination of the Escalated Conversion Fee to be effective January 1, 1976.

Should the method of computing the hourly earnings referred to herein be changed, or should publication of same be discontinued or substantially delayed, the parties hereto shall agree upon the use of another similar labor rate compilation and shall adjust the Labor Rate Base to conform to the calculation method of the new compilation.

C, C_1 AND C_2

COMMODITY INDICES

C shall equal the arithmetical averages of the latest final Wholesale Commodity Price Indices for Industrial Commodities reported for the "current period" (as identified below) by the United States Bureau of Labor Statistics in the publication "Wholesale Prices and Price Indices".

C_1 shall be the arithmetical average of the final Wholesale Commodity Price Indices for Industrial Commodities reported for the "base period" (as identified below) in the above-mentioned publication and table.

The "current period" and the "base period" shall include the identical months specified under "Labor Rates" for calculation of B and B_1 above. The base period index (C_1) is 133.4.

C_2 shall be the arithmetical average of the final Wholesale Commodity Price Indices for Industrial Commodities entered as C above during the fourth quarter 1975 for the determination of the Escalated Conversion Fee to be effective January 1, 1976.

Should the method of computing the Wholesale Commodity Price Index referred to herein be changed, or should publication of same be discontinued or substantially delayed, the parties hereto shall agree upon the use of another similar index and shall adjust the Wholesale Commodity Price Index Base to conform to the calculation method of the new index selected. If a new reference base is established, the Wholesale Commodity Price Index Base shall be converted to the new base by factors published by the Bureau of Labor Statistics. If the weighting structure is revised, the unofficial index will be used until the official index is released.

APPENDIX I

PAGE 4

D

EXTRAORDINARY COSTS

Shell and Hooker each recognize that, owing to the uncertanties in, but not limited to, future Federal, State and Local operation requirements and environmental standards, in new requirements to protect safety and health of employees and the public, and in figure equipment performance from corrosion and maintenance standpoints, it is impractical as of the date of this Agreement to establish a fixed formula for escalation of the Base Conversion Fee to cover these costs on an equitable basis for as many years into the future as the intended duration of this Agreement. Each party agrees, however, that it is their intent such extraordinary costs incurred by Shell after May 1, 1974 shall be added to the Base Conversion Fee or applicable conversion fee described in Paragraph 4.1 based upon Shell's actual cost experience for the "current period" as specified under "Labor Rates" for calculation of B, B_1 and B_2 above. Shell's extraordinary cost fee will be computed by Shell and be comprised of a reasonable capital charge based on costs for installing new equipment, if any, and on new operating costs, if any, both prorated on the basis that Hooker's VCM conversion quantities during the period for which Shell's extraordinary costs are being computed for purposes of fee adjustment bear to a total VCM production for the period involved at the facility from which Hooker is receiving

deliveries of VCM as provided hereunder. Costs will not be considered extraordinary unless they exceed $350,000 for the productive capacity being utilized to include Hooker. Shell will give Hooker such advance notice of its non-binding best estimate of such extraordinary costs as soon as reasonably possible, but increases attributed to actual extraordinary costs as computed above will not be effective until notice of such increase is given pursuant to Paragraphs 3.4.1 and 4.1 hereunder. Decisions as to the necessity and type of such extraordinary costs shall reside solely with Shell.

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

STRAIGHT BILL OF LADING—SHORT FORM—NOT NEGOTIABLE—ORIGINAL
RECEIVED, subject to the classifications and tariffs in effect on the date of the issue of this Bill of Lading.

ORIGINAL TO CONSIGNEE 2

~~SHELL~~ CHEMICAL COMPANY HOOKER CHEMIACL PLASTICS

AT PAGE 01 OF 01
ORCO LA

SHIPPER'S NO. 116-0716HS

CARRIER NAME OR RAIL CAR INITIALS AND NO. ICGRR-UTLX 37248
SCAC ICG
SHIPPING DATE 7/23/78

FOR HELP IN EMERGENCIES
such as spill, leak, fire or exposure
call toll-free, day or night
800—424-9300

ROUTE CODE 9001
ROUTE ICG ~~CR~~
SEAL NO.'S

98-52836

CONSIGNED TO
HOOKER CHEM PLASTICS
STEVENS STATION
BURLINGTON NJ 08016

the property described below, in apparent good order, except as noted (contents and condition of contents of packages unknown), marked, consigned, and destined as indicated below, which said carrier (the word carrier being understood throughout this contract as meaning any person or corporation in possession of the property under the contract) agrees to carry to its usual place of delivery at said destination, if on its route, otherwise to deliver to another carrier on the route to said destination. It is mutually agreed, as to each carrier of all or any of said property over all or any portion of said route to destination, and as to each party at any time interested in all or any of said property, that every service to be performed hereunder shall be subject to all the terms and conditions of the Uniform Domestic Straight Bill of Lading set forth (1) in Uniform Freight Classification in effect on the date hereof, if this is a rail or a rail-water shipment, or (2) in the applicable motor carrier classification or tariff if this is a motor carrier shipment.

Shipper hereby certifies that he is familiar with all the terms and conditions of the said bill of lading, including those on the back thereof, set forth in the classification or tariff which governs the transportation of this shipment, and the said terms and conditions are hereby agreed to by the shipper and accepted for himself and his assigns.

If this document evidences a delivery by shipper's truck or into consignee's truck, it is not a bill of lading but consignee's receipt for the delivery.

Subject to Section 7 of Conditions of applicable bill of lading, if this shipment is to be delivered to the consignee without recourse on the consignor, the consignor shall sign the following statement:

The carrier shall not make delivery of this shipment without payment of freight and all other lawful charges.
SHELL CHEMICAL COMPANY
(Signature of Consignor)

FREIGHT TERMS
COLLECT

SPLC CODES ORIGIN DEST.

DESCRIPTION OF ARTICLES, SPECIAL MARKS AND EXCEPTIONS

NO. & KIND PACKAGES	TRUCK/ TRAILER NUMBER	TRUCK/ TRAILER OR T/C COMPT	CAPACITY	OUTAGE	GALLONS AT LOADING TEMP.	LOADING TEMP. °F	LB/GAL AT LOAD TEMP.	GALLON CORR. FACTOR	NET WEIGHT OR GALLONS AT 60°F	GROSS WEIGHT (Subject to correction)

1 T/C VINYL CHLORIDE - FLAMMABLE GAS
PLACARDED FLAMMABLE GAS

LINE 01 26000 GAL VCM CONV.-HOOKER RUCO-2
BULK
CA 32326
GROSS 260280 TARE 76800 NET 183480 - 786 (CA)
BILLING WEIGHT
ESTIMATED GALLONS 24,000
- 182694
MAX GROSS WT ON WHEELS NOT TO EXCEED 262,400
SEAL NBRS
RATES COL-742-SFA-2011 TO GEISMAR
ITEM 58820-SFA-822 TO CALVERT KY
ITEM 27370-SFA-819 F BEYOND

~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~
~~XXXXXXXXXXXXXXXXXXX~~ NOT SUBJECT TO DOT 112A.

ICG-WEIGH T/C AT GOOD HOPE LA
MAIL COPY WEIGHT TICKET TO ZORIDA CASTRO
GARY WILKIE
MAIL CERTIFICATE OF ANALYSIS TO CUST.
TRIP LEASE TANK CAR.
~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~.

IF CAR IS OVERWEIGHT RETURN TO SHELL CHEM CO.

RECEIVED
JUL 28 1978
HOOKER CHEMICAL CO. / RUCO DIV.
T. & D. DEPARTMENT

SHIPMENT IS PREPAID, MAIL FREIGHT BILL IN DUPLICATE WITH NO. & COPY OF B/L TO Shell Chemical Company, Attention: Chemical Products Accounting, Freight Accounting, P.O. Box 1976, Houston, Texas 77001

SHIPMENTS VIA MOTOR CARRIER

D.O.T. HAZARDOUS MATERIALS PLACARDS FURNISHED BY:
☐ SHIPPER ☐ CARRIER

1. The agreed or declared value of the property is hereby specifically stated by the shipper to be not exceeding 30¢ per pound where the rate is dependent on value. 2. Description and gross weight thereof as shown herein are correct, per agreement filed with Weighing and Inspection Bureau, if applicable. 3. This is to certify that the above-named materials are properly classified, described, packaged, marked and labeled and are in proper condition for transportation according to the applicable regulations of the Department of Transportation.

~~SHELL CHEMICAL COMPANY~~ HOOKER CHEMICAL PLASTICS — Shipper is a division of [illegible] SHELL OIL COMPANY, a Delaware Corporation

Per D. F. BRAW

Carrier certifies that the container supplied by Carrier for this shipment is a proper container for transportation of the Materials as above described.
Carrier ICGRR
By Agent: Harvey [illegible] 7/23/78

DELIVERY RECEIPT — Received in good order
Customer/Customer's Carrier certifies that the container supplied by it for this shipment is a proper container for transportation of the Materials as above described.
For
By:

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS

SHELL CHEMICAL COMPANY 4—REMITTANCE ADVICE
A DIVISION OF SHELL OIL COMPANY

PLEASE MAIL REMITTANCE TO

. O. BOX 5110
HURCH STREET STATION
EW YORK, NEW YORK 10249

INVOICE DATE: 11 27 78
DATE SHIPPED: 11 2 78

IN REMITTING REFER TO

PED FROM	FREIGHT (1-COLLECT 2-PREPAID 3-CUST P/U 4-OTHER)	INVOICE NO.	TRANS.	DEST. DIST.	CUSTOMER NUMBER	CITY	STATE
RCO LA116	1	116-7975-C7	03	89	66606	090	28

PED TO
OOKER CHEM & PLASTICS
TEVENS STATION
URLINGTON NJ
08016

BILL TO
HOOKER CHEM & PLASTICS
RUCO DIV
PO BOX 456
BURLINGTON NJ
08016

.O.	INV.	CUSTOMER ORDER NO.	DATE ORDERED	F.O.B. DESTINATION	CAR NUMBER
0	04	98-52836	11/20/78	NORCO LA	ALFX060270

NTITY ERED	COMMODITY SQR	LOT NUMBER	COLOR	P	L		PRICE $ DOL	CENTS	BILLING UNIT	QUANTITY SHIPPED BOOKING QUANTITY CONTAINER	WEIGHT OR GAL	AMOUNT DOLLARS	CENTS
26M	GAL												
	VCM	CONV.-HOOKER RUCO-2					$	1185	LBS		1827170	21651	96
	BULK												
	LESS	TEMP VOL ALLOWANCE					$	0110	LBS			2009	89

REMITTANCE COPY

PLEASE RETURN REMITTANCE COPY WITH PAYMENT AND EXPLAIN IF AMOUNT REMITTED IS DIFFERENT FROM INVOICE.

RMS
NET 30 DAYS FROM DATE OF INVOICE.

DOLLARS	CENTS
19642	07

PAY THIS AMOUNT

LER CERTIFIES THAT THE COMMODITIES WERE PRODUCED IN COMPLIANCE WITH ALL APPLICABLE REQUIREMENTS OF THE FAIR LABOR STANDARDS ACT LUDING THOSE OF SECS. 6, 7 AND 12, AS AMENDED, AND REGULATIONS AND ORDERS ISSUED THEREUNDER INCLUDING THOSE UNDER SEC 14

RECT ALL CORRESPONDENCE TO:

SEPARATOR SHEET

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HOOKER CHEMICAL CO.

RAILROAD DRILL SLIP

NO. 11-1

DATE 10/26/78

OUTBOUND:

(2)

ACFX 80292 } Out empty } MTed in OCT.
ACFX 80371 { last contained
ACFY 80258 } Vinyl Chloride"

[illegible] ACFX 57174 out full from Trk #2

[illegible] ACFX 57145 out full from Gypsum Trk.

SWITCH: ACFY 57138 from Trk #4 to Gypsum Trk

ACFX 57094 from Gypsum Trk to Trk #4
behind 57135

WBound – Box Cars STSF 600066 + SP 694151 To
Trk. #5

INBOUND: Hooker 57012 – 57074 To Track #3
3 full VC cars to [illegible] at [illegible]

SIGNED

SEPARATOR SHEET

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VC CAR UNLOADING REPORT

Car Number ACFX 80249 Date Unloaded 9-27-78

**** Air Mask Must Be Worn Unloaded By

OPERATION	Operator	cks
1. Brakes, chocks and derailers positioned****	✓	
2. VC Unloading signs in position on tracks	✓	
3. Transfer lines connected with ground straps placed	✓	
4. Sphere level before (inches) (Do not unload if sphere level is above 20 ft. in cold weather or 18 ft. in warm weather	26,5	
Time Started	0710	
GPM Reading (average)	100 +	
5. Conditions met for vapor cycle	✓	
a. Belly of car warm	✓	
b. Pump Suction & Discharge Pressure equal	✓	
c. Pressure when car switched over	53	
d. Time switched over (vapor) (Must be switched within 30 minutes of liquid transfer)	0925	
e. Pressure when car finished and time	3	
f. Sphere Level when car is finished	24	
6. Transfer lines removed. Plugs replaced. Hatch secured.	✓	
7. Signs turned around on four sides of car	✓	
8. Chocks and derailers removed & unloading signs removed from tracks	✓	
9. Alarms or leaks	✓	
10. All valves in proper position. Car finished, and ready to move	✓	
11. Car moved to track No. 5 beyond derailer (and coupled to other car on track No. 5) and wheels blocked on last car		
12. Car brakes are applied		
13. Derailer on track No. 5 positioned		

COMMENTS

****When VC car to be unloaded is positioned, no other car may be in the area enclosed by the derailer

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hooker **RUCO** DIVISION
BURLINGTON, N.J. 08016

RECEIVING REPORT

58325

B.A.	PURCHASE ORDER #	RELEASE	WHSE.	RECEIVED AT	HOPPER CAR #
02	98-52836	030164	08	Unloading Sta.	

RECEIVED FROM	DELIVER TO
Shell Chemical Stanford Conn.	Al Kowalewski

ITEM NO.	MATERIAL CODE	U/M	QUANTITY	# OF UNITS	DESCRIPTION	NET WGT.	P/C
1		TC	1		VC	NA	P
							P

DELIVERING CARRIER	PRO. NO.	GROSS WGT.	FREIGHT	DATE REC'D. MO. DAY YEAR	REC'D BY
Conrail	ACFX 86249	NA	[✓ PPD.] COLL. AMT. PD.	9 27 78	9-28-7 sm

98-20004 (10/74)

ACCOUNT'S PAYABLE

	e. Pressure when car finished and time	2	
	f. Sphere Level when car is finished	24	
6.	Transfer lines removed. Plugs replaced. Hatch secured.	✓	
7.	Signs turned around on four sides of car	✓	
8.	Chocks and derailers removed & unloading signs removed from tracks	✓	
9.	Alarms or leaks	✓	
10.	All valves in proper position. Car finished, and ready to move	✓	
11.	Car moved to track No. 5 beyond derailer (and coupled to other car on track No. 5) and wheels blocked on last car		
12.	Car brakes are applied		
13.	Derailer on track No. 5 positioned		

COMMENTS

****When VC car to be unloaded is positioned, no other car may be in the area enclosed by the derailer

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OOKER CHEMICAL CORPORATION
NIAGARA FALLS, N.Y.
FORM 10764

Put
file VCM.

CC TO: RLF
WDH
HHK

June 29, 1973

Mr. D. P. Jones
Account Manager Chemical Sales
Shell Chemical Company
600 Summer Street
Stamford, Connecticut 06904

Dear Dud:

Our vinyl chloride monomer contract provides that Hooker must notify Shell of its estimated annual requirements not less than six months prior to calendar year. Further, that these requirements shall be within the minimum and maximum amounts per calendar year as specified in this agreement.

Hooker's estimated requirements for calendar year 1974 are 193,000,000 lbs. of vinyl chloride monomer. Our interpretation of the contract is that Hooker is then committed to take 95% of this quantity or 183,350,000 lbs. and Shell is committed to deliver up to 105% of this quantity or 202,650,000 lbs.

This letter will also serve to notify Shell as per the contract provision that Hooker elects to supply liquid chlorine for conversion to vinyl chloride monomer for the calendar year 1975 and succeeding years of the contract.

Believe our next deadline is October 1 of 1973 when Shell shall propose, in writing, a conversion fee for 1975 within the range of 3.30-3.70¢/lb. and range of conversion fees for 1976.

Very truly yours

HOOKER CHEMICAL CORPORATION

NM Barber

M. M. Barber
Manager of Purchases
Raw Materials & Containers
iw

cc: R. V. Lucke
W. E. Sholl
P. Weill

SEPARATOR SHEET

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ICAL CORPORATION
ARA FALLS, N. Y.

July 18, 1973

R. V. Lucke
Burlington

Optional VCM - Shell Contract

Under the terms of the Shell contract Hooker has a right of first refusal to increase the 1976 and 1977 minimum and maximum tonnages to 210MM lbs. minimum and 260MM lbs. maximum. Existing min.-max. for 1976 are 167MM - 200MM and for 1977 are 171MM - 209MM lbs. To exercise this right, Hooker must give Shell written notice prior to March 1, 1974.

If Shell has an opportunity to utilize capacity represented by these quantities prior to any notification by Hooker, Shell must advise Hooker in writing of quantities involved and Hooker has three months from that date if it wishes the material and deliveries shall start 22 months from the date of Shell's notice. Option is subject to raw material availability to Shell.

Pricing for optional amounts will be determined as follows. Shell proposes a range in conversion fees for the 1976 quantity by April 30, 1974. We have until June 30, 1974 to agree in writing on the range. If we fail to agree the option is revoked and we revert to the max. and mins. for 1976 and 1977 as written in the contract. Presuming agreement on range we have until [illegible] 31, 1975 to negotiate exact conversion fee on the optional quantity. If we cannot agree on the exact figure the median of the range applies for 1976 conversion, but the optional quantities can be revoked by either party for 1977 by giving written notice prior to April 16, 1975.

It appears that you have nothing to lose in the way of optional quantities by doing nothing until late February of 1974. If anything comes up on Shell's side they must let us know and we can then act.

H. H. Barber
Manager of Purchases
Raw Materials & Containers
lw

cc: C. A. Bloomfield
H. E. Shell
[illegible]
R. E. Whitaker

SEPARATOR SHEET

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Copy R Schuh
C. Shaw
Return CWH

Shell Chemical Company
A Division of Shell Oil Company

One Shell Plaza
P.O. Box 2463
Houston, Texas 77001

December 19, 1984

RECEIVED
DEC 21 1984
C. W. HULL. JR.

Mr. Craig W. Hull, Jr.
Vice President, Commercial
Occidental Chemical Company
P. O. Box 4020
RiverPark
Darien, CT 06820

Dear Craig:

Attached hereto are copies of our proposed VCM agreement according to conditions and terms as discussed with you previously and a copy of Rider No. 104 covering certain rail cars between Union Tank Car Company and Shell Oil Company. After the first of the year, we will forward to you a copy of the proposed contract covering ethylene requirements in 1985 and sublease agreements covering the remaining rail cars. Union Tank Car Company has advised us that they would prefer that Occidental accept an assignment of Rider No. 104 and that all future transactions regarding that rider be between Union Tank Car Company and Occidental. Occidental is to send a letter to Union Tank Car Company accepting an assignment of this rider.

Should you have any questions regarding these matters, please call me at your convenience.

Very truly yours,

R. F. Weigle
Manager, Corporate Accounts

Attachments

cc: L. A. Wheeler (w/attach.)

BRHK8435401

SEPARATOR SHEET

SHEET INTENTIONALLY LEFT BLANK TO SEPARATE DOCUMENTS