

Vista Chemical Company

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TGG: JCL: ~~ERT~~: ~~MMH~~: ~~AO~~: RF

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VISTA

March 15, 1990

Mr. Terry Thoem
Conoco Inc.
P. O. Box 2197
Houston, TX 77252

Dear Terry:

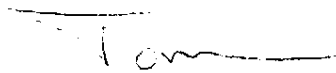
Attached is a draft of the revised cost-sharing agreement that reflects our recent negotiations.

The only significant changes from the prior agreement are in paragraphs (c), (6) and (H).

I should have the proposed O & M cost schedule to be used for the annual determination to you on Monday.

Please give me a call when you have reviewed the attached.

Sincerely,


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

dlj

Attachment

VVV 000012762

DRAFT

GROUND WATER PROJECT AGREEMENT

WITNESSETH THIS AGREEMENT between Conoco Inc. ("Conoco") and Vista Chemical Company ("Vista") is entered into on this ___ day of March, 1990, for the purposes of achieving an accord and satisfaction of past disputes and minimizing future disputes concerning the parties' respective responsibilities for the payment of certain expenses associated with ongoing Ground Water Contamination Assessments and certain Corrective Actions related thereto, at the Vista Lake Charles Chemical Complex (LCCC) in Westlake, Louisiana.

IN CONSIDERATION OF the mutual undertakings set forth herein and intending to be legally bound hereby, it is hereby agreed as follows:

A. FOR PURPOSES OF this Agreement, the phrase "Ground Water Contamination Assessment" shall mean activities designed to determine the sources, nature and extent of subsurface contamination beneath and adjacent to the LCCC. The phrase "Corrective Action" shall mean activities designed to remove contaminants from ground water, soil or sediment. Corrective Action shall not include Source Control activities.

B. FOR PURPOSES OF this Agreement, the term "Source Control" shall mean physical installation, reconstruction, modification or removal of equipment (including, but not limited to, tanks, pipe/sewer lines and liners) undertaken by Vista for the purpose of minimizing or preventing releases of contaminants into ground water, soil or sediment. For purposes of this Agreement, Source Control shall not include the excavation or removal of contaminated soil or sediment.

C. FOR PURPOSES OF this Agreement, the term "Expense Items" shall mean outside contractor expenses and equipment and materials costs necessary and appropriate to complete Ground Water Contamination Assessments and Corrective Actions pursuant to this Agreement. Expense Items shall only include costs actually incurred after the effective date of this Agreement for (a) non-Conoco and non-Vista personnel time, such as outside contractors and outside consultants, (b) costs for equipment and materials purchased from other than Conoco or Vista, and (c) Operation and Maintenance costs incurred under paragraph H hereof. Conoco and Vista agree that if it is more cost-effective for one of the parties to perform tasks associated with these Expense Items, those actions, if agreed to in writing beforehand, are subject to the cost allocation provisions of this Agreement.

D. THE TERM OF this Agreement shall be three (3) years commencing from the date of signing of this Agreement. Cost allocation for Expense Items incurred after the three (3) year term shall not be governed by this Agreement.

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E. DURING THE TERM of this Agreement, Conoco and Vista shall from time to time agree in writing upon actions and tasks required to satisfy all lawful nonappealable orders of appropriate regulatory agencies with respect to Ground Water Contamination Assessments and Corrective Action, and shall further agree as to all Expense Items necessary and appropriate to complete such Assessments and Corrective Actions.

F. EXPENSE ITEMS imposed as a result of spills, leaks and releases occurring after July 20, 1984 shall be the sole responsibility of Vista. However, Expense Items imposed as a result of leaks and releases caused by corrosion or deterioration of a tank bottom, pipeline, sewer or other below-ground structure, shall be governed by this Agreement unless it is demonstrated by a preponderance of the evidence that the release or leak occurred after July 20, 1984.

G. CONOCO SHALL PAY sixty-five percent (65%) and Vista shall pay thirty-five percent (35%) of all Expense Items. Conoco shall pay invoices for Expense Items in due course of business and shall invoice Vista for thirty-five percent (35%) of such invoices. Vista shall mail to Conoco a check for its thirty-five percent (35%) share within thirty (30) days after the receipt of an invoice from Conoco. Conoco shall have no obligation under this Agreement to pay for Source Control activities.

H. DURING THE TERM of this Agreement, Conoco and Vista shall from time to time agree in writing upon Operating and Maintenance expenses for Corrective Action approved by the State of Louisiana after the date hereof which will be considered Expense Items hereunder. For purposes of this Agreement, Operating and Maintenance expenses will be prospectively determined annually as a fixed sum for a twelve month period. Once Operating and Maintenance expenses are established for a given twelve month period, Conoco shall pay to Vista within ninety (90) days sixty-five percent (65%) of the total twelve month period Operating and Maintenance expense.

I. ALL DATA GATHERED or generated as a result of work performed under this Agreement shall be provided to both Conoco and Vista. If at any time Conoco or Vista believe in good faith that irreconcilable differences exist between them with regard to recommendations to be made to governmental agencies as to needed Ground Water Contamination Assessments or Corrective Action at the LCCC, each company reserves the right to submit its own recommendations to said agencies, after providing the other Company with five (5) business days advance written notice of the content of any such unilateral recommendations or submissions. The notified company will retain the right to challenge any such unilateral submission before the agency. Provided that such advance notice is given, neither the providing nor the challenge of such submission shall affect the terms of this Agreement as to the allocation of costs for agreed-upon Expense Items.

J. THIS AGREEMENT SHALL not be introduced into evidence in any court for the purpose of construing or interpreting any provision of the "Asset Purchase Agreement among E.I. Du Pont de Nemours and Company, Conoco Inc. and Vista Chemical Company" dated July 20, 1984.

K. THIS AGREEMENT CONTAINS the entire agreement between the parties and shall not be altered unless in writing signed by both parties.

L. THIS AGREEMENT SHALL be governed by and construed in accordance with the laws of the State of Texas.

THE UNDERSIGNED REPRESENTATIVES of Conoco and Vista certify that they are authorized to enter into the terms and conditions of this Agreement and to execute and legally bind each respective company to this document.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

CONOCO INC.

VISTA CHEMICAL COMPANY

John D. Burns

Title: _____

Title: President & Chief
Executive Officer

Date: _____

Date: _____

E. I. DU PONT DE NEMOURS AND
COMPANY

Title: _____

Date: _____