EXHIBIT 30

EXHIBIT 3

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 1983 **Commission File Number 1-8567-2**

Diamond Shamrock Corporation

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	75-1891531 (I.R.S. Employer Identification No.)
717 North Harwood Street **Dallas, Texas** (Address of principal executive offices)	75201 (Zip Code)

Registrant's telephone number, including area code (214) 922-2000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $1.00 Par Value	**New York Stock Exchange** **Pacific Stock Exchange** **Basel Stock Exchange** **Geneva Stock Exchange** **Zurich Stock Exchange**
$4.00 Cumulative Convertible Preferred Stock, $1.00 Par Value	**New York Stock Exchange**
9⅛% Sinking Fund Debentures Due November 15, 2000	**New York Stock Exchange**
7.70% Sinking Fund Debentures Due December 15, 2001	**New York Stock Exchange**
8½% Sinking Fund Debentures Due April 1, 2008	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. YES ✓ NO ___

The aggregate market value of the voting stock held by non-affiliates of the registrant as of March 28, 1984 was approximately $2,582,200,000.

Shares of Common Stock outstanding at February 29, 1984 – 126,355,820.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following documents are incorporated by reference into the indicated part or parts of this report:

(a) 1983 Annual Report to Stockholders of the Company – Parts I and II;

(b) Definitive proxy statement of the Company relating to the 1984 stockholders' meeting, filed with the Commission pursuant to Regulation 14A – Part III.

PART I

Items 1 and 2. Business and Properties.

Diamond Shamrock Corporation (the "Company") was incorporated in Delaware in 1983 as the successor to various corporations, the oldest of which was founded in 1910. The Company, together with its subsidiaries, is an integrated oil and gas company with interests in coal, geothermal energy and chemicals. Its world headquarters is located at 717 North Harwood Street, Dallas, Texas 75201, and its telephone number is (214) 922-2000. In this report the term "Company" means "Diamond Shamrock Corporation" beginning on August 31, 1983 and "Diamond Shamrock Chemicals Company" (formerly named Diamond Shamrock Corporation and sometimes referred to herein as "Diamond Chemicals") prior to August 31, 1983, as well as their subsidiaries and predecessors.

The Company's operations consist of the following principal business segments: Exploration and Production, which includes the exploration for and production of crude oil and natural gas; Refining and Marketing, which includes the refining and wholesale marketing of crude oil, the retail marketing of refined products and the processing of natural gas; Coal, which includes the mining and sale of coal for steam generation and metallurgical applications; Geothermal, which includes the exploration for and development of geothermal reserves and the sale of geothermal steam to produce electricity; and Chemicals, which includes the manufacture and sale of commodity chemicals (primarily chlor-alkali chemicals, soda products and other commodity chemicals) and specialty chemicals (primarily process chemicals, functional polymers, metal coatings and various other chemical products).

Information concerning outside sales and operating revenues and operating profit for each of the Company's business segments and its business in general for the three years ended December 31, 1983, together with information concerning business segment and corporate identifiable assets as of December 31, 1983, 1982 and 1981, is set forth on pages 34 and 35 of the Company's 1983 Annual Report to Stockholders, which information is incorporated herein by reference.

Overseas, the Company is engaged in the exploration for and production of oil and gas and the manufacture and sale of chemicals and related technology in more than 35 countries. Information concerning outside sales and operating revenues and operating profit by geographic area for the three years ended December 31, 1983 and identifiable assets by geographic area as of December 31, 1983, 1982 and 1981 is presented on page 35 of the Company's 1983 Annual Report to Stockholders, which information is incorporated herein by reference.

The Company's sales or transfers between geographic areas were not significant in each of the three years ended December 31, 1983. Operating revenues from export sales to unaffiliated customers located outside the United States were less than 10% of the Company's consolidated sales and operating revenues in each of the three years ended December 31, 1983.

Exploration and Production

The Company's exploration and production activities are centered in the United States and Indonesia. The Company also has production outside the United States in Canada and in the British and Dutch sectors of the North Sea and has exploration prospects in the South China Sea, offshore Tunisia, Australia, New Zealand, the Bahamas, Ireland and Colombia. The Company's net proved reserves of crude oil (including condensate) and natural gas increased significantly in 1983, as did crude oil production, due to domestic exploration efforts and the acquisition of Natomas Company ("Natomas").

Effective August 31, 1983, the Company acquired Natomas, a corporation principally engaged in oil and gas exploration and production, primarily offshore Indonesia, but with significant operations in the United States, Canada and the North Sea, and with interests in geothermal exploration and production in the western United States, in domestic coal mining and in marketing refined petroleum products in Canada. The acquisition was effected pursuant to a combination in which, among other things, a wholly owned subsidiary of the Company was merged into Natomas, and Natomas became a wholly owned subsidiary of the Company. The acquisition was accounted for as a purchase. and accordingly, the results of Natomas's operations have been included in the Company's 1983 Consolidated Statement of Income since the date of acquisition.

Information regarding the Company's oil and gas producing activities for 1983, 1982 and 1981 are set forth on pages 48 through 52 of the Company's 1983 Annual Report to Stockholders, which information is incorporated herein by reference.

The Company's estimates of net interests in proved reserves were based upon records regularly prepared and maintained by its engineers. "Proved reserves" are the estimated quantities of crude oil and natural gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. "Proved developed reserves" are proved reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. "Proved undeveloped reserves" are proved reserves that are expected to be recovered from new wells on undrilled acreage or from existing wells where a relatively major expenditure is required for recompletion.

In 1983, the Company filed estimates of its proved reserves of crude oil and natural gas in the United States at December 31, 1982 with the Department of Energy. Such estimates include its net interests in domestic proved crude oil and natural gas reserves. The total reserve estimates included therein do not differ by more than 5% from the total reserve estimates for the comparable period included in the Company's filings with the Securities and Exchange Commission.

Average sales prices (including transfers) and production costs of crude oil and natural gas produced by geographic area for the three years ended December 31, 1983 are as follows:

	Year Ended December 31,		
	1983	1982	1981
United States			
Average Sales Price			
Crude Oil (per barrel)	$29.67	$31.72	$36.08
Natural Gas (per Mcf)	$ 2.92	$ 2.41	$ 1.99
Average Production Cost			
(per barrel)*	$ 3.87†	$ 3.35†	$ 3.51†
Indonesia**			
Average Sales Price			
Crude Oil (per barrel)	$28.83		
Natural Gas (per Mcf)	$ .20		
Average Production Cost			
(per barrel)††	$ 5.83		
Other Foreign			
Average Sales Price			
Crude Oil (per barrel)	$27.77	$34.36	$40.35
Natural Gas (per Mcf)	$ 4.45	$ 5.43	$ 4.82
Average Production Cost			
(per barrel)*	$ 7.25	$ 6.40	$ 5.51

* Production or lifting cost is exclusive of depreciation and depletion applicable to capitalized lease acquisition, exploration and development expenditures. The gas production was converted to equivalent barrels of crude oil by dividing the Mcf volume by six. Six Mcf of gas has approximately the heating value of one barrel of crude oil.

† Includes windfall profit tax.

** Includes data from September 1, 1983 through December 31, 1983.

†† Per equivalent unit of production; equivalent units are based on relative sales value.

The following tables set forth information regarding the Company's wells and leasehold acres. "Gross" wells or acres are the total number of wells or acres in which the Company owns any interest. "Net" wells or acres are the sum of the fractional working interests the Company owns in gross wells or acres. Footnotes to the tables disclose data with respect to the oil and gas producing and nonproducing properties within the United States, excluding federal offshore leases, of Natomas North America, Inc., a subsidiary of Natomas (the "NNA Properties"), which were sold by the Company to Apache Petroleum Company in March of 1984 for a purchase price of approximately $160.000.000. The proved reserves attributable to the NNA Properties were 4.568.331 barrels of oil and 79.552.212 Mcf of gas. Of these reserves, 4,525,780 barrels of oil and 77,096,905 Mcf of gas were considered proved developed. Production during 1983 from the NNA Properties since the date of their acquisition totaled 262.800 barrels of oil and 6,536,300 Mcf of gas.

At December 31, 1983, total gross and net productive oil and gas wells, including multiple completions, by geographic area, were as follows:

	Gross	Net
Oil Wells Owned		
United States*	2,434	1,006.7
Indonesia	539	235.0
Other Foreign	560	36.9
Total	3.533	1,278.6
Gas Wells Owned		
United States*	1,695	1,147.6
Other Foreign	126	34.1
Total	1,821	1,181.7
Multiple Completions*	175	87.8

* Exclusive of the NNA Properties, which included 559 gross and 80.3 net oil wells, 510 gross and 88.9 net gas wells and no wells with multiple completions.

At December 31, 1983, total gross and net developed and undeveloped acreage by geographic area was as follows:

	United States*	Indonesia	Other Foreign
Gross Acres			
Developed Acres	671,897	106,422	175,151
Undeveloped Acres	5,354,918	14,715,078	21,940,017
Total	6,026,815	14,821,500	22,115,168
Net Acres			
Developed Acres	542,044	43,374	72,908
Undeveloped Acres	3,806,906	5.261,099	6,800.102
Total	4,348,950	5,304,473	6,873,010

* Exclusive of the NNA Properties, which included 176,336 developed and 1,477,912 undeveloped gross acres and 63,032 developed and 741,542 undeveloped net acres.

Drilling activities of the Company for the three years ended December 31, 1983 are summarized by geographic area in the following table:

	Year Ended December 31,		
	1983	1982	1981
United States*			
Net Exploratory Wells Drilled			
Productive	9.0	18.2	25.9
Dry	15.2	25.8	36.4
Total	24.2	44.0	62.3
Net Development Wells Drilled			
Productive	64.5	102.2	117.7
Dry	11.4	39.5	21.7
Total	75.9	141.7	139.4
Indonesia**			
Net Exploratory Wells Drilled			
Productive	2		
Dry	8		
Total	10		
Net Development Wells Drilled			
Productive	9		
Dry	1		
Total	10		
Other Foreign			
Net Exploratory Wells Drilled			
Productive	–	.04	–
Dry	.68	.10	.3
Total	.68	.14	.3
Net Development Wells Drilled			
Productive	1.86		
Dry	–		
Total	1.86		

* Exclusive of the NNA Properties, which from September 1, 1983 through December 31, 1983 included no productive and 1 dry net exploratory well drilled and 1.6 productive and .3 dry net development wells drilled.

**Includes data from September 1, 1983 through December 31, 1983.

At December 31, 1983, the Company was participating in the drilling of 36 gross and 19.1 net wells in the United States (exclusive of the NNA Properties, which included 11 gross and .9 net wells), 55 gross and 23 net wells in Indonesia and 5 gross and 1.6 net wells in other foreign countries.

Indonesia

As a result of the acquisition of Natomas in August of 1983, the Company acquired interests in two production sharing contracts with Pertamina, Indonesia's state oil company, for the exploration, development and production of oil and gas in two areas in the Java Sea: southeast Sumatra and northwest Java.

Under both production sharing contracts, Indonesia retains ownership of the oil and gas in place, and Pertamina owns the exploration and production facilities and equipment which the contractors are entitled to use without charge. Although Pertamina has overall management responsibility for operations, in practice it has delegated operational management to the contractors, retaining the right to control certain matters.

The contractors are entitled to recover certain costs out of production from the contract area in barrels of oil at the official Indonesian price set from time to time by Pertamina. Indonesia is entitled to take up to 25% of the gross production of crude oil for its domestic market at $.20 per barrel, except that the price for oil produced during the first five years of production from new fields is the official Indonesian price. As an investment incentive, the contractors are then allowed to recover out of production an additional amount equal to 20% of certain capital costs incurred in developing new fields. The remaining oil is then allocated on the basis of 34.1% to the contractors and 65.9% to Pertamina.

The contractors' Indonesian corporate and dividend tax liabilities, at a combined rate of 56%, are paid in cash by the contractors on revenues from oil supplied by the contractors for the Indonesian domestic market, investment incentive oil and oil allocated to the contractors. Except with respect to that portion of the oil for the Indonesian domestic market that is sold to Pertamina at a price of $.20 per barrel, the contractors' corporate and divided tax liabilities are determined on the basis of the current official Indonesian price per barrel.

As a result of the cost recovery provisions in the production sharing contracts, the contractors are entitled to recover most of the costs of exploration and production out of production early in the life of the reserves. Accordingly, in periods of high exploration and development expenditures, the Company is allocated a higher proportionate share of annual production. Since January 1978, liftings in excess of or less than the Company's annual allocation have been settled by cash payments among the contractors and Pertamina in April of the following year. The Company's obligation at December 31, 1983 for such excess liftings was estimated to be approximately $12,170,000.

During the years 1971 to 1977, Pertamina from time to time chose to lift less than its proportionate share of the crude oil that could have been produced from the southeast Sumatra contract area. To minimize resulting cutbacks, the Company took a portion of its ultimate entitlement ahead of time by lifting and selling more than its proportionate share of production. Each year, Pertamina is contractually entitled to take up to an additional 5% of such year's crude oil production to balance out Pertamina's pre-1978 underliftings. As of December 31, 1983, the aggregate remaining pre-1978 underliftings were estimated to be approximately 2,162,000 barrels.

In 1981, Natomas was advised by the Indonesian government, that in its view, Natomas was obligated to pay additional amounts relating to its pre-1978 crude oil liftings in excess of its annual allocation. Natomas has reached a settlement with the Indonesian government that requires it to make a series of payments estimated as follows: $59,729,000 in 1988; $31,942,000 in 1989; $24,508,000 in 1990; and $24,394,000 in 1991.

The Company currently sells the bulk of its Indonesian crude oil on a "spot" basis and under various short-term arrangements, such as year-to-year contracts that are subject to quarterly price revisions. The Company's proved developed reserves of residual gas in the northwest Java contract area are committed for sale to Pertamina at a price of $.20 per Mcf of gas. Natural gas liquids not blended with crude oil are sold at market prices.

Indonesia is a member of the Organization of Petroleum Exporting Countries ("OPEC"). In recent years, OPEC has established prices and production quotas on oil produced by its members. As a result of continuing decreased demand for crude oil, competition from non-OPEC producing countries and the consequent worldwide oil surplus, OPEC announced early in 1983 a $5 reduction in its benchmark price to $29 per barrel of oil and a reduced production level of 17,500,000 aggregate barrels of oil per day for its members. The Company is not able to predict whether the official price or production levels will be maintained.

The Company's foreign petroleum exploration, development and production activities, offshore Indonesia and elsewhere, are subject to such risks as political and economic uncertainties, expropriation of property and cancellation or modification of contract rights, foreign exchange restrictions, operating restrictions and other risks arising out of foreign governmental sovereignty over areas in which the Company's operations are conducted.

The Company experiences intense competition in all areas of its oil and gas business. The Company is a relatively modest factor industry-wide in the exploration for and the sale of oil and gas. Its competitors include the major energy companies, which are also fully integrated petroleum producers, and independent oil and gas concerns. The prices the Company receives for crude oil are dependent on the world supply and demand. In 1983, the price of crude oil and the corresponding supply/demand situation were fairly stable. In addition, the Company faces actual and potential competition from alternate energy sources.

Refining and Marketing

The Company's refining and marketing business is primarily engaged in three types of activities: crude oil refining and wholesale marketing of refined petroleum products, retail marketing of refined petroleum products and other merchandise and natural gas processing, which contributed approximately 27%, 21% and 6%, respectively, of the Company's outside sales and operating revenues in 1983; 40%, .1% and 6% in 1982; and 38%, .1% and 6% in 1981.

Over half of the natural gas processed and a small portion of the crude oil refined by the Company are produced from acreage leased by the Company. The major portion of its crude oil requirements is purchased under short-term contracts from outside sources. Such crude oil purchases are at posted prices competitive with the posted prices of other purchasers in the same area. The Company expects to be able to continue to obtain crude oil and natural gas in sufficient quantities for its reasonably foreseeable requirements.

On January 14, 1983, Sigmor Corporation ("Sigmor"), a jobber for gasoline supplied by the Company, was merged into a wholly owned subsidiary of the Company. At the time of the acquisition, Sigmor operated a total of 555 domestic retail outlets, primarily in Texas. Under the terms of the merger, the holders of 4,086,186 shares of Sigmor common stock elected to receive $17.50 per share while other Sigmor stockholders, principally Mr. and Mrs. Tom E. Turner, elected to receive a total of 4,184,749 shares of the Company's $2.07 Cumulative Convertible Preferred Stock. The Company had owned 21% of Sigmor's common stock since 1978. The acquisition was accounted for as a purchase, and accordingly, the results of Sigmor's operations have been included in the Company's 1983 Consolidated Statement of Income since the date of acquisition.

With the acquisition of Sigmor, the Company also acquired Sigmor's Three Rivers refinery near Corpus Christi, Texas. The Company has substantial investments in crude oil and natural gas gathering pipelines used to bring crude oil and natural gas to its McKee refinery and gas processing facilities near Dumas, Texas and to the Three Rivers refinery. In addition, the Company has investments ranging from 33% to 100% in various petroleum product pipelines extending from the Three Rivers and McKee refineries to its major marketing areas.

The McKee refinery has a crude oil capacity of approximately 72,000 barrels per day. Over 90% of the McKee refinery output is in light products such as gasoline and turbine and diesel fuels. The Three Rivers refinery has the capacity to refine approximately 45,000 barrels of crude oil per day, giving the Company a total capacity of more than 117,000 barrels of crude oil per day.

The McKee natural gas processing facility has a throughput capacity of 400,000 Mcf per day. Most of the ethane/propane mixture recovered by the Company in its natural gas liquids processing facilities is converted into ethylene and propylene for sale principally to industrial customers. Most of the other natural gas liquids are sold principally to dealers and wholesalers. The residue gas is sold principally to interstate pipeline companies under long-term contracts.

The crude oil throughput at the McKee and Three Rivers refineries (the latter since the date of the Sigmor acquisition) and the volume of natural gas processed and natural gas liquids recovered at the gas processing facilities during the three years ended December 31, 1983 were as follows:

	December 31,		
	1983	1982	1981
Refinery Crude Oil Throughput (thousands of barrels)	37.686	24.080	21.708
Natural Gas Processed (millions of cubic feet)	91.966	104.365	111.301
Natural Gas Liquids Recovered (thousands of barrels)	7.360	8.398	8.632

Most of the Company's refined products are distributed through petroleum product pipelines to 13 terminals located in its marketing area primarily in southwestern and Rocky Mountain states. At December 31, 1983, the Company marketed refined products at 1.895 Company-branded retail outlets. 1.438 of which were operated by jobbers or dealers and 457 of which were operated by the Company. At that date, the Company operated 98 retail outlets in 16 states that did not market under the Company brand. As of December 31, 1982, the Company marketed refined products at 1,739 Company-branded outlets which were operated by jobbers (including Sigmor) or dealers.

The Company also operates 103 retail gasoline outlets and a home heating oil business in Canada acquired with Natomas.

The Company continues to experience intense competition in all areas of its refining and marketing business from both major energy companies and independent oil and gas concerns. During 1983, there was considerable marketing competition in the petroleum products industry, leading to a reduction in motor gasoline prices which outpaced any corresponding reduction in the price of crude oil. As a result, margins in the Company's refining and marketing business were under severe pressures, and at times became nonexistent.

Coal

The principal coal properties of the Company are primarily leased by various subsidiaries of the Company or by partnerships or joint ventures in which the Company has interests. The Company holds coal reserves in Kentucky, West Virginia, Pennsylvania, Montana, Illinois, Alaska, Utah, Indiana, Mississippi and Texas. The properties in Utah and Indiana, along with additional properties in western Kentucky, were acquired with Natomas.

The following table reflects estimates of quantities (in thousands of tons) of the Company's recoverable coal reserves (excluding 315 million tons of lignite reserves in Texas and Mississippi) at December 31, 1983:

	Assigned Reserves			Unassigned Reserves			Total
Surface	Proved	Probable	Total	Proved	Probable	Total	Reserves
Alaska	–	–	–	235,485	–	235,485	235,485
Kentucky	23,938	7,434	31,372	19,662	11,392	31,054	62,426
Montana	–	–	–	137,566	–	137,566	137,566
West Virginia	48,059	9,931	57,990	45,024	16,976	62,000	119,990
Total – surface	71,997	17,365	89,362	437,737	28,368	466,105	555,467

	Assigned Reserves			Unassigned Reserves			Total
Underground	Proved	Probable	Total	Proved	Probable	Total	Reserves
Illinois	–	–	–	175,281	31,198	206,479	206,479
Indiana	–	–	–	38,600	32,631	71,231	71,231
Kentucky	19,978	7,976	27,954	46,177	57,661	103,838	131,792
Pennsylvania	3,149	–	3,149	9,000	–	9,000	12,149
Utah	8,187	–	8,187	–	–	–	8,187
West Virginia	102,162	21,403	123,565	29,674	9,942	39,616	163,181
Total – underground	133,476	29,379	162,855	298,732	131,432	430,164	593,019
Total reserves	205,473	46,744	252,217	736,469	159,800	896,269	1,148,486

Information regarding the Company's estimated quantities of recoverable proved and probable coal reserves at December 31, 1983, 1982, 1981 and 1980 and changes in such estimated quantities and average realized price in 1983, 1982, 1981 and 1980 is set forth on page 52 of the Company's 1983 Annual Report to Stockholders. Data supporting reserve estimates were obtained by prospecting, drilling, sampling and mapping and from previous mining operations. The extent to which reserves will eventually be mined depends upon future economic conditions affecting coal mining and consumption which cannot now be foreseen.

"Assigned Reserves" are those reserves which can be mined and marketed using the Company's current mining practices and techniques and which are considered to be economically recoverable under current conditions. "Unassigned Reserves" are those reserves requiring significant additional facilities and/or equipment and which are generally considered to be economically recoverable under current conditions, although detailed studies of the economics of their recoverability have not been undertaken. In order to expand the mining operations of the Company into the areas of unassigned reserves, it will be necessary for the Company to make additional expenditures for mining equipment and facilities.

"Proved Reserves" are recoverable and merchantable reserves substantiated by adequate information, including that derived from drilling, current and previous mining, outcrop data and knowledge of mining conditions. The computed tonnage is judged to be within 20% of the true tonnage. Proved reserves are not generally considered to extend beyond one quarter of a mile from a point of measurement. "Probable Reserves" are generally considered to extend beyond proved reserves to not more than three-quarters of a mile from a point of measurement and are based on more preliminary or limited information.

At the present time the Company is carrying on mining operations at its mines in Kentucky, Pennsylvania and West Virginia to fulfill long-term contracts described under "Production and Sales" below, and at its Utah mines to fulfill short-term contracts (i.e., less than five years) and the spot market. In 1983, approximately 90% of the Company's production consisted of steam coal, with the remainder consisting of metallurgical coal. No mining operations are presently being carried on at some of the Company's properties in West Virginia and Kentucky as a result of reduced demand for the Company's coal production. The Mississippi, Texas, Illinois, Indiana, Montana and Alaska properties have not been developed for mining operations; however, the Company is actively seeking markets for these reserves and is preparing engineering and other studies for their development.

Production and Sales

The Company depends upon long-term coal supply agreements for a substantial portion of its sales. In 1983, more than 90% of its coal production was sold under long-term agreements. Its principal coal customer is the Tennessee Valley Authority ("TVA"). The largest of the TVA contracts provides for the delivery of 70,000 tons of coal per week from properties in Kentucky until approximately 16,992,000 more tons have been delivered. In accordance with the terms of the contract, TVA is taking delivery at a rate 10% below the contract base quantity. Another TVA contract requires the delivery of 300,000 tons of coal per year through December 1988. Two other contracts with TVA (one of which was acquired with Natomas) expired in 1983.

The Company's other long-term contracts, mostly with electric utilities and steel makers, require the delivery of approximately 2,425,000 tons of coal in 1984. Such contracts have expiration dates ranging from 1991 through 1995, and require an aggregate delivery in excess of 25,000,000 tons over the lives thereof.

The Company's long-term contracts contain provisions for adjustments to the base price of coal as the consequence of changes in specified production costs, variations in quality and changes in economic indices. All of the Company's contracts contain minimum quality specifications relating to moisture, ash, sulfur content and heating value. The purchasers may suspend deliveries of coal should quality not conform closely to these minimum specifications, pending resolution of any coal quality problems.

The sale of coal is highly competitive. The Company must compete with other coal producers in negotiating coal sales contracts and spot sales. The primary factors in competition for sales contracts are price, quantity and quality of coal reserves, production rate and transportation availability. The primary factors in competition for spot sales are price, quality and adequate production and delivery facilities. In addition, the level of economic activity, energy conservation and the cost of complying with various environmental regulations directly affect the demand for coal. These and other factors constrained United States and export coal markets in 1983 and are expected to continue to have a negative impact on such markets in 1984.

Geothermal

The Company, through subsidiaries it acquired in the Natomas acquisition, is active in geothermal energy projects at The Geysers and Bear Canyon, both in northern California, and at Puna, Hawaii. Geothermal energy in the form of superheated steam is produced naturally by underground reservoirs and can be used to generate electric power.

The largest commercial production of electric power from geothermal steam in the United States is located at The Geysers. The Company and Union Oil Company of California each own a 50% share in a joint venture that produces steam at The Geysers. The steam produced by this joint venture is sold to Pacific Gas and Electric Company ("PG&E") for the generation of electricity at a price that is revised each year to reflect changes in certain factors, principally, the average cost of fossil fuels and any nuclear fuel used by PG&E in the preceding calendar year. The price per kilowatt hour (including an allowance for effluent disposal) during 1983 was 37.04 mills. To date PG&E has not used any significant amount of nuclear fuel. PG&E is projecting that it will start up its Diablo Canyon nuclear plant during 1984 or 1985. The effect of this start-up may be to lower the steam price, depending on the average cost and amounts of nuclear and fossil fuels actually used by PG&E in the preceding calendar year.

The rated capacity of the PG&E electrical generating plants that utilize steam supplied by the joint venture increased to 984,000 kilowatts in early 1983. During 1983, the capacity utilization of the plants that are supplied with steam from the Company's share of the venture averaged 60.3% as compared to 58.2% in 1982. This increase in capacity utilization is primarily attributable to improved operating efficiency and plant maintenance. It was achieved despite a second consecutive year of record precipitation in Northern California which caused PG&E to curtail geothermal energy production in favor of cheaper hydroelectric power.

At the Company's Bear Canyon project located in the southeastern portion of The Geysers, the Company is drilling a second well to confirm sufficient reserves for a 25,000 kilowatt generating plant. This well is being drilled under a farmout pursuant to which a third party is paying the costs of the well to total depth to earn a 50% working interest.

The Company also has formed a joint venture with Dillingham Geothermal, Inc. and Amfac Energy, Inc., to explore for and develop geothermal resources in the Puna District on the island of Hawaii. The Company has a 50% interest in the joint venture and is the operator. To date, two wells have been drilled confirming sufficient reserves for a 25,000 kilowatt generating plant. Project development and marketing activities with the local utility are being pursued.

The Company's net prospective geothermal acreage under lease as of December 31, 1983 was 31,708 acres, of which 10,666 acres were at The Geysers, 1,784 acres were at Bear Canyon, and 5,227 acres were in Hawaii. Acreage leased in the Roosevelt Hot Springs, Utah was sold early in 1984. The remaining prospective acreage was located in Nevada and New Mexico. At December 31, 1983, essentially all of the Company's proven geothermal reserves were at The Geysers, where the Company estimates that its share of geothermal reserves, net of royalties, was a quantity of steam which, when processed through the electrical generating plants to which the joint venture's proven reserves are committed, would generate 58.312 billion kilowatt-hours of electricity.

The Company's geothermal business experiences competition from other energy sources, including hydroelectric power, and power purchased from cogenerators and small power producers who receive favorable treatment under federal and state regulations. The securing of new geothermal leases is also highly competitive.

Chemicals

The Company's chemicals business is comprised of two major product lines: commodity chemicals and specialty chemicals, each of which contributed 12% and 7%, respectively, of the Company's outside sales and operating revenues in 1983, 15% and 9% in 1982 and 17% and 10% in 1981. The Company is a leading domestic producer of commodity chemical products, particularly chlor-alkali chemicals, including chlorine, caustic soda, potassium chemicals and chlorinated paraffins, and soda products, including sodium silicate and chromium chemicals. These products are sold to a wide range of industries, including chemical, pulp and paper, water treatment, textile, soap, aluminum, pigments, adhesives, glass, metal and numerous other industries. The Company uses chlorine it produces to manufacture chlorinated solvents and chlorinated paraffins.

The Company markets its commodity chemicals through subsidiaries and joint venture operations both domestically and internationally. The locations of the Company's manufacturing sites and terminals provide access to all major domestic markets as well as export sales opportunities.

The Company believes that it is a leading world and domestic producer of chromium chemicals and a leading domestic producer of silicate products and chlorine and caustic soda. However, there are numerous significant competitors in each of these businesses. The Company believes that the greatest impact on the pricing of chlorine is the demand for this product in the chemicals and plastics industries. For caustic soda, pricing is principally affected by demand in the chemicals, alumina and pulp and paper industries.) Plant location, capacity, quality of product, price and servicing of customers are essential to the Company's competitive position. Key strengths for the Company's commodity chemicals product group include world leadership in efficient low-cost plants, a well-trained, highly professional sales force, a large and efficient distribution system and a broad customer base.

The principal raw materials used in the manufacture of commodity chemicals include salt, potassium chloride, chrome ore, silica sand and paraffin. The Company has extensive salt reserves in close proximity to its chlorine facilities in Texas from which it obtains the majority of its salt requirements. At present operating rates, the Company estimates its salt reserves will last approximately 100 years. The Company purchases most of its other raw materials from various domestic suppliers. However, its chrome ore is obtained from foreign sources. At December 31, 1983, the Company had approximately one and one-half years' inventory of chrome ore. The Company has generally been able to obtain adequate supplies of raw materials at competitive prices, and it expects to continue to be able to do so in the reasonably foreseeable future from the same or alternate sources.

The price and availability of energy, while important to all of the Company's operations, are of particular significance in the manufacture of commodity chemicals. Electricity is a basic element in the manufacture of chlorine and caustic soda. Rapidly escalating energy costs have put pressure on production costs of certain of the Company's products, principally chlorine and caustic soda. The Company's 200-megawatt gas turbine combined-cycle co-generation plant supplies 100% of the peak-load electricity and process steam required to operate the Company's 1,400-ton per day chlorine plant in LaPorte, Texas. This plant produces approximately 40% of the Company's chlorine. To date there have not been any material disruptions of production at the Company's plants or other facilities because of energy shortages. However, there is no assurance that energy shortages in the future will not have an adverse effect on the Company's operations directly or indirectly by reason of their effect on customers, suppliers or prices.

Manufacturing facilities and other important physical properties with respect to the Company's commodity chemicals product group are located at the sites listed below. All sites are owned in fee except those preceded by an asterisk, which denotes facilities leased entirely or principally.

Mobile, AL
Muscle Shoals, AL
Oxnard, CA
*Delaware City, DE
Chicago, IL
*Franklin Park, IL
*Baltimore, MD
Jersey City, NJ
Lockport, NY
Castle Hayne, NC
Cincinnati, OH
Dallas, TX
Deer Park, TX
La Porte, TX
Belle, WV
Talcahuano, Chile

Principal products of the Company's specialty chemicals product group include process chemicals, functional polymers, metal coatings and various other chemical products. Process chemicals products consist of specialty and performance chemicals used primarily in textile, paper, plastics, paint, oil and concrete industries. These chemicals are generally proprietary in nature and used to upgrade industrial processes or end products. The metal coating business licenses proprietary chrome and zinc-based coatings for the protection of steel and aluminum against corrosion, used primarily by the automotive industry. Functional polymers include ion exchange resins used in home and industry to remove, replace or exchange materials from liquids in such uses as water softeners or demineralization, sugar processing and chemical processing. The Company also produces urethane chemicals, which are produced for rigid and flexible urethane foams and are used in a wide variety of industries, including automotive and sporting goods; polymer additives, which are utilized to enhance various properties of certain plastics and find application in numerous plastic products.

For the most part, the Company sells its specialty chemicals directly to users through subsidiaries and affiliated businesses around the world. International sales, including both export sales and sales of chemicals manufactured abroad, are a significant aspect of the specialty chemicals business.

The basic market for specialty chemicals is oriented toward products specifically developed to solve a customer's technical and process problems and to upgrade a customer's products. In this regard, servicing of customers and quality of products are of prime importance. Pricing of such products is based on cost benefits to the customer. Competition is significant in most areas of the Company's specialty chemicals business. Many small operations, particularly in the paper and textile business, generate intense competition in many of the Company's process chemicals and various other proprietary chemicals markets. The maintenance and growth of competitive position require the acquisition of new technology and developing new products and applications with in-house technology as well as technology from other specialty operations.

The principal production plants with respect to the Company's specialty chemicals product group are located at the sites listed below. All sites are owned in fee except the one preceded by an asterisk, which denotes facilities leased entirely or principally.

Redwood City, CA
Richmond, CA
Cedartown, GA
Frankfort, IL
Carlstadt, NJ
Harrison, NJ
Charlotte, NC
Ashtabula, OH
*Chardon, OH
Melbourne, Australia
Drogenbos, Belgium
Tremembe, Brazil
Hamilton, Ontario, Canada
Eccles, England
Leeds, England
Pontyclun, Llantrisant, England
Chauny, France
Courtenay, France
Drammen, Norway
Barcelona, Spain
Taipei, Taiwan

In June 1982, the Company established a joint venture with a Swiss corporation to create a single worldwide research and marketing organization for electrochemical technology. The principal activities of the joint venture are the manufacturing, licensing and marketing of patented metallic catalytically-activated electrodes to customers worldwide. These dimensionally stable electrodes substantially reduce the consumption of electrical power in the production of chlorine. The joint venture also licenses and sells chlorine and caustic soda diaphragm and membrane cells and proprietary systems for the treatment and disinfecting of water and sewage. The Company, through a wholly owned subsidiary, continues to hold many patents and licenses relating to various fields of industrial electrochemistry and electrometallurgy which it licenses to the joint venture and others worldwide.

In July of 1983, the Company and Showa Denko, K. K., a Japanese company, formed SDS Biotech Corporation, a 50/50 joint venture to carry on a worldwide agricultural chemicals business. The operations of the joint venture include the Company's former agricultural chemicals and animal health businesses, the Company's research facilities at Concord, Ohio and related support functions. These assets were transferred to the joint venture at their book value, and the joint venture assumed certain indebtedness of the Company related to these businesses totaling approximately $150,000,000 and other liabilities arising out of these businesses.

During 1983, the Company conducted negotiations for the sale of its specialty chemicals businesses. The Company has decided to continue to operate its process chemicals business, but is continuing negotiations with respect to the possible divestiture of other businesses within its specialty chemicals product group.

Research and Development

In recent years, the Company's research and development activities have been primarily devoted to electrochemistry, agricultural chemicals and areas related to animal health. Total expenditures for research and development (excluding technical services to customers) were $23,764,000 in 1983, $46,453,000 in 1982 and $51,479,000 in 1981.

Upon the formation of the electrochemical technology joint venture in 1982 and the agricultural chemicals joint venture in 1983 discussed above under "Chemicals," a substantial portion of the Company's research activities in those fields was transferred to these joint ventures. As a result, the Company's research and development expenditures will be significantly reduced in future years from the levels of the early 1980's. At the present time, research facilities are located at Morristown, New Jersey and Eccles, England.

The Company owns or is licensed under many patents which have been secured over a period of years and which expire at various times. While the Company believes that, in the aggregate, these patents and licenses constitute valuable assets, particularly as they relate to the fields of industrial electrochemistry and electrometallurgy, it does not believe that any one of such patents or licenses is of material significance to its total business.

Regulatory Controls

Governmental Controls of Petroleum Activities

The Crude Oil Windfall Profit Tax Act of 1980 imposes a tax on producers of crude oil. The tax is an excise tax of a certain percent of the per barrel price of crude oil in excess of a changing base price. The percent of the tax and the base price vary according to the classification of the oil under such Act. A provision of the Economic Recovery Tax Act of 1981 reduces the tax rate on newly discovered oil each year during the period 1982 through 1986. The Company's windfall profit tax for 1983 was $17,652,000. Although the impact of the tax varies from producer to producer, the Company does not believe it is at a competitive disadvantage compared with the petroleum industry participants generally.

Effective January 28, 1981, a Presidential Executive Order exempted all crude oil and refined petroleum products from price and allocation controls imposed under the Emergency Petroleum Allocation Act, the Federal Energy Administration Act, the Energy Policy and Conservation Act of 1975 and the Energy Conservation and Production Act of 1978 (together, the "Acts"). Except for actions and adjustments with respect to periods prior to January 28, 1981 which have not yet been resolved, this Executive Order also terminated regulations under the Acts which had imposed an "entitlements" program to equalize the cost of crude oil among United States refiners.

The prices received for most natural gas are regulated under the Natural Gas Policy Act of 1978. Most of the Company's contracts for the sale of natural gas contain provisions permitting the collection of the maximum lawful prices established under such Act.

Health, Safety and Environmental Controls

Federal, state and local laws and regulations relating to health and environmental quality affect nearly all of the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide penalties for the violation of such standards.

Many of the Company's operations are subject to controls established under the Federal Clean Water Act and the Federal Clean Air Act. The Clean Water Act requires the Company to obtain and comply with the terms of discharge permits and provides for the imposition of penalties, regardless of fault, for certain discharges of effluents. As a result of controls established under the Clean Air Act, the Company has incurred and will incur expenses in reducing or eliminating air emissions and could be limited in its ability to construct and operate new facilities in certain locations. The Clean Air Act and Clean Water Act, as well as state and local laws concerning air and water pollution, have affected the Company's geothermal operations by reducing capacity utilization of existing power plants and delaying drilling and the preparation of drill sites at The Geysers. Regulation of PG&E, the Company's sole customer at The Geysers, by the California Energy Commission and the California Public Utilities Commission also has affected the timing, site selection and permitting of new geothermal power plants.

The Toxic Substances Control Act authorizes the Environmental Protection Agency ("EPA") to ban or restrict the manufacture, processing, distribution, commercial use or disposal of any chemical substance or mixture that presents an unreasonable risk of injury to health or the environment. Compliance with this Act by the Company has increased the expense and extended the time required to develop and bring new products to market. This Act also regulates the storage and labeling of many chemical compounds and provides for substantial civil penalties for the violation of such provisions. The Company has incurred liability under this Act in the past, but it is unlikely that the penalties imposed for these violations will be material to the Company.

The Resource Conservation and Recovery Act empowers the EPA to regulate the treatment and disposal of industrial wastes. The EPA has also issued regulations for the identification of hazardous wastes and for tracing the generation, transportation and disposal of these wastes. The Company has incurred and will continue to incur expenses related to reports, recordkeeping, facility operations and waste disposal under this Act.

The Comprehensive Environmental Response, Compensation and Liability Act ("Superfund") establishes funds created by the imposition of taxes on crude oil, certain chemicals and hazardous wastes for the purpose of cleaning up deposits and spills of hazardous substances and monitoring and maintaining closed hazardous waste disposal sites. The Company has been identified as a potentially responsible party in connection with several hazardous waste disposal sites listed by the EPA for immediate remedial action. The Company has paid to the government its proportionate share of clean-up costs at three of those sites, which costs have not been material to the Company's business or financial condition, and is awaiting further data on two other sites before it can determine what, if any, claims the government may assert. The Company does not believe that it was a substantial contributor to the hazardous waste contamination at any of these sites. The Company continues to incur the expense of the tax imposed by Superfund on the designated chemicals which it produces.

On May 30, 1983, tests conducted by the New Jersey Department of Environmental Protection and the EPA revealed the presence of dioxin at the site of a manufacturing plant in Newark, New Jersey where a subsidiary of the Company produced various herbicides from 1951 to 1969. The tests showed levels of dioxin at the plant site and on some adjoining buildings in amounts above that established by federal authorities as permissible. Dioxin is a by-product of the production of many chemicals, including the herbicides produced by the Company's subsidiary at such plant. The Company promptly met at its own request with officials of the respective agencies to review the test findings and to develop an interim plan to prevent further release of dioxin-contaminated material from the site, which plan has been carried out. The Company's subsidiary continues to cooperate with these agencies and has entered into an administrative consent order with the New Jersey Department of Environmental Protection to implement a program to complete remedial action at the site. The cost of such remedial action is not expected to be material to the Company.

The Company's coal business is subject to federal legislation and regulations prescribing mining health and safety standards. While the Company has paid fines for noncompliance with such standards, the Company has not received notification of any legal violation which has not been corrected or is not in the process of being corrected.

The Federal Surface Mining Control and Reclamation Act regulates and limits surface mining operations, including the surface effects of underground mining. Compliance with the regulations has had a material effect on the coal business as a result of increased needs for capital equipment and required modifications of operations, and on cash flow due to the timing of collection of claims for cost reimbursements from its customers. While the Company is unable to project the ongoing cost of compliance with these provisions of this Act, it believes that the cost will increase at least through the mid-1980's.

The Company cannot predict what environmental legislation or regulations will be enacted in the future or how existing or future laws or regulations will be administered or enforced with respect to products or activities to which they have not previously been applied. Compliance with more stringent laws, regulations or enforcement policies could have an adverse effect on the operations of the Company and could require substantial additional expenditures by the Company for the installation and operation of pollution control systems and equipment. The Company's environmental control capital expenditures were approximately $5,500,000 in 1983, and are expected to approximate $7,017,000 in 1984. In addition to capital expenditures, the Company has incurred significant operating costs in complying with environmental control laws and regulations.

Employees

As of December 31, 1983, the Company had 13,384 employees, 10,787 of whom are located in the United States.

Approximately 1,035 hourly-paid production workers in the Company's coal segment are affiliated with the United Mine Workers of America with which the Company has a labor contract extending to September 30, 1984. In addition, approximately 540 of such workers are members of the Falcon Coal Company Employees' Association, which is not affiliated with any national labor union, and with which the Company has a labor contract extending to March 30, 1985.

Item 3. Legal Proceedings.

Agent Orange Litigation

A subsidiary of the Company, together with several other companies, is a defendant in several hundred lawsuits in which the plaintiffs allege personal injury from exposure to "Agent Orange" and other herbicides composed in whole or in part of 2,4,5-trichlorophenoxyacetic acid or containing some amount of dioxin. Those herbicides (hereinafter "Agent Orange") were sold to the United States Government by the subsidiary and the other defendants for use by the United States during military operations in Vietnam. The suits, which seek substantial amounts in damages, have been transferred to the United States District Court for the Eastern District of New York for coordinated or consolidated pre-trial proceedings. In December 1983, that Court formally certified a class action in which the plaintiff class consists of present and former servicemen who were in the United States, New Zealand or Australian Armed Forces assigned to Vietnam at any time from 1961 to 1972 who were injured while in or near Vietnam by exposure to Agent Orange. The class also includes spouses, parents, and children of the servicemen born before January 1, 1984, directly or derivatively injured as a result of the exposure. The Court specifically noted that the class definition does not imply a conclusion that anyone in the class was injured as a result of exposure to Agent Orange. A separate class was certified with respect to the plaintiffs' claims to punitive damages.

Trial of the claims of certain representative plaintiffs is scheduled to commence before the Court and a jury in May 1984. The Court has preliminarily determined that the claims and defenses in the class action will be governed by a "federal or national consensus common law," the rules of which remain to be enunciated by the Court.

In view of numerous unresolved issues, including the unsettled question of the substantive law that will be applied to determine liability, and the pre-trial discovery that remains to be taken on the issue of whether Agent Orange caused any of the injuries alleged by the plaintiffs, it is not possible to make an informed judgment as to the outcome or to quantify the potential liability, if any, of the Company. The Company intends to continue to defend the litigation vigorously.

Newark Litigation

In June 1983, a purported class action lawsuit was filed against a subsidiary of the Company alleging liability as a result of the manufacture by such subsidiary of herbicides at its former Newark plant discussed above under "Regulatory Controls." The defendants also include all subsequent owners of the property after such subsidiary sold it in 1971. The plaintiffs purport to bring this action on behalf of former employees of the subsidiary and residents of Newark in the vicinity of the former plant, who allege personal injuries resulting from alleged exposure to dioxin. In addition, the plaintiffs include certain businesses and property owners which allege damages as a result of the discovery of dioxin at the plant site. Plaintiffs have refused to specify monetary damages. Since the suit is only in an early stage, and since in the opinion of the Company there is no reliable medical evidence which connects dioxin to any illness or injury other than chloracne, it is not possible to make any informed judgment as to the outcome or quantify the potential liability, if any, of the Company. The Company intends to defend the litigation vigorously.

Federal Trade Commission Proceeding

In January 1982, the Federal Trade Commission issued an administrative complaint against The B. F. Goodrich Company ("Goodrich") and the Company challenging the acquisition by Goodrich of the Company's plastics subsidiary, which was completed earlier that month. The complaint alleges that such acquisition would illegally reduce competition in the domestic production of vinyl chloride monomer and polyvinyl chloride resins. The Company and Goodrich believe that the transaction was lawful and are contesting the complaint vigorously. If Goodrich is required by a final order of a United States Court of Appeals to divest the acquired assets, the Company has agreed, if they are not sold to a third party, to reacquire them. Unless the agreement to repurchase terminates earlier pursuant to specified conditions, it will continue in effect until December 31, 1989. Trial of the matter before the administrative law judge is scheduled to commence in July of 1984.

Other

In September of 1979, the State of Illinois filed suit against a subsidiary of the Company in the Eleventh Judicial Circuit Court, Logan County, Illinois, alleging that unlawful discharges occurred at a former plant site of the Company at Atlanta, Illinois, between March 1, 1975 and July 15, 1977.

the date the plant was sold. The subsidiary has reached agreement with the Illinois Environmental Protection Agency to dismiss the action with prejudice on the basis of the subsidiary's agreement to dredge or take other remedial action relative to the affected waterway as approved by such agency. The Court issued an order on February 1, 1984 indicating that, subject to the concurrence of the Illinois Attorney General, the action will be dismissed with prejudice on April 2, 1984.

The Company is involved in numerous other lawsuits incidental to its business, none of which, individually or in the aggregate, has or is expected to have a material impact upon the Company's business, financial position or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders.

Inapplicable.

Executive Officers of the Company

The following table sets forth certain information as of March 12, 1984 concerning the executive officers of the Company:

Name	Position with the Company	Age	Served as an Officer Since
W. H. Bricker	Chairman of the Board and Chief Executive Officer	52	1972
J. L. Jackson	President and Chief Operating Officer	52	1979
J. A. Rush, Jr.	Vice Chairman of the Board	62	1967
C. E. Stewart	Executive Vice President; President of Diamond Shamrock Chemicals Company	48	1978
R. M. Ahlstrom	Vice President, Finance	49	1971
G. G. Carlton	Vice President, Administration	47	1978
R. M. Epps	Vice President; President of Diamond Shamrock Refining and Marketing Company	55	1982
R. E. Garbesi	Vice President; President of Diamond Shamrock Coal Company	59	1983
C. B. Groves	Vice President; President of Diamond Shamrock Exploration Company	46	1982
R. R. Hemminghaus	Vice President of Planning and Development	47	1984
J. F. Kelley	Vice President and General Counsel	42	1981
C. D. McDoulett, Jr.	Vice President; Chairman of the Board and Chief Executive Officer of Natomas Company	39	1982
R. W. Arp	Controller	47	1981
T. J. Fretthold	Secretary	34	1982
D. C. Mielke	Treasurer	41	1976

Officers are elected annually by the Board of Directors and may be removed at any time by the Board. There are no family relationships among the executive officers listed, and there are no arrangements or understandings pursuant to which any of them were elected as officers.

Each of the officers named above has been an employee or an officer of the Company during the last five years, other than R. R. Hemminghaus and J. F. Kelley. Mr. Hemminghaus joined the Company in March of 1984, having served as Vice President of Planning at United Energy Resources, Inc., where he had been employed since 1977, serving as Vice President of Planning/United Gas Pipeline and Vice President of Supplemental Supply. Mr. Kelley joined United Technologies International, a subsidiary of United Technologies Corporation, as Vice President and General Counsel in 1975 and served as Deputy General Counsel of United Technologies Corporation from 1977 until 1981, when he became Vice President and General Counsel of the Company.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.

The information required by this item appears on pages 41 and 47 and on the inside front and back covers of the Company's 1983 Annual Report to Stockholders, which information is incorporated herein by reference.

Item 6. Selected Financial Data.

The information required by this item appears on page 55 of the Company's 1983 Annual Report to Stockholders, which information is incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation.

The information required by this item appears on pages 24 through 26 of the Company's 1983 Annual Report to Stockholders, which information is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data.

The information required by this item appears on pages 27 through 55 of the Company's 1983 Annual Report to Stockholders, which information is incorporated herein by reference.

Item 9. Disagreements on Accounting and Financial Disclosure.

Inapplicable.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The information required by this item with respect to directors of the Company appears on pages 2 through 5 of the definitive proxy statement of the Company relating to the Company's 1984 Annual Meeting of Stockholders filed with the Commission pursuant to Regulation 14A, which information is incorporated herein by reference. Information concerning the Company's executive officers is set forth under the heading "Executive Officers of the Company" in Part I above.

Item 11. Executive Compensation.

The information required by this item appears on pages 6 through 13 of the definitive proxy statement of the Company relating to the Company's 1984 Annual Meeting of Stockholders filed with the Commission pursuant to Regulation 14A, which information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information required by this item appears on pages 13 and 14 of the definitive proxy statement of the Company relating to the Company's 1984 Annual Meeting of Stockholders filed with the Commission pursuant to Regulation 14A, which information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions.

The information required by this item appears on pages 7 and 8 of the definitive proxy statement of the Company relating to the Company's 1984 Annual Meeting of Stockholders filed with the Commission pursuant to Regulation 14A, which information is incorporated herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

(a) Documents filed as part of this report:

(1) Financial Statements – The following financial statements have been incorporated herein by reference to pages 27 through 55 of the Company's 1983 Annual Report to Stockholders:

Consolidated Statement of Income for the three years ended December 31, 1983.

Consolidated Balance Sheet – December 31, 1983, 1982 and 1981.

Consolidated Statement of Stockholders' Equity for the three years ended December 31, 1983.

Consolidated Statement of Changes in Financial Position for the three years ended December 31, 1983.

Financial Summary.

Report of Independent Accountants.

Supplementary Information.

Condensed parent company financial information has been omitted, since the amount of restricted net assets of consolidated subsidiaries does not exceed 25% of total consolidated net assets. Also, footnote disclosure regarding restrictions on the ability of both consolidated and unconsolidated subsidiaries to transfer funds to the parent company has been omitted since the amount of such restrictions does not exceed 25% of total consolidated net assets.

Summarized financial information and individual financial statements of each unconsolidated affiliate and corporate joint venture accounted for under the equity method have been omitted since (i) neither the Company's and its other subsidiaries' investment in or advances to, nor their proportionate share of the total assets of, each such unconsolidated affiliate and corporate joint venture exceeded 10% of consolidated assets at December 31, 1983 and (ii) the Company's and its other subsidiaries' equity in income before taxes and extraordinary items of each such unconsolidated affiliate and corporate joint venture did not exceed 10% of the average consolidated income for the most recent five years ended December 31, 1983.

(2) Financial Statement Schedules.

Schedule V – Consolidated Properties and Equipment.

Schedule VI – Consolidated Accumulated Depreciation and Depletion – Properties and Equipment.

Report of Independent Accountants on Financial Statement Schedules.

(3) Exhibits.

3.1 – Certificate of Incorporation of the Company, as amended September 1, 1983, filed herewith.

3.2 – By-Laws of the Company dated as of August 29, 1983, filed herewith.

4.1 – Indenture dated as of April 1, 1978 between Diamond Chemicals and Mellon Bank, N.A. relating to Diamond Chemicals's 8½% Sinking Fund Debentures due April 1, 2008 (Exhibit No. 2.2 to Diamond Chemicals's Form S-7 Registration Statement No. 2-60897).*

4.2 – First Supplemental Indenture dated as of January 26, 1984 among the Company, Diamond Chemicals and Mellon Bank, N.A. supplementing the Indenture described in 4.1 above (Exhibit 4 to the Company's Current Report on Form 8-K dated as of January 26, 1984).*

4.3 – Indenture dated as of December 15, 1976 between Diamond Chemicals and Mellon Bank, N.A. relating to Diamond Chemicals's 7.70% Sinking Fund Debentures due December 15, 2001 (Exhibit 2.2 to Diamond Chemicals's Form S-7 Registration Statement No. 2-57692).*

4.4 – First Supplemental Indenture dated as of January 26, 1984 among the Company, Diamond Chemicals and Mellon Bank, N.A. supplementing the Indenture described in 4.3 above (Exhibit 3 to the Company's Current Report on Form 8-K dated January 26, 1984).*

4.5 – Indenture dated November 15, 1975 between Diamond Chemicals and Mellon Bank, N.A. relating to Diamond Chemicals's 9⅛% Sinking Fund Debentures due November 15, 2000 (Exhibit 2.2 to Diamond Chemicals's Form S-7 Registration Statement No. 2-54900).*

4.6 – First Supplemental Indenture dated as of January 26, 1984 among the Company, Diamond Chemicals and Mellon Bank, N.A. supplementing the Indenture described in 4:5 above (Exhibit 2 to the Company's Current Report on Form 8-K dated January 26, 1984).*

4.7 – Indenture dated as of April 1, 1974 between Diamond Chemicals and Mellon Bank, N.A. relating to Diamond Chemicals's 9% Sinking Fund Debentures due April 1, 1999 (Exhibit 2.2 to Diamond Chemicals's Form S-7 Registration Statement No. 2-83460).*

4.8 – First Supplemental Indenture dated as of January 26, 1984 among the Company, Diamond Chemicals and Mellon Bank, N.A. supplementing the Indenture described in 4.7 above (Exhibit 1 to the Company's Current Report on Form 8-K dated as of January 26, 1984).*

4.9 – Indenture dated as of May 1, 1983 between Diamond Chemicals and Mellon Bank, N.A. relating to unspecified Debt Securities of Diamond Chemicals (Exhibit 4.1 to Diamond Chemicals's Form S-3 Registration Statement No. 2-83460).*

4.10 – Resolutions of the Board of Directors of Diamond Chemicals supplementing the Indenture described in 4.9 above and establishing terms and conditions of Diamond Chemicals's 11¼% Sinking Fund Debentures due May 1, 2013 and 10⅝% Notes due May 1, 1993 (Exhibit 4.1 to Diamond Chemicals's Current Report on Form 8-K dated May 5, 1983).*

* Each document marked by an asterisk is incorporated herein by reference to the same document previously filed with the Commission.

4.11 – First Supplemental Indenture dated as of January 26. 1984 among the Company, Diamond Chemicals and Mellon Bank, N.A. supplementing the Indenture and the resolutions described in 4.9 and 4.10, respectively, above (Exhibit 5 to the Company's Current Report on Form 8-K dated as of January 26, 1984).*

4.12 – $1,000,000,000 Revolving Credit and Term Loan Agreement dated as of November 15, 1983 (Exhibit 4.10 to the Company's Form S-8 Registration Statement No. 2-88808).*

4.13 – $200,000,000 Term Loan and Bank Credit Agreement dated as of June 15. 1981, as amended November 15. 1983 (the Company undertakes to furnish a copy of such agreement to the Commission upon request).

4.14 – Indenture dated as of March 15, 1977 between Natomas and Bank of America as trustee, relating to $50,000,000 8⅞% Sinking Fund Debentures due March 15, 1997 (Exhibit 2(b) to Natomas's Registration Statement No. 2-58239).*

4.15 – Trust Deed dated 4th October, 1977 among Natomas International Corporation, Natomas and The Law Debenture Corporation, Limited, relating to U.S. $30,000,000 8% Guaranteed Bonds due 1984 (the Company undertakes to furnish a copy of such trust deed to the Commission upon request).

4.16 – Trust Deed dated 10th July, 1981 among Natomas Overseas Finance N.V., Natomas and The Law Debenture Corporation, Limited, relating to U.S. $50,000,000 15¾% Guaranteed Notes due 1986 (the Company undertakes to furnish a copy of such trust deed to the Commission upon request).

4.17 – Agreements dated August 17, November 17 and November 30, 1981 among Natomas Overseas Finance N.V., Natomas and others relating to 7¾% and 8¼% Guaranteed Notes of 50, 30 and 20 million Swiss Francs due through 1987 (the Company undertakes to furnish a copy of such agreements to the Commission upon request).

4.18 – Indentures dated April 22, 1982 among Natomas Overseas Finance N.V., Natomas and Morgan Guaranty Trust Company of New York relating to $50,000,000 15% Guaranteed Notes due 1985 and $100,000,000 15½% Debentures due 1989 (Exhibit 4.01 to Natomas's Form 10-Q for the period ended June 30, 1982).*

4.19 – Agreement dated July 6, 1982 among Natomas Overseas Finance N.V., Natomas and others relating to 7½% Bonds of 75 million Swiss Francs due 1990 (the Company undertakes to furnish a copy of such agreement to the Commission upon request).

10.1 – 1980 Long-Term Incentive Plan of the Company, as amended August 31, 1983 (Exhibit 4.19 to Post-Effective Amendment No. 2-85403 on Form S-8, amending the Company's Form S-14 Registration Statement No. 2-85403).*

10.2 – 1971 Stock Option Plan of the Company, as amended August 31, 1983 (Exhibit 4.18 to Post-Effective Amendment No. 2-85403 on Form S-8, amending the Company's Form S-14 Registration Statement No. 2-85403).*

10.3 – Performance Incentive Plan, as amended August 31, 1983, filed herewith.

* Each document marked by an asterisk is incorporated herein by reference to the same document previously filed with the Commission.

10.4 – Specimen copy of Split-Dollar Insurance Agreement between the Company and its executive officers, filed herewith.

10.5 – Specimen copy of Salary Continuation Letter Agreement between the Company and its executive officers, filed herewith.

10.6 – Specimen copy of Disability Benefit Letter Agreement between the Company and its executive officers, filed herewith.

10.7 – Specimen copy of Employment Agreement between the Company and its executive officers, filed herewith.

10.8 – Specimen copy of letter agreement between the Company and its executive officers relating to the Employment Agreement referred to in Exhibit 10.7 above, filed herewith.

10.9 – Supplemental Early Retirement Plan of the Company, as amended August 31, 1983, filed herewith.

10.10 – Northwest Java Production Sharing Contract dated August 18, 1966 between Pertamina and Independent Indonesian American Petroleum Company ("IIAPCO") with three letters dated in January 1967 relating to approval of the Contract by Indonesia (Exhibit 13(a) to Natomas's Registration Statement No. 2-29305).*

10.11 – Java Agreement dated May 5, 1967 among Natomas International Corporation, Sinclair Exploration Company ("Sinclair"), IIAPCO, Donald D. Dodge, Jr. and G. W. Douglas Carver, individually and as co-partners doing business under the firm name and style of Carver-Dodge Oil Company ("Carver-Dodge") and Warrior Oil Company ("Warrior"), including the Operating Agreement dated May 27, 1967 among the same parties and the Letter Amendment dated May 27, 1967 (amending both Agreements) (Exhibit 13(b) to Natomas's Registration Statement No. 2-29305).*

10.12 – Assignment of Interests dated June 2, 1967 by IIAPCO to Carver-Dodge and to Warrior and by all three to Natomas International Corporation and Sinclair (Exhibit 13(c) to Natomas's Registration Statement No. 2-29305).*

10.13 – Letter Agreement dated as of January 24, 1974 among Atlantic Richfield Indonesia, Inc. ("ARII"), Pertamina and the Government of Indonesia regarding additional split revenues, filed herewith.

10.14 – Amendment of October 1975 to Northwest Java Production Sharing Contract with two letter agreements relating thereto (Exhibit 5(f) to Natomas's Registration Statement No. 2-58240).*

10.15 – Amendment dated as of December 11, 1978 to Northwest Java Production Sharing Contract, filed herewith.

10.16 – Crude Oil Offtake Procedure dated December 17, 1971 between Pertamina and ARII (Exhibit 5(d) to Natomas's Registration Statement No. 2-58240).*

10.17 – Southeast Sumatra Production Sharing Contract dated September 6, 1968 between Pertamina and IIAPCO, filed herewith.

10.18 – Letter Agreement dated as of February 22, 1974 among IIAPCO, Pertamina and the Government of Indonesia regarding additional split revenues (Exhibit 5(j) to Natomas's Registration Statement No. 2-58240).*

* Each document marked by an asterisk is incorporated herein by reference to the same document previously filed with the Commission.

10.19 – Amendment dated as of November 14, 1978 to Southeast Sumatra Production Sharing Contract, filed herewith.

10.20 – Crude Oil Offtake Procedure dated December 17, 1971 between Pertamina and IIAPCO (Exhibit 5(i) to Natomas's Registration Statement No. 2-58240).*

10.21 – Letter Agreement dated as of November 9, 1978 among IIAPCO, Pertamina and the Government of Indonesia regarding Crude Oil Offtake Procedure, filed herewith.

10.22 – Agreement dated as of May 23, 1980 among Natomas International Corporation and the other parties to the Southeast Sumatra Production Sharing Contract regarding settlement of 1978 and 1979 lifting imbalances, filed herewith.

13.1 – 1983 Annual Report to Stockholders of the Company, filed herewith. (Certain portions of such Annual Report are incorporated by reference and are identified by reference to page numbers in the text of this report on Form 10-K. Such Annual Report, except for those portions thereof which are expressly incorporated by reference in the filing, is furnished for the information of the Commission and is not deemed "filed" as part of the filing.)

22.1 – List of Principal Subsidiaries of the Company, filed herewith.

24.1 – Consent of Independent Accountants, filed herewith.

25.1 – Powers of Attorney of directors and officers of the Company, filed herewith.

28.1 – Definitive Proxy Statement of the Company relating to the Company's 1984 Annual Meeting of Stockholders filed with the Commission pursuant to Regulation 14A. (Certain portions of such Proxy Statement are incorporated by reference and are identified by reference to page numbers in the text of this report on Form 10-K.)

(b) **Reports on Form 8-K.**

No reports on Form 8-K were filed by the Company during the last quarter of 1983.

* Each document marked by an asterisk is incorporated herein by reference to the same document previously filed with the Commission.

SCHEDULE V

DIAMOND SHAMROCK CORPORATION

CONSOLIDATED PROPERTIES AND EQUIPMENT

Three Years Ended December 31, 1983
(dollars in thousands)

	Exploration and Production	Refining and Marketing	Coal	Geothermal	Chemicals	Corporate	Total
Balance January 1, 1981	$ 819,165	$277,054	$151,788		$1,222,472	$ 79,023	$2,549.502
Additions, at cost	317,488	40,726	25,948		140,451	25,133	549,746
Disposals and transfers	18.812	(32,375)	(22.398)		(334,266)	(8,362)	(378,559)
Balance December 31, 1981	$1,155,465	$255,405	$155,338		$1,028,657	$ 95,794	$2,720.659
Additions, at cost	439,223	24,429	30,405		102,946	15,695	612.698
Disposals and transfers	(66,420)	29,664	(3,684)		(100,350)	(10,994)	(151,784)
Balance December 31, 1982	$1,528,268	$339,498	$182,059		$1,031,253	$100,495	$3,181.573
Additions, at cost	276,922	37,829	20,418	$ 14,770	33,341	29,514	412,794
Acquisition of Sigmor	11,955	314,187	–	–	–	25,489	351,631
Acquisition of Natomas	2,411,181	22,978	63,488	747,135	–	–	3,244,782
Disposals and transfers	(75,937)	56,388	(36,095)	(1.546)	(165,284)	(73,401)	(295,875)
Balance December 31, 1983	$4,152,389	$770,880	$229,870	$760.359	$ 899,310	$ 82,097	$6,894.905

SCHEDULE VI

DIAMOND SHAMROCK CORPORATION

CONSOLIDATED ACCUMULATED DEPRECIATION AND DEPLETION PROPERTIES AND EQUIPMENT

Three Years Ended December 31, 1983

(dollars in thousands)

	Exploration and Production	Refining and Marketing	Coal	Geothermal	Chemicals	Corporate	Total
Balance January 1, 1981	$ 274,418	$122,183	$ 64,336		$425,695	$27,583	$ 914,514
Additions charged against income	85,241	10,079	8,353		54,083	6,029	163,785
Disposals and transfers	(8,386)	(2,048)	(6,976)		(98,635)	(7,247)	(123,291)
Balance December 31, 1981	$ 351,273	$130,214	$ 65,713		$381,143	$26,665	$ 955,008
Additions charged against income	122,272	11,664	14,283		55,651	6,661	210,531
Disposals and transfers	(27,167)	(1,148)	(2,719)		(60,919)	(6,449)	(98,402)
Balance December 31, 1982	$ 446,378	$140,730	$ 77,277		$375,875	$26,877	$1,067,137
Additions charged against income	360,026	33,252	13,979	$ 7,490	54,710	6,966	476,423
Acquisition of Sigmor	5,079	51,775	–	–	–	2,421	59,275
Acquisition of Natomas	912,152	5,469	38,635	42,880	–	–	999,136
Disposals and transfers	(65,459)	8,241	(19,605)	(335)	(61,298)	(17,457)	(155,913)
Balance December 31, 1983	$1,658,176	$239,467	$110,286	$ 50,035	$369,287	$18,807	$2,446,058

The provisions for depreciation and depletion were computed principally in accordance with the following methods and range of rates:

	Method	Rate
Raw materials resources	Unit of production	Estimated recoverable reserves
Buildings and land improvements	Straight line	2% to 3%
Machinery and equipment	Straight line	4% to 20%
Furniture and fixtures – mechanical	Straight line	15%
Furniture and fixtures – non-mechanical	Straight line	6% to 7%
Automotive equipment	Straight line	14% to 20%
Leasehold improvements	Straight line	Lease terms

REPORT OF INDEPENDENT ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULES

To the Board of Directors
Diamond Shamrock Corporation

Our examinations of the consolidated financial statements referred to in our report dated February 16, 1984 appearing on page 45 of the Annual Report 1983 of Diamond Shamrock Corporation, (which report and financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an examination of the Financial Statement Schedules listed in Item 14(a)(2) of this Form 10-K. In our opinion, these Financial Statement Schedules present fairly the information set forth therein when read in conjunction with the related consolidated financial statements.

PRICE WATERHOUSE

Dallas, Texas
February 16, 1984

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934. the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DIAMOND SHAMROCK CORPORATION

By *W. H. BRICKER

Chairman of the Board and
Chief Executive Officer

March 30, 1984

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title
*W. H. BRICKER	Chairman of the Board and Chief Executive Officer
*J. AVERY RUSH, JR.	Vice Chairman of the Board
*J. L. JACKSON	President, Chief Operating Officer and Director
*R. M. AHLSTROM	Vice President, Finance (Chief Financial Officer)
*RICHARD W. ARP	Controller (Principal Accounting Officer)
*B. CHARLES AMES	Director
*J. DAVID BARNES	Director
*W. L. LYONS BROWN, JR.	Director
*PHILIP E. COLDWELL	Director
*GENE EDWARDS	Director
*RAYMOND A. HAY	Director
Allen C. Holmes	Director
*JOHN T. KIMBELL	Director
*WALLACE MACGREGOR	Director
*RICHARD W. MANDERBACH	Director
*W. THOMAS YORK	Director

Timothy J. Fretthold, by signing his name hereto, does hereby sign this report on Form 10-K on behalf of each of the above-named officers and directors of the registrant pursuant to powers of attorney executed on behalf of each of such officers and directors.

*By TIMOTHY J. FRETTHOLD

Attorney-in-fact

March 30, 1984