

EXHIBIT 38



Diamond Shamrock

Interoffice Correspondence

To: W.V. Alford, J.A. Cottle and W.E. Notestine
From: C.M. Murrin
Date: December 16, 1983

Subject: Formation of Operating Companies

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I am sending each of you two copies of Assignment and Assumption Agreements relating to your respective units, signed and notarized for Diamond Shamrock Chemicals Company, by Tim Fretthold. I believe you will see that these instruments incorporate the comments you relayed to Tim through me in response to Tim's memo of November 22. In addition, you will notice that the assets relating to Flight Operations have been expressly excepted; these assets will be transferred to a new subsidiary, Diamond Shamrock Aviation Company.

Please have these documents executed by an appropriate officer of your respective companies, and notarized. In addition, would you please attest to Tim's signature in your capacity as Assistant Secretaries of Diamond Shamrock Chemicals Company.

Please return one of the executed copies to Tim or me.

/nle
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