

# **EXHIBIT 42**

## ASSIGNMENT AND ASSUMPTION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS, That

WHEREAS, Diamond Shamrock Exploration Company, a Delaware corporation (the "Subsidiary"), the address of which is 112 W. 8th, Amarillo, Texas is a wholly owned subsidiary of Diamond Chemicals Company, a Delaware corporation, the address of which is 717 North Harwood Street, Dallas, Texas 75201 (the "Company"); and

WHEREAS, it is the desire of the Company to (1) transfer certain assets to the Subsidiary as a contribution of capital to the Subsidiary, (2) transfer the balance of such assets to the Subsidiary in consideration of the execution and delivery by the Subsidiary of an unsecured promissory note, and (3) retain certain other assets in the Company;

NOW, THEREFORE, as a contribution to the capital of the Subsidiary in the amount of \$262,874,000.00 and in consideration of the execution and delivery by the Subsidiary of an unsecured promissory note in the form attached hereto as Exhibit A in principal amount equal to the net book value of the assets transferred less the amount contributed to the capital of the Subsidiary, the Company, subject to all of the terms, conditions, exceptions and reservations in this Agreement, grants, conveys, assigns, transfers and delivers to the Subsidiary, its successors and assigns, and the Subsidiary accepts, all assets of whatsoever kind of the Company that are necessary for the operation of or used principally in connection with or related principally to the exploration and production business of the Company (the "E & P Business"), both real and personal, tangible and intangible, wherever situated, including but not limited to:

- (1) All of the assets included on the books and records of the Company and designated as assets of the E & P Business;
- (2) All of the Company's stock ownership in and all advances shown on the Company's books and records to:

AGM Corporation  
DS Oil Corporation  
Diamond North Sea Company  
Diamond Shamrock Aegean Oil Company  
Diamond Shamrock Ghana, Inc.  
Diamond Shamrock Netherlands Oil Company B.V.  
Diamond Shamrock North Sea, Inc.  
Diamond Shamrock Oil Co. (Australia) Pty. Ltd.  
Diamond Shamrock Oil Company (New Zealand) Limited  
Diamond Shamrock Oil Company S.P.A.  
Diamond Shamrock Oil Company (U.K.) Limited  
Diamond Shamrock Panama, Inc.  
Shamrock Oil and Gas Company Ltd.

- (3) All business operations and activities of the E & P Business;
- (4) All rights and benefits of the Company under contracts which relate to the assets assigned or to the operations and business activities being transferred;
- (5) All claims, unsatisfied judgements and causes of action which the Company may have against any third party based upon rights which the Company has or had in its capacity as the owner of any of the assets and business activities being assigned and transferred, and which would not have arisen in favor of the Company but for such ownership;
- (6) All employment contracts with employees required to operate and service the assets and business activities being assigned and transferred; and
- (7) All of the Company's trade and other receivables and payables which relate to the assets and business activities assigned and transferred.

The Subsidiary is authorized to prosecute such claims and causes of action and to collect or otherwise enforce such judgments, at its own expense, in the name of the Company.

Provided, however, that if a consent, license or permit is required to transfer any asset of whatsoever kind or to carry out any business operation or activity then:

- (A) The Company will transfer to the Subsidiary only such interests (beneficial or other) in that asset that will not cause a loss of any part of that asset and will not ultimately result in the violation of any law or applicable regulation. All remaining interests in that asset are retained by the Company until the required consent, license or permit is obtained; and
- (B) Such business operation or activity will, to the extent it can be done lawfully, be continued and carried out for the benefit of the Subsidiary by the Company as trustee with all operating profits or losses being for the account of the Subsidiary until the required consent, license or permit is obtained, at which time the interests not previously transferred and all rights to carry out the business operation or activity will be vested in the Subsidiary under the terms of this Agreement.

The Company and the Subsidiary will use their best efforts to obtain any and all necessary consents, permits and licenses as soon as reasonably possible.

Further, the Company assigns to the Subsidiary and the Subsidiary assumes all of the liabilities and obligations of the E & P Business, including but not limited to the following:

- (i) All of the Company's liabilities and obligations under the contracts, agreements, licenses, leases, permits and commitments relating to the E & P Business;
- (ii) All current liabilities relating to the E & P Business,
- (iii) All liabilities and obligations with respect to payrolls, pensions, employee benefits or expenses for the employees employed in the E & P Business;
- (iv) Any and all liabilities for all claims and causes of action which any third party has asserted or may assert against the Company, as well as the liability for such claims and causes of action and judgements entered against the Company, based upon an obligation or duty that the Company allegedly owed or owes to such third party in the Company's capacity as the owner of any of the assets and business so assigned and transferred and which would not have arisen but for such ownership.

The Subsidiary is authorized to defend against such claims and causes of action, at its own expense, in the name of the Company. Any information received by the Company to the effect that any such claim or cause of action is being asserted shall be delivered immediately by the Company to the Subsidiary.

Provided, however, that if a consent to transfer any liability or obligation of whatsoever kind is required to relieve the Company from liability thereunder and such consent has not been received, or if that consent is withheld or if the transfer of any liability or obligation would constitute a breach of any agreement, the Subsidiary will indemnify the Company for any loss, liability or expense incurred by the Company as a direct result of any such claims or causes of action.

Provided, further that the following assets are expressly excluded from the Agreement:

- (a) All assets that are covered by or the subject of any specific assignment or conveyance to the Subsidiary or to any other person; and
- (b) All assets owned or leased by the Company and used principally in connection with or related principally to the Company's flight operations, including airport hangar facilities, furnishings therein and improvements thereto, aircraft, equipment, automobiles and other vehicles.

The Company and the Subsidiary each agree to execute such other instruments, assignments and conveyances as may be necessary to effect the intent of this Agreement.

The Company and the Subsidiary both intend that the provisions of the Bulk Sales Act will not be applicable to this Agreement.

This Assignment and Assumption Agreement shall be effective as of November 1, 1983 for all purposes.

Executed as of November 1, 1983

DIAMOND CHEMICALS COMPANY

ATTEST:

*Mark G. [unclear]*  
and secretary

By *[unclear]*

DIAMOND SHAMROCK EXPLORATION  
COMPANY

ATTEST:

*[unclear]*  
Secretary

By *W. E. [unclear]*  
Vice President

STATE OF TEXAS            )  
                                  )  
COUNTY OF DALLAS        )        ss.

The foregoing instrument was acknowledged before me this 12<sup>th</sup> day of JANUARY, 1984, by T.J. FRETTHOLD, known by me to have been on November 1, 1983, SECRETARY of Diamond Chemicals Company, a Delaware corporation, on behalf of the corporation.

Khonda S. Brauch  
Notary Public

My Commission Expires:

8-31-86

STATE OF TEXAS            )  
                                  )  
COUNTY OF POTTER        )        ss.

The foregoing instrument was acknowledged before me this 20<sup>th</sup> day of JANUARY, 1984, by W. E. NOTESTINE, known by me to have been on November 1, 1983, VICE PRESIDENT of Diamond Shamrock Exploration Company, a Delaware corporation, on behalf of the corporation.

Linda Banksdale  
Notary Public

My Commission Expires:

January 7, 1986

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