



OCCIDENTAL PETROLEUM CORPORATION

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October 2, 2003

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**VIA FAX AND U.S. MAIL**

David A. Wadsworth  
Vice President and General Counsel  
Maxus Energy Corporation  
Town Center Two Building  
1330 Lake Robbins Drive, Suite 300  
The Woodlands, TX 77380

**RECEIVED**

OCT - 7 2003

J. A. Mack

Re: Request for Defense and Indemnification:  
Lower Passaic River, New Jersey  
Diamond Alkali Superfund Site

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in LP

Dear David:

This letter is a request for Defense and Indemnification under Article IX of the Stock Purchase agreement dated September 4, 1986 ("SPA"). On or about September 19, 2003, the State of New Jersey served Occidental Chemical Corporation ("OCC") and Occidental Petroleum Corporation ("OPC") with Notice and Directive No. 1, Natural Resources Injury Assessment and Interim Compensatory Restoration of Natural Resource Injuries pursuant to the Spill Compensation and Control Act. The State alleges that discharges of dioxin, pesticides and other hazardous substances at the Diamond Alkali Superfund Site migrated into the Lower Passaic River and the responsible parties include Diamond Shamrock Chemicals Company, Occidental Electrochemicals Corporation, OPC, OCC and Oxy-Diamond Alkali Corporation.

Additionally, by letter dated September 15, 2003, the United States Environmental Protection Agency ("EPA") provided notice to OCC of its Potentially Responsible Party status and sought its cooperation with respect to remediation and restoration activities for the Lower Passaic River in relation to its March 23, 1993 notice to OCC of the Diamond Alkali Superfund Site.

A copy of the Directive, Notice and EPA Letter are enclosed. Indemnifiable Losses for each are expected to exceed \$20,000.

As part of Maxus' continuing and historical defense and indemnification of OCC in matters involving the Diamond Alkali Superfund Site, the Occidental parties hereby tender to Maxus defense and indemnification of the Occidental parties in both of these Lower Passaic River matters under Article IX of the 1986 Stock Purchase Agreement.

As you know, Maxus has previously acknowledged its obligation of defense and indemnity with respect to the Diamond Alkali Superfund Site, which includes the former Diamond Alkali Facility, as well as the aerial extent of the contamination to which hazardous substances from the Facility were transported, have or may have migrated or otherwise threaten to migrate. (See Administrative Order on Consent of April 20, 1994). In this regard, Maxus has represented OCC, as successor to Diamond Shamrock Chemicals Company in connection with, and has funded the implementation of: (i) the Supplemental Administrative Order on Consent of July 1987 covering dioxin-related research; (ii) the Consent Decree of July 26, 1989, covering the "interim final" remedy at the Diamond Alkali Facility; and (iii) the April 20, 1994 Administrative Order on Consent covering the Remedial Investigation/Feasibility Study in the Passaic River Study Area.

Pursuant to Section 9.04 of the SPA, please advise within 10 days whether or not Maxus elects to assume defense of these additional matters and, if so, of the identity of its proposed counsel.

Yours truly,



Karen Ciccone

Encls.

cc: ✓ Alan Mack, Esq. (w/o encl.)