US BANKRUPTCY COURT
SOUTHERN DISTRICT OF MS
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CHARLENE J. KENNEDY
CLERK

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF MISSISSIPPI

In re:	)	
	)	
MISSISSIPPI CHEMICAL CORPORATION, *et al.* [1]	)	
	)	CASE NO. 03-02984 WEE
	)	Chapter 11
Debtors.	)	**Jointly Administered**
	)	

AMENDED MOTION PURSUANT TO § 365 FOR APPROVAL OF ASSUMPTION OF EXECUTORY CONTRACTS

COME NOW Mississippi Chemical Corporation, *et al.*, Debtors and debtors-in-possession in these jointly administered reorganization proceedings (collectively "Debtors"), and file this their amended motion for Order(s) approving their assumption of certain executory contracts ("Amended Motion"), and in support of this motion would respectfully show as follows:

1. On May 15, 2003 (the "Petition Date"), the Debtors filed their voluntary petitions under Chapter 11 of the Bankruptcy Code, 11 U.S.C. § 101, *et seq.*

2. The Debtors remain in possession of their property and continue to operate their businesses as debtors-in-possession pursuant to §§ 1107 and 1108. No trustees, examiners or committees have been appointed in these cases.

3. The Court has jurisdiction over this Amended Motion pursuant to 28 U.S.C. § 1334, and this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A). Venue of these cases is proper in this Court pursuant to 28 U.S.C. § 1408. The relief requested in this Amended

[1] The Debtors are the following entities: Mississippi Chemical Corporation; Mississippi Nitrogen, Inc.; MissChem Nitrogen, L.L.C., Mississippi Chemical Company, L.P.; Mississippi Chemical Management Company; Mississippi Phosphates Corporation; Mississippi Potash, Inc.; Eddy Potash, Inc.; Triad Nitrogen, L.L.C.; and Melamine Chemicals, Inc.

Motion is sought pursuant to § 365 of the Bankruptcy Code and Bankruptcy Rules 6006 and 9014.

Summary of Operations

4. Mississippi Chemical Corporation ("MCC") was incorporated in Mississippi on May 23, 1994, and is the successor by merger to a business of the same name which was incorporated in Mississippi in September 1948 as the first fertilizer cooperative in the United States. The Debtors' corporate headquarters is located in Yazoo City, Mississippi. The Debtors employ approximately 1,100 persons throughout all of their locations, none of whom are represented by unions.

5. The Debtors operate three strategic business units that offer different products: nitrogen, phosphate and potash. The Debtors produce nitrogen products at their production facilities in Yazoo City, Mississippi, Donaldsonville, Louisiana, and through Farmland MissChem Limited in Point Lisas, The Republic of Trinidad and Tobago ("FMCL"). The Debtors' principal nitrogen products include anhydrous and aqua ammonia; fertilizer-grade ammonium nitrate sold under the trade name Amtrate®; UAN solution sold under the trade name N-Sol 32®; urea synthesis; nitric acid and nitrogen tetroxide. The Debtors recently acquired a melamine crystal production facility located within the Donaldsonville, Louisiana, nitrogen complex, and production is anticipated to begin in June 2003. The Debtors sell their nitrogen products to fertilizer dealers and distributors as well as industrial users located primarily in the southern region of the United States where the Debtors' facilities are located. The Debtors transport their nitrogen products by barge, rail, pipeline, truck and oceangoing vessels.

6. The Debtors produce diammonium phosphate fertilizer ("DAP") at their facility in Pascagoula, Mississippi. Almost all of the Debtors' DAP sales are for agricultural use, and the majority of its DAP sales are for international markets. Since October 1, 1997, all of the

Debtors' export sales of DAP have been made through Phosphate Chemicals Export Association, Inc. ("PhosChem"), a Webb-Pomerene corporation, and all domestic sales of DAP have been made through the Debtors' internal sales staff.

7. The Debtors produce potash at two mines and related facilities and operate a granular compaction plant near Carlsbad, New Mexico. The Debtors' potash reserves are controlled under long-term federal and state potassium leases on approximately 100,000 surface acres, which consist of approximately 220,000 subsurface acres due to the naturally occurring overlap of ore zones in the Carlsbad potash basin. The majority of the Debtors' agricultural potash sales are in domestic markets in the states west of the Mississippi River where it enjoys freight cost advantages over Canadian and overseas potash producers.

8. MCC is a publicly held stock corporation traded over the counter under the symbol "MPSI".

Summary of Financing

9. In August 1997, Mississippi Phosphate Corporation ("MPC") issued $14,500,000 in industrial revenue bonds, a portion of which was tax-exempt, to finance the development of a new phosphogypsum disposal facility at its Pascagoula, Mississippi, DAP manufacturing plant. On April 1, 1998, MPC issued $14,500,000 in tax-exempt industrial revenue bonds (the "1998 IRBs"), the proceeds of which were used to redeem the initial industrial revenue bonds issued in August 1997. The 1998 IRBs mature on March 1, 2022, and carry a 5.80% fixed rate of interest. The 1998 IRBs may be redeemed at the Debtors' option at a premium from March 1, 2008 to February 28, 2010, and may be redeemed at face value at any time after February 28, 2010, through the maturity date. MCC has guaranteed the obligations under the 1998 IRBs.

10. On November 25, 1997, MCC issued $200,000,000 of 7.25% Senior Notes due November 15, 2017, pursuant to a $300,000,000 shelf registration statement filed with the

Securities and Exchange Commission. Semiannual interest payments of approximately $7,250,000 are due on each May 15 and November 15. The holders may elect to have the Senior Notes repaid on November 15, 2007.

11. The Debtors have a secured revolving credit facility with Harris Trust and Savings Bank ("Harris Bank") as administrative agent, totaling approximately $163,500,000 (reduced from the original $165,000,000 facility amount due to certain asset sales) (the "Harris Facility"). The Harris Facility, as amended, currently matures on November 10, 2003. The Harris Facility bears interest at rates related to the Prime Rate or Federal Funds Rate. The Debtors had letters of credit outstanding at May 9, 2003, in the amount of $900,000 (that lower the Debtors' available draw under the Harris Facility) and borrowings outstanding in the amount of $150,527,155.74. Based on the Debtors' borrowing base calculation as of May 5, 2003, the Debtors had $11,980,844 available under the Harris Facility.

Current Operations

12. For the nine-month period ended March 31, 2003, the Debtors continued to experience operating losses in each of their operating segments. High natural gas prices caused the Debtors to temporarily idle portions of its nitrogen facilities. The Debtors' nitrogen losses included significant impairments of its long-lived assets at its Donaldsonville, Louisiana facility. Due to continued negative operating results, the Debtors determined that one of their anhydrous ammonia plants and the assets associated with the prilling section of its urea plant would be idled indefinitely. During the nine-month period ended March 31, 2003, the Debtors' nitrogen net sales increased slightly from the comparable prior year period; however, it was not enough to overcome higher natural gas costs, the primary raw material in the production of anhydrous ammonia. The Debtors' DAP segment operating losses primarily resulted from limited availability of certain raw materials, mainly sulfur and sulfuric acid, and the higher cost of

ammonia. This resulted in reduced DAP production tonnage and higher raw material costs. The Debtors' potash segment had reduced export sales due to unfavorable pricing in those markets as well as reduced sales domestically. Each of the Debtors' segments incurred general and administrative expenses and interest charges. During the nine-month period ended March 31, 2003, the Debtors also incurred increased insurance costs, increased costs associated with its refinancing efforts and additional costs associated with reductions in workforce and completion of an early retirement offer.

13. The Debtors' declining performance results over the past five years have been primarily attributable to dramatic increases in, and the volatility of, the price of natural gas (the Debtors' primary raw material), an imbalance in the global supply and demand of fertilizer products, and highly unexpected conditions in the agricultural industry related to low farm commodities prices, farmer planting decisions, and adverse weather. When coupled with an influx of unfairly, low-priced imports into the Debtors' primary trade area, these conditions resulted in a continuing diminution of available working capital and increasing liquidity concerns. The Debtors have been faced with the need to restructure their debt and capital in order to obtain relief from the continued financial strain imposed by current market conditions and to maintain the viability of their businesses.

Pre-Petition Refinancing and Restructuring Activities

14. The Debtors have spent the last several months negotiating the restructuring of their financial obligations with various parties. In 2002, the Debtors retained Credit Suisse First Boston ("CSFB") and Gordian Group, LLC ("Gordian") as financial advisors to assist in the refinancing efforts and to evaluate other financial alternatives. CSFB was initially engaged to assist in exploring financing alternatives prior to the execution of the Harris Facility. After the Debtors entered into the current amendment to the Harris Facility, CSFB was retained with the

specific mandate to assist the Debtors in the marketing of the Debtors' interest in FMCL in accordance with the terms of the Harris Facility.

15. Gordian was initially engaged by the Company in September 2002. Gordian's services include providing financial advisory services in respect of (i) a potential financial restructuring of the Debtors' debt obligations, (ii) raising new or replacement capital for the Debtors, (iii) any merger, consolidation, reorganization, recapitalization, joint venture or other business combination or sale of assets of the Debtors or the acquisition of substantially all or a portion of the assets or outstanding securities of another entity, and/or (iv) obtaining debtor-in-possession financing, in one or a series of transactions. Gordian has assisted the Debtors in the evaluation of business plans, determination of debt capacity values, and development of external and internal restructuring plan alternatives.

16. The Debtors' primary financial restructuring efforts since the execution of the Harris Facility have included (i) negotiating with a private equity fund regarding a restructuring of the Debtors' capital structure, (ii) negotiating with holders of MCC's Senior Notes regarding various restructuring alternatives, (iii) sourcing debtor-in-possession financing from a variety of sources and (iv) actively and continuously marketing MCC's interest in FMCL in accordance with requirements of the Harris Facility. These initiatives have been pursued simultaneously whenever possible, in order to preserve franchise value and provide for a more orderly restructuring process.

17. Notwithstanding the considerable efforts of the Debtors and their professionals and advisors, the Debtors now believe that reorganization under Chapter 11 is the mechanism by which they will best be able to (i) obtain necessary working capital to address their immediate liquidity concerns, (ii) continue to pursue and implement the best strategic alternatives for

restructuring their companies, and (iii) maximize the value of their businesses for the benefit of all creditor and equity interests.

Relief Requested

18. The Debtors are parties to certain executory contracts (the "Contracts") that it deems of utmost significance to their business operations, all of which are more fully identified as to each Debtor on Exhibit "A" (MissChem Nitrogen), Exhibit "B" (Mississippi Phosphates), Exhibit "C" (Triad Nitrogen), Exhibit "D" (Mississippi Potash), Exhibit "E" (Mississippi Chemical Corporation) and Exhibit "F" (Melamine) attached hereto and incorporated herein by reference. The Contracts vary in type from contracts to purchase raw materials necessary to manufacturing the Debtors' products to contracts that provide necessary security at Debtors' chemical manufacturing facilities, a stock purchase agreement and various contracts necessary to ensure the timely completion and timely initial operation of the newly acquired Melamine Chemicals, Inc. facility that is in its start-up phase.

19. Exhibits "A" through "F" include a brief description of the nature of the Contract sought to be assumed and its importance to the estates, the cure amount, if any, and the expected amount of the remaining obligations owed by the Debtors thereunder. The Debtors are informed and believe that the other parties to the Contracts have no objection to the Debtors' assumption of the Contracts.

20. In order to avoid a voluminous filing, the Debtors have not attached the Contracts hereto but will provide to any interested party copies thereof upon request for same made to undersigned counsel for the Debtors.

Authority

21. Section 365 of the Bankruptcy Code permits the Debtors to assume or reject executory contracts at any time prior to confirmation.

22. Section 365 of the Bankruptcy Code contains the rules governing executory contracts. Neither § 365, nor any other section of the Bankruptcy Code, provides a precise definition of the term "executory contract." Due to the lack of a precise definition in the Bankruptcy Code, courts construing section 365 have encountered some difficulty in framing the definition of an "executory contract." *Matter of Crippin*, 877 F.2d 594, 596 (7th Cir. 1989). However, the majority of courts confronting this issue have adopted the definition offered by Professor Vern Countryman, which provides:

> A contract under which the obligations of both the bankrupt and the other party to the contract are so far unperformed that the failure of either to complete performance would constitute a material breach excusing the performance of the other.

Countryman, *Executory Contracts in Bankruptcy*: Part I, 57 Minn. L. Rev. 439 (1973). The United States Fifth Circuit Court of Appeals has adopted the Countryman definition of executory contracts. *See, e.g., Stewart Title Guar. Co. v. Old Republic Nat'l Title Ins. Co.*, 83 F.3d 735, 741 (5th Cir. 1994). The legislative history behind § 365 also supports the application of the Countryman definition. *See* S. Representative No. 989, 95th Cong., 2d Sess. 58, reprinted in 1978 U.S. Code & Admin. News 5787, 5844 ("[t]hough there is no precise definition of what contracts are executory, it generally includes contracts on which performance remains due on both sides."). Further, at least one court addressing the issue has held that the definition of an executory contract should be very broad. *In re: III Enterprises, Inc.* V, 163 B.R. 453, 458 (Bankr. E.D. Pa. 1994), *aff'd, Pueblo Chemical, Inc. v. III Enterprises, Inc.* V, 169 B.R. 551.

23. An obligation is deemed "material" if its nonperformance would excuse the other party from performing its obligations under the contract. *Matter of Murexco Petroleum Co.*, 15 F.3d 60, 62-63 (5th Cir. 1994); *In re: WRT Energy Corp.*, 202 B.R. 579, 582 (Bankr. W.D. La. 1996). While federal law controls the issue of whether a particular contract is executory, the

applicable state law controls the issue of whether an obligation is material. *See, e.g., In re: Streets & Beard Farm Partnership*, 882 F.2d 233, 235 (7th Cir. 1989). The determination of whether a particular contract is executory must be made on a case-by-case basis. The relevant date for analyzing whether a particular contract is executory is the date the bankruptcy petition was filed. *In re: General Homes Corp.*, 199 B.R. 148, 151 (S.D. Tex. 1996); *In re: Spectrum Information Technologies, Inc.*, 190 B.R. 741, 747 (Bankr. E.D. N.Y. 1996). Material obligations remain under the Contracts, which are required in order for the Debtors to realize the benefits of the Contracts; accordingly, the Contracts are executory contracts.

24. Under § 365, a debtor generally has the power, subject to court approval, to either assume or reject executory contracts to which it is a party. 11 U.S.C. § 365(a). In judging the propriety of a debtor's decision to reject an executory contract, most courts, including the Fifth Circuit, have applied a "business judgment" standard. *See Sharon Steel Corp. v. National Fuel Gas Distrib. Corp. (In re: Sharon Steel Corp.)*, 872 F.2d 36, 39-40 (3rd Cir. 1989); *Richmond Leasing Co. v. Capital Bank, N.A., 762 F.2d 1303, 1309* (5th Cir. 1985); *see also NLRB v. Bildisco & Bildisco*, 465 U.S. 513, 523 (1984) (describing business judgment test as "traditional"). The Debtors to date have neither assumed nor rejected any executory contracts, namely the Contracts more fully specified on the Exhibits attached hereto, and seek to do so now.

25. In the exercise of their business judgment, the Debtors have determined that the immediate assumption of the Contracts is the best available means for addressing the operational issues that exist with respect to each Contract party, is in their best economic interests and is necessary to enable them to continue the operation of their business.

26. The Contracts are of significant importance to the Debtors' reorganization efforts and are necessary to its formulation of a successful Plan of Reorganization. These Contracts, which are but a few of several hundred, are critical to the Debtors' operations and to ensure that the Debtors' relationships with the contracting parties are not harmed in any way. The Debtors' assumption of the Contracts is timely under § 365(d)(2) and (d)(4). Accordingly, the Debtors request that the Court approve assumption of the Contracts and submit that good cause exists for granting such approval pursuant to § 365 of the Bankruptcy Code.

WHEREFORE, PREMISES CONSIDERED, the Debtors request that the Court enter an Order approving the Debtors' assumption of the Contracts identified on Exhibits "A" through "F" attached hereto in accordance with § 365 of the Bankruptcy Code and that the Debtors be granted such other relief to which they are entitled.

[signature on following page]

Respectfully submitted,

MISSISSIPPI CHEMICAL CORPORATION, *et al.*

By: ______________________________

James W. O'Mara, MS Bar No. 3929
Douglas C. Noble, MS Bar No. 10526
Christopher R. Maddux, MS Bar No. 100501

PHELPS DUNBAR LLP
Suite 500, SkyTel Centre North
200 South Lamar Street
Post Office Box 23066
Jackson, Mississippi 39225-3066
Telephone: (601) 352-2300
Facsimile: (601) 360-9777

Alan J. Bogdanow
William D. Young
VINSON & ELKINS L.L.P.
3700 Trammel Crow Center
2001 Ross Avenue
Dallas, TX 75201-2975
Telephone: (214) 220-7700
Facsimile: (214) 220-7716

CERTIFICATE OF SERVICE

I do hereby certify that I have this date caused to be served *via* electronic mail and/or U.S. Mail, postage prepaid, a true and correct copy of the above and foregoing pleading to all parties listed below. The Debtors' Noticing Agent, BMC, shall likewise serve a copy of same to all parties on the Shortened Service List set forth above.

James E. Spiotto Chapman and Cutler 111 W. Monroe Street Chicago, Illinois 60603	Stephen W. Rosenblatt Butler, Snow, O'Mara, Stevens & Cannada Post Office Box 22567 Jackson, MS 39225-2567
Anthony Princi Thomas L. Kent Orrick, Herrington & Sutcliffe LLP 666 Fifth Avenue New York, New York 10103	Craig M. Geno Harris, Geno & Dunbar P.O. Box 3919 Jackson, MS 39207-3919
Ronald H. McAlpin Assistant U.S. Trustee Suite 706 100 W. Capitol Street Jackson, Mississippi 39269	

SO CERTIFIED, this the 3rd day of June, 2003.

JAMES W. O'MARA
DOUGLAS C. NOBLE

COMPANY	**MISSCHEM NITROGEN**

Vendor: **Marley Cooling Tower**
Address: P. O. Box 808
Walker, LA 70785

Date of Contract: 03/28/2001
Contract Expiration Date: 03/27/2004

Type of Contract: Service & Repair Contract No. 61601005

- Amount Needed to Cure: $21,082
- Expected Future Amount $12,000 by contract expiration

Why Contract is Critical: *Potential providers of this type of service are extremely LIMITED in number. The other provider available to debtor is much more expensive—with results that are no better. The terms of this contract are very favorable to Debtor. The Debtor's relationship with this vendor is extremely important because Debtor and vendor must cooperate in complex scheduling and coordinating of cooling tower repairs during a plant turnaround. Failure to perform necessary repairs on the cooling towers while the plants are down for scheduled maintenance will result in unscheduled downtime of the towers, resulting in loss of scheduled production until repairs could be made.*

Vendor: **Knighthawk Engineering (formerly Borsig)**
Address: 17625 El Camino Real, Suite 412
Houston, Texas 77058

Date of Contract: 05/19/2002
Contract Expiration Date: 05/19/2004

Type of Contract: Engineering Services

- Amount Needed to Cure: $72,775
- Expected Future Amount $49,000 needed to complete current work

Why Contract is Critical: *The vendor's services are required for several repairs, one being the repair of the Atlas Copco compressor in the #4 Ammonia plant. The vendor has redesigned the impeller bolt and is redesigning the impeller. Their failure investigation, design efforts and commissioning support are critical to reliable operation of and startup of compressor, which in turn is required for operation of the #4 Ammonia plant. Knighthawk also has provided critical engineering support for redesign of a waste heat boiler in the #10 acid plant, and they will be providing engineering support for a valve failure problem in the #3 ammonia plant. The combination of vendor's knowledge of the specific structure of parts of our particular plants and vendor's investigation and design expertise are not available from any other source.*

EXHIBIT
A

Vendor: **Martin Marietta Basic Product**
Magnesia Specialties Division

Address: P. O. Box 15470
Baltimore, MD 21220-0470

Date of Contract: 01/02/2003
Contract Expiration Date: 12/31/2003

Type of Contract: Blanket Contract

- Amount Needed to Cure: $ 58,233
- Expected Future Amount $700,000

Why Contract is Critical: *This vendor supplies magnesium oxide, or MgO, which is essential for the production of ammonium nitrate. There are only two acceptable MgO suppliers in the USA Debtor utilizes both suppliers to ensure competitive pricing and reliability of supply (since each vendor is sometimes unable to deliver). Interruption of MgO supply could cause ammonium nitrate plant to be shut down; therefore, back-up supplier is essential. <u>Debtor pays only for quantity it orders and receives.</u>*

Vendor: **Premier Services Corporation**

Address: 7251 Engle Road
Middleburg Heights, OH 44130

Date of Contract: 01/02/2003
Contract Expiration Date: 12/31/2003

Type of Contract: Blanket Purchase Order

- Amount Needed to Cure: $ 30,152
- Expected Future Amount $200,000

Why Contract is Critical: *This vendor supplies magnesium oxide, or MgO, which is essential for the production of ammonium nitrate. There are only two acceptable MgO suppliers in the USA Debtor utilizes both suppliers to ensure competitive pricing and reliability of supply (since each vendor is sometimes unable to deliver). Interruption of MgO supply could cause ammonium nitrate plant to be shut down; therefore, back-up supplier is essential. <u>Debtor pays only for quantity it orders and receives.</u>*

Vendor (in original motion): **Formosa Plastics Corporation**
Address: 9 Peach Tree Hill Road
Livingston, NJ 07039-5702

Date of Contract: 01/02/2003
Contract Expiration Date: 12/31/2003

Type of Contract: Blanket Purchase Order

- Amount Needed to Cure: $ 8,279
- Expected Future Amount $20,000

Why Contract is Critical: *This vendor supplies caustic, which is essential for treating water from the cooling tower as mandated by Mississippi Department of Environmental Quality and U.S. Environmental Protection Agency. Purchases are virtually daily. The number of potential suppliers is limited. Debtor pays only for quantity it orders and receives.*

Vendor (in original motion): **Harcros Chemicals**
Address: 1030 Wholesale Row
Jackson, MS 39284-8278

Date of Contract: 01/02/2003
Contract Expiration Date: 12/31/2003

Type of Contract: Blanket Purchase Order

Amount Needed to Cure: $ 3,240
Expected Future Amount $15,000

Why Contract is Critical: *This vendor supplies chlorine, which is essential for treating water from the cooling tower. The vendor is the ONLY supplier located in the plant area, and its location greatly reduces freight cost to Debtor. In addition, vendor maintains a supply on Debtor's site for Debtor's purchase (on favorable terms) when needed. Purchases are virtually daily. The number of potential suppliers is limited. Water treatment is mandated by Mississippi Department of Environmental Quality and U.S. Environmental Protection Agency Debtor pays only for quantity it orders and receives.*

Vendor: **Corsicana Technologies, Inc.**
Address: P. O. Box 1898
Corsicana, Texas 75151

Date of Contract: 01/01/2003
Contract Expiration Date: 12/31/2003

Type of Contract: Blanket Purchase Order

- Amount Needed to Cure: $43,059
- Expected Future Amount $50,000

Why Contract is Critical: This vendor supplies amine, necessary in the manufacture of ammonium nitrate. There are two acceptable vendors available to Debtor, and Debtor utilizes both to ensure competitive pricing and security of supply. This vendor provides product delivery on favorable terms. *Debtor pays only for quantity it orders and receives.*

Vendor: **Bareco Products**
Address: P. O. Box 10312
140 East Main Street
Rock Hill, SC 29730

Date of Contract: 01/02/2003
Contract Expiration Date: 12/31/2003

Type of Contract: Blanket Purchase Order

- Amount Needed to Cure: $38,613
- Expected Future Amount $45,000

Why Contract is Critical: *This vendor supplies a special type of wax used in the manufacture of ammonium nitrate. The wax was developed by Debtor's R&D Department. This vendor is the only acceptable source Debtor has found to make this specialty product. Debtor pays only for quantity it orders and receives.*

Vendor: **Cinergy Marketing & Trading, LP (Cinergy)**
Address: 1100 Louisiana, Suite 4900
Houston, TX 77002

Date of Contract: 04/01/01 (with Mirant Americas Energy Marketing, LP, which assigned the contract to Cinergy on 10/23/02)

Contract Expiration Date: Contract term was 04/01/01 through 03/31/03 and month to month thereafter unless terminated by either party with at least thirty (30) days prior notice. Parties have allowed the contract to continue in month to month evergreen while negotiating a new contract.

Type of Contract: Natural Gas Supply to Debtor

- Amount Needed to Cure: $60,160.94
- Expected Future Amount Up to 35,000 MMBtu/Day which, based on assumed $5.00 per MMBtu gas price, would cost approximately **$5.3 million a month**. Debtor expects to need about 31,000 MMBtu/Day for the foreseeable future.

Why Contract is Critical: *Cinergy is Debtor's major supplier of natural gas, providing approximately 50% of Debtor's total gas requirements. Natural gas is Debtor's major raw material, not used merely as a source of power. If Cinergy were to terminate the existing contract without our having reached agreement for a replacement contract, Debtor could not quickly replace Cinergy with an alternate competitive supplier. (Debtor's belief is based on information gathered earlier this year when Debtor sought competitive bids for replacing the Cinergy supply.) Also, gas purchased from Cinergy is delivered form Texas Eastern's pipeline, which is advantageous to Debtor. Debtor pays only for quantity it orders and receives.*

Vendor (in original motion): **American Citadel Guard, Inc.**
Address: 11848 S. Harrells Ferry Rd., Suite A
P.O. Box 77422
Baton Rouge, LA 70879-7422

Date of Contract: 02/10/2003
Contract Expiration Date: 02/10/2004

Type of Contract: Security Services Contract

Amount Needed to Cure: $ 25,945
Estimated through 12/31/03 $190,000

Why Contract is Critical: *Guards provided by this vendor control access to plant for employees, suppliers, customers and emergency responders. Interruption of service is not acceptable. In addition, Debtor has regulatory obligations to guard certain products, such as those used in the manufacture of illegal drugs (meth) or subject to abuse (ammonium nitrate).*

Vendor: **Entergy Mississippi, Inc.**
Address: L-ENT-26C
639 Loyola Avenue
New Orleans, LA 70113
P. O. Box 61000
New Orleans, LA 70161

Date of Contract: 06/16/1997
Contract Expiration Date: 06/14/2004

Type of Contract: Service Contract

- Amount Needed to Cure: $223,994
- Expected Future Amount $600,000 in 2003

Why Contract is Critical: *This vendor is the sole provider of electricity to Debtor's plant (other than Debtor's own cogeneration plant). Vendor has made it clear that if Debtor fails to pay prepetition debt, vendor will require a $1,000,000 dollar deposit, which would significantly and adversely affect Debtor's liquidity and opportunity for recovery. Debtor believes that if it is allowed to pay its prepetition debt, vendor would permit payment terms which would be beneficial to Debtor.*

Vendor: **Southern Heat Exchanger Corp.**
Address: P. O. Box 1850
Tuscaloosa, AL 35403

Date of Contract: 09/17/2002
Contract Expiration Date: 06/06/2003 *However, vendor has refused to deliver.*

Type of Contract: Purchase order

- Amount Needed to Cure: $107,746
- Expected Future Amount $ 2,500

Why Contract is Critical: *The heat exchanger tube bundle vendor has fabricated a replacement for the heat exchanger tube bundle now in service in Debtor's No. 8 Nitric Acid Plant. The tube bundle now in service is at the end of its useful life, and another repair to extend its life is not feasible. The No. 8 Nitric Acid Plant cannot be operated without a heat exchanger in service. Debtor has already paid $366,944 in progress payments toward the cost of this heat exchanger. The work remaining by the vendor is minimal except for its final performance in delivering the heat exchanger to the plant and installing it. Vendor has told Debtor that the heat exchanger tube bundle will not be shipped to Debtor until the balance owing ($107,746) is paid to vendor.*

COMPANY **MISSISSIPPI PHOSPHATES**

Vendor: **K. R. Bories Construction Company**
Address: 3300 Oak Street
Gautier, MS 39533

Date of Contract: 01/31/03
Contract Expiration Date: 01/31/04

Type of Contract: Service Contract No. 63293024

- Amount Needed to Cure: $ 12,860
- Expected Future Amount $182,000 in 2003

Why Contract is Critical: *This vendor is the only local vendor available to enable Debtor to unload ships delivering phosphate rock, its most basic raw material, by moving Debtor's heavy unloading equipment from shore to ship. This vendor's equipment is barge-mounted and capable of pulling up to Debtor's dock or a ship at the dock. For Debtor to contract with someone else from outside the area would be prohibitively expensive because of the enormous cost in moving another vendor's equipment in and out of Debtor's facility whenever a ship docks for unloading.*

Vendor: **ArrMaz Products**
Address: P. O. Box 198902
Atlanta, GA 30384-8902

Date of Contract: 01/15/03
Expiration Date for Contract: 12/31/03

Type of Contract: Blanket Purchase Order 3005095

- Amount Needed to Cure: $ 97,527
- Expected Future Amount $820,000 in 2003

Why Contract is Critical: *This vendor is the Debtor's sole source for a special oil that is required for coating and coloring product for export sales. Export sales make up one half of Debtor's total sales. Debtor pays only for quantity it orders and receives.*

EXHIBIT
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B

Vendor:	**V.I.P. International**
Address:	P. O. Box 4147 Baton Rouge, LA 70821-4147
Date of Contract:	02/01/03
Expiration Date for Contract:	02/01/04
Type of Contract:	Service Contract No. 63697018
Amount Needed to Cure:	$ 91,933.
Pending Work through 12/31/03	$120,000

Why Contract is Critical: *This vendor is the best source—in terms of price and quality of work—for providing specialty work inside hot sulfuric acid towers and catalyst screening. The vendor's work is vital to sulfuric acid production, which in turn is vital to the operation of the overall plant.*

Vendor (in original motion):	**Chevron U.S.A. Product Company**
Address:	A Division of Chevron U.S.A., Inc. 575 Market Street – Room 330 San Francisco, CA 94105-2856
Date of Contract:	01/01/1996
Contract Expiration Date:	12/31/2003
Type of Contract:	Sulphur Purchase Contract
Amount Needed to Cure:	$ 17,274
Estimated through 12/31/03	$3,150,000

Why Contract is Critical: *This vendor is an important source of sulphur, a commodity now in very short supply. Sulphur is critical to the operation of the sulphuric acid plant, and therefore for the operation of the overall complex. A good relationship with this vendor is essential in Debtor's ability to maintain sulphur supplies.*

Vendor (in original motion):	**Cheney Lime and Cement Company**
Address:	P.O. Box 160 Allgood, AL 35013
Date of Contract:	02/03/03
Contract Expiration Date:	07/01/04
Type of Contract:	Blanket Purchase Order for Lime
Amount Needed to Cure:	$ 49,000
Estimated through 12/31/03	$450,000

Why Contract is Critical: *This vendor is an important source of lime for water treating. Purchases are needed immediately upon rainfall which may cause untreated runoff to enter Bayou Cassotte (adjacent to the plant). The number of potential lime suppliers is very limited, and Debtor attempts to do business and maintain a good relationship with the ones who serve its area. Water treatment is mandated by Mississippi Department of Environmental Quality and EPA.*

Vendor (in original motion):	**Southern Lime Company**
Address:	P.O. Box 182 Calera, AL 35040
Date of Contract:	02/03/03
Contract Expiration Date:	07/03/04
Type of Contract:	Blanket Purchase Order for Lime
Amount Needed to Cure:	$ 16,680
Estimated through 12/31/03	$330,000

Why Contract is Critical: *This vendor is an important source of lime for water treating. Purchases are needed immediately upon rainfall which may cause untreated runoff to enter Bayou Cassotte (adjacent to the plant). The number of potential lime suppliers is very limited, and Debtor attempts to do business and maintain a good relationship with the ones who serve its area. Water treatment is mandated by Mississippi Department of Environmental Quality and EPA.*

Vendor:	**English Boiler and Tube, Inc.**
Address:	P. O. Box 50218 Richmond, VA 23250-0218
Date of Contract:	02/05/2003
Type of Contract:	Purchase Order No. 3005359
Amount Needed to Cure:	$ 67,280
Expected Future Amount	$336,398

Why Contract is Critical: *The vendor is constructing a package boiler to replace the Debtor's existing package boiler, which is old and unreliable. The vendor agreed to lend Debtor a replacement unit ("loaner") while it is constructing the new boiler.*

A working boiler is critical to Debtor because it is the sole source of steam when the sulfuric plants are shut down. Steam is required to keep sulfur molten and for sulfuric acid plant start-up. If steam is not available, the sulfuric plants are not operating and cannot be started up, and the sulfur supply cools down and solidifies, the entire complex of plants must be shut down and all production stopped.

On May 16, vendor ceased working on the new boiler and refused to install the loaner, which had been delivered to Debtor's site prepetition, until vendor receives a progress payment of $67,280 due prepetition.

Vendor has indicated to Debtor that it will not resume work on the new boiler or install the loaner until the Court has entered an order permitting Debtor to assume the contract. While vendor had agreed to make the loaner available until August 1 free of charge, vendor had agreed to lend the loaner unit to someone else in August. Therefore, vendor has told Debtor it will rent a boiler to lend elsewhere and pass on the rental costs (2 month minimum) to Debtor.

COMPANY **TRIAD NITROGEN, L.L.C.**

Vendor:	**Harcros Chemicals Inc.**
Address:	P. O. Box 270 St. Gabriel, LA 70776-0270
Date of Contract:	01/01/2003
Contract Expiration Date:	12/31/2003
Type of Contract:	Blanket Purchase Order
Amount Needed to Cure:	$ 1,756
Expected Future Amount	$35,000

Why Contract is Critical: *This vendor supplies chlorine, which is essential for treating water and is critical to Debtor's manufacturing process. Chlorine is ordered and delivered as needed. The number of potential suppliers is limited. Debtor pays only for quantity it orders and receives.*

Vendor (in original motion):	**Formosa Plastics Corporation**
Address:	9 Peach Tree Hill Road Livingston, NJ 07039-5702
Date of Contract:	01/01/2003
Contract Expiration Date:	12/31/2003
Type of Contract:	Blanket Purchase Order

- Amount Needed to Cure: $ 7,252
- Expected Future Amount $70,000

Why Contract is Critical: *This vendor supplies caustic, which is essential for treating water and is critical to Debtor's manufacturing process. Caustic is ordered and delivered as needed. The number of potential suppliers is limited. Debtor pays only for quantity it orders and receives.*

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Vendor (in original motion):	**Lofton Staffing Services**
Address:	214 Burnside Suite 204 Gonzales, LA 70737
Date of Contract:	08/15/2002
Contract Expiration Date:	08/15/2003
Type of Contract:	Service Contract (form of contract is an Invitation to Bid for Contract Guard Services, which, by its terms, becomes a contract when signed by both parties)
Amount Needed to Cure:	$ 5,019
Expected Future Amount	$50,000

Why Contract is Critical: *Vendor provides guard services for complex. Guards control access to plant for employees, suppliers, customers and emergency responders. Interruption of service not acceptable. Debtor has regulatory obligations to guard certain products, such as those used in the manufacture of illegal drugs (meth).*

Vendor:	**Entergy Louisiana, Inc.**
Address:	L-ENT-26C 639 Loyola Avenue New Orleans, LA 70113 P. O. Box 61000 New Orleans, LA 70161
Date of Contract:	01/14/1969; Account No. 540708
Contract Expiration Date:	Evergreen
Type of Contract:	
Amount Needed to Cure:	$ 139,148
Expected Future Amount	$
Date of Contract:	01/14/1969; Account No. 540709
Contract Expiration Date:	Evergreen
Type of Contract:	
Amount Needed to Cure:	$ 62,160
Expected Future Amount	$

Why Contract is Critical: *This vendor is the sole provider of electricity to Debtor's plant. Debtor believes that if it is allowed to pay its prepetition debt, vendor would permit payment terms which would be beneficial to Debtor.*

Vendor (in original motion):	**Borden Chemical, Inc.**
Address:	180 East Broad Street Columbus, Ohio 43215-3799
Date of Contract:	03/19/2003
Contract Expiration Date:	January 2004
Type of Contract:	Stock Purchase Agreement
Amount Needed to Cure:	$ 0
Expected Future Amount	$526,250

Why Contract is Critical: *Payment due in January 2004 is earn-out payment based on performance of the company whose stock Debtor purchased. Meanwhile, Borden, expected to be a major customer in one of the Debtor's product lines, bears significant indemnification obligations related to the performance of the company whose stock Debtor purchased. Loss of this potential customer would materially impact Debtor's current marketing plan. A good relationship with Borden is considered critical to Debtor's being successful in the melamine business.*

COMPANY	**MISSISSIPPI POTASH**

Vendor: **Akzo Chemicals Inc.**
Address: 300 S. Riverside Plaza
Chicago, IL 60606

Date of Contract: 01/02/2003
Contract Expiration Date: 12/31/2003

Type of Contract: Blanket Purchase Order No. 3001001

- Amount Needed to Cure: $ 66,662
- Expected Future Amount $647,357 in 2003

Why Contract is Critical: *Vendor supplies a special blend of long chain amine used by Debtor in its plant flotation system, where the mined potash is separated from impurities such as salt. This is a specially formulated blend of long chain amines that has been developed by vendor and Debtor over many years, and vendor is the only supplier that formulates this special blend. Inability to receive this product would cost Debtor substantially in loss of efficiencies in flotation process. Debtor pays only for quantities it orders and receives.*

Vendor: **DPC Industries, Inc.**
Address: 3501 2nd St. SW 87105
Albuquerque, NM 87119

Date of Contract: 01/02/2003
Contract Expiration Date: 12/31/2003

Type of Contract: Blanket Purchase Order No. 3001005

- Amount Needed to Cure: $ 19,372
- Expected Future Amount $148,134

Why Contract is Critical: *Vendor is Debtor's sole source for sodium hydpochlorite, a chemical which is used in the flotation plant in refining Debtor's product and is essential to achieving the quality necessary for its market. Other sources are effectively unavailable to Debtor because of Debtor's isolated location, which results in excessive freight cost to Debtor from other suppliers. Debtor pays only for quantities it orders and receives*

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Vendor: **Chevron Phillips Chemical Co.**
Address: P. O. Box 4910
The Woodlands, TX 77387

Date of Contract: 01/02/2003
Contract Expiration Date: 12/31/2003

Type of Contract: Blanket Purchase Order No. 3001010

- Amount Needed to Cure: $ 28,775
- Expected Future Amount: $171,128

Why Contract is Critical: *Vendor is Debtor's sole source for flotation oil, which is essential for maximum efficiency of the flotation process. (The oil adheres to the potash and causes it to float in the cells.) Debtor has tried various other oils in the past, but none have worked in its process. <u>Debtor pays only for quantity it uses.</u>*

Vendor: **LSI Lubrication Services LP**
Address: P. O. Box 1319
Hobbs, NM 88241

Date of Contract: 01/02/2003
Contract Expiration Date: 12/31/2003

Type of Contract: Blanket Purchase Order No. 3001008/3001009

- Amount Needed to Cure: $ 44,272
- Expected Future Amount $227,389

Why Contract is Critical: *Vendor supplies D-Dust Oil, which is applied to Debtor's finished product as it is being loaded for transport to customers in order to control dust. Dust control is essential for use in agriculture and for customer satisfaction. Other products have been tried for dust control in the past, but this particular oil is superior in quality and price (other oils have even clogged Debtor's systems). <u>Debtor pays only for quantity it orders and receives.</u>*

Vendor: **Joy Manufacturing Company**
Address: P. O. Box 1319
Hobbs, NM 88241

Date of Contract: 01/02/2003
Contract Expiration Date: 12/31/2003

Type of Contract: Consignment Agreement

- Amount Needed to Cure: $ 85,466
- Expected Future Amount: $600,000

Why Contract is Critical: *Joy is the original manufacturer and supplier of Debtor's continuous miners used in the West Mine. These miners are the machines used to remove the potash ore from underground, an obviously essential function. While some parts for the miners can be purchased from other suppliers, there are many necessary parts for which this vendor is the sole source supplier. This vendor also allows Debtor to keep an inventory of parts at Debtor's warehouse and to pay for them only as they are used, an arrangement of substantial financial significance to Debtor. Debtor pays only for quantity it uses. [*

Vendor has filed a reclamation claim.

Vendor: **DBT Industries, Inc.**
Address: P. O. Box 1190
Huntington, UT 84528

Date of Contract: 01/02/2003
Contract Expiration Date: 12/31/2003

Type of Contract: Purchase Order

- Amount Needed to Cure: $ 21,843
- Expected Future Amount $350,000

Why Contract is Critical: *Vendor is the original manufacturer and supplier of the mechanical portion of Debtor's conveyor belt systems and of haul cars for underground mine equipment. Vendor is the sole source for the majority of the replacement parts for this essential equipment. Debtor pays only for quantity it orders and receives.*

Vendor has filed a reclamation claim.

Vendor: **Plant Services**
Address: P. O. Box 1356
Birmingham, AL 35201

Date of Contract: 04/08/2003
Contract Expiration Date: 05/05/2003

Type of Contract: Purchase Order No. 3004408

- Amount Needed to Cure: $17,400
- Expected Future Amount $17,400 in 2003

Why Contract is Critical: *Vendor supplies Debtor with vacuum pumps at $17,400 each, a significant cost savings. The only other known source of this type of vacuum is Nash Manufacturing, which has quoted Debtor $60,000 per pump.*

Vendor: **Eimco Coal & Machinery**
Address: 1602 Greene
Carlsbad, NM 88220

Date of Contract: 01/02/2003
Contract Expiration Date: 12/31/2003

Type of Contract: Consignment Agreement

- Amount Needed to Cure: $ 42,935
- Expected Future Amount $350,000

Why Contract is Critical: *Vendor is the manufacturer of Debtor's Eimco Continuous Miners, equipment which is vital to Debtor's process. Vendor is the sole source for the majority of the replacement parts. Debtor pays only for quantity it uses.*

is the original manufacturer and supplier of Debtor's continuous miners used in the East Mine. These miners are the machines used to remove the potash ore from underground, an obviously essential function. While some parts for the miners can be purchased from other suppliers, there are many necessary parts for which this vendor is the sole source supplier. This vendor has stopped providing parts to Debtor until this contract is assumed. Debtor pays only for quantity it orders and receives.

Vendor has filed a reclamation claim.

COMPANY	**MISSISSIPPI CHEMICAL CORPORATION**

Vendor: **Crescent Technology, Inc.***
Address: 1615 Poydras St.
New Orleans, LA 70112

Date of Contract: 04/27/2000

Type of Contract: Professional Services Agreement

- Amount Need to Cure: $55,876 (approximately)
- Expected Future Amount $89,752 (approximately)

Why Contract is Critical: *In order to provide services to Mississippi Phosphates Corporation ("Phosphates") pursuant to a management services agreement, Mississippi Chemical Corporation (MCC) contracted with this vendor to perform environmental testing/monitoring required by several permits/orders issued to Phosphates by the Mississippi Department of Environmental Quality. Vendor's work is necessary to comply with these permits/orders. Failure to comply could lead to permit revocation and the inability to continue operations.*

Vendor: **Peel Consulting, PLLC****
Address: 140 Chapel Lane
Madison, MS 39110

Date of Contract: 08/07/2002
Contract Expiration Date: 12/31/03 or upon earlier completion of work

Type of Contract: Contract No. 89602004 for Environmental Services

- Amount Needed to Cure: $9,571.52
- Expected Future Amount $20,000

Why Contract is Critical: *Mississippi Chemical Company, L.P. (MCCLP), owns a liquid fertilizer storage facility at Eufaula, Alabama, on property leased from the Alabama State Docks. MCCLP has determined that it no longer needs the storage facility and has agreed to sell it to Alabama Farmers. However, the Alabama State Docks will not release MCCLP from its lease until the property is approved by the Alabama Department of Environmental Management (ADEM). ADEM will not approve the property until MCCLP has proved that the soil and water under the facility meet*

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* Mississippi Chemical Corporation contracted for these services pursuant to a management services agreement with Mississippi Phosphates Corporation.

** Mississippi Chemical Corporation contracted for these services pursuant to a management services agreement with Mississippi Chemical Company, L.P.

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certain environmental standards. In order to provide services to MCCLP pursuant to a management services agreement, Mississippi Chemical Corporation (MCC) contracted with Peel Consulting, PLLC, to assess the condition of the soil and water, to represent MCCLP before the ADEM, and to perform any clean-up work required. Peel Consulting was selected for these tasks because of their known expertise, their experience with ADEM and their employment of a geologist registered with the state of Alabama as required by ADEM. The work is underway. MCC and MCCLP believe that there are few, if any, other environmental consulting firms with the qualifications of Peel Consulting. More importantly, to switch contractors at this stage of the work would cause delay and additional cost and thereby further delay MCCLP's exit from the Eufaula facility.

COMPANY	**MELAMINE CHEMICALS, INC.**
Vendor:	**Entergy Louisiana, Inc.**
Address:	L-ENT-26C 639 Loyola Avenue New Orleans, LA 70113 P. O. Box 61000 New Orleans, LA 70161
Date of Contract:	01/14/1969; Account No. 540707
Contract Expiration Date:	Evergreen
Type of Contract:	
Amount Needed to Cure:	$ 44,673
Expected Future Amount	$ 30,000/month

Why Contract is Critical: *This vendor is the sole provider of electricity to Debtor's plant. Debtor believes that if it is allowed to pay its prepetition debt, vendor would permit payment terms which would be beneficial to Debtor.*

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