

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Equistar Chemicals, LP
One Houston Center, Suite 1600
1221 McKinney Street
P.O. Box 2583
Houston, TX 77252-2583

Attn: *James W. Bayer*
Senior Vice President, Manufacturing

Dear Mr. Bayer:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that Equistar Chemicals LP of Houston, TX ("Equistar") has committed 13 violations of the Export Administration Regulations (the "Regulations"),¹ which are issued under the authority of the Export Administration Act of 1979 as amended (the "Act").² Specifically, BIS charges that Equistar committed the following violations:

Charges 1-13 15 C.F.R. § 764.2(a) - Exports of Triethanolamine without the Required Licenses

As described in greater detail in the Schedule of Violations, which is enclosed herewith and incorporated herein by reference, on 13 occasions, from on or about February 22, 2000 through on or about June 17, 2002, Equistar engaged in conduct prohibited by the Regulations by

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2006). The charged violations occurred from 2000 through 2002. The Regulations governing the violations at issue are found in the 2000 - 2002 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000-2002)). The 2006 Regulations establish the procedures that apply to this matter.

² 50 U.S.C. app. §§ 2401- 2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp., p. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 2, 2005 (70 FR 45273 (August 5, 2005)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) ("IEEPA").

exporting Triethanolamine, an item subject to the Regulations and classified under ECCN³ 1C350, from the United States to Mexico, without the Department of Commerce licenses required by Section 742.2 of the Regulations. In doing so, Equistar committed 13 violations of Section 764.2(a) of the Regulations.

* * * *

Accordingly, Equistar is hereby notified that an administrative proceeding is instituted against it pursuant to Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including any or all of the following:

The maximum civil penalty allowed by law of \$11,000 per violation;⁴

Denial of export privileges; and/or

Exclusion from practice before BIS.

If Equistar fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter, that failure will be treated as a default. *See* 15 C.F.R. §§ 766.6 and 766.7. If Equistar defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to Equistar. *See id.* The Under Secretary for Industry and Security may then impose up to the maximum penalty on the charges in this letter. *See id.*

Equistar is further notified that it is entitled to an agency hearing on the record if it files a written demand for one with its answer. *See* 15 C.F.R. § 766.6. Equistar is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent it. *See* 15 C.F.R. §§ 766.3(a) and 766.4.

The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18. Should Equistar have a proposal to settle this case, it or its representative should transmit it to me through the attorney representing BIS named below.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, Equistar's answer must be filed in accordance with

³ The term "ECCN" refers to "Export Control Classification Number." *See* Supp. 1 to 15 C.F.R. § 774.

⁴ *See* 15 C.F.R. § 6.4(a)(2).

Equistar Chemicals, LP
Proposed Charging Letter
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the instructions set forth in Section 766.5(a) of the Regulations with:

U.S. Coast Guard ALJ Docketing Center
40 S. Gay Street
Baltimore, Maryland 21202-4022

In addition, a copy of Equistar's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security
Attention: Glenn Kaminsky
Room H-3839
United States Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Glenn Kaminsky is the attorney representing BIS in this case. Any communications that Equistar may wish to have concerning this matter should occur through him. He may be contacted by telephone at (202) 482-5301.

Sincerely,

Michael D. Turner
Director
Office of Export Enforcement

Enclosure

Equistar Chemicals LP
Schedule of Violations

No.	Date	Commodity	Amount	ECCN	Destination	Value
1	22-Feb-00	TEA	44,140 lbs.	1C350	Mexico	\$ 17,656
2	30-Mar-00	TEA	44,320 lbs.	1C350	Mexico	\$ 17,728
3	03-Apr-00	TEA	44,120 lbs.	1C350	Mexico	\$ 17,648
4	01-May-00	TEA	43,660 lbs.	1C350	Mexico	\$ 17,464
5	02-Aug-00	TEA	44,500 lbs.	1C350	Mexico	\$ 17,800
6	14-Aug-00	TEA	43,360 lbs.	1C350	Mexico	\$ 17,621
7	12-Sep-00	TEA	44,140 lbs.	1C350	Mexico	\$ 17,656
8	26-Sep-00	TEA	45,120 lbs.	1C350	Mexico	\$ 18,008
9	16-Mar-01	TEA	44,380 lbs.	1C350	Mexico	\$ 19,971
10	26-Mar-01	TEA	44,200 lbs.	1C350	Mexico	\$ 19,890
11	19-Nov-01	TEA	43,140 lbs.	1C350	Mexico	\$ 19,413
12	05-Mar-02	TEA	44,060 lbs.	1C350	Mexico	\$ 18,946
13	17-Jun-02	TEA	44,580 lbs.	1C350	Mexico	\$ 22,174
						\$ 241,975

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of:)
)
Equistar Chemicals, LP)
One Houston Center, Suite 1600)
1221 McKinney Street)
P.O. Box 2583)
Houston, TX 77252-2583)
)
Respondent)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Respondent, Equistar Chemicals, LP (“Equistar”), and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively referred to as “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) (“Regulations”),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),²

¹ The charged violations occurred from 2000 through 2002. The Regulations governing the violations at issue are found in the 2000 - 2002 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000-2002)). The 2006 Regulations establish the procedures that apply to this matter.

² From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized by Pub. L. No. 106-508 (114 Stat. 2360 (2000)) and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by the Notice of August 2, 2005, (70 Fed. Reg. 45273 (August 5, 2005)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)).

Settlement Agreement
Equistar Chemicals, LP
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WHEREAS, Equistar filed a voluntary self-disclosure with BIS's Office of Export Enforcement in accordance with Section 764.5 of the Regulations concerning the transactions at issue herein;

WHEREAS, BIS has notified Equistar of its intention to initiate an administrative proceeding against Equistar, pursuant to the Act and the Regulations;

WHEREAS, BIS has issued a proposed charging letter to Equistar that alleged that Equistar committed 13 violations of the Regulations, specifically:

1. *13 Violations of 15 C.F.R. § 764.2(a) - Exports of Triethanolamine without the Required Licenses:* On 13 occasions, from on or about February 22, 2000 through on or about June 17, 2002, Equistar, through its agent and freight forwarder Elite Transportation Inc. ("Elite"), engaged in conduct prohibited by the Regulations by exporting Triethanolamine, an item subject to the Regulations and classified under export control classification number ("ECCN") 1C350, from the United States to Mexico, without the Department of Commerce licenses required by Section 742.2 of the Regulations.

WHEREAS, Equistar fully understands the terms of this Agreement and the Order ("Order") that the Assistant Secretary of Commerce for Export Enforcement will issue if he approves this Agreement as the final resolution of this matter;

WHEREAS, Equistar enters into this Agreement voluntarily and with full knowledge of its rights;

WHEREAS, Equistar states that no promises or representations have been made to it

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other than the agreements and considerations herein expressed;

WHEREAS, Equistar neither admits nor denies the allegations contained in the proposed charging letter;

WHEREAS, Equistar wishes to settle and dispose of all matters alleged in the proposed charging letter by entering into this Agreement; and

WHEREAS, Equistar agrees to be bound by the Order, if entered;

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over Equistar, under the Regulations, in connection with the matters alleged in the proposed charging letter.

2. The following sanction shall be imposed against Equistar in complete settlement of the violations of the Regulations relating to the transactions specifically detailed in the voluntary self-disclosure and the proposed charging letter:

- a. Equistar shall be assessed a civil penalty in the amount of \$39,650 which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of the Order.
- b. The timely payment of the civil penalty agreed to in paragraph 2.a. is hereby made a condition to the granting, restoration, or continuing validity of any export license, permission, or privilege granted, or to be granted, to Equistar. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of Equistar's export privileges for a period of one year from the date of imposition of the penalty.

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Equistar Chemicals, LP
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3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, Equistar hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Agreement or the Order, if entered), including, without limitation, any right to: (a) an administrative hearing regarding the allegations in any charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if entered; (c) request any relief from the Order, if entered, including without limitation relief from the terms of a denial order under 15 C.F.R. § 764.3(a)(2); and (d) seek judicial review or otherwise contest the validity of this Agreement or the Order, if entered.

4. Upon entry of the Order and timely payment of the \$39,650 civil penalty, BIS will not initiate any further administrative proceeding against Equistar in connection with any violation of the Act or the Regulations arising out of the transactions identified in the voluntary self-disclosure and the proposed charging letter.

5. BIS will make the proposed charging letter, this Agreement, and the Order, if entered, available to the public.

6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if

Settlement Agreement
Equistar Chemicals, LP
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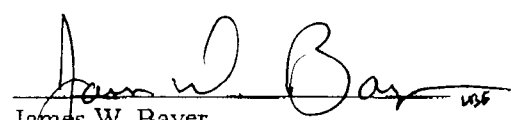

entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the U.S. Government with respect to the facts and circumstances addressed herein.

8. This Agreement shall become binding on BIS only if the Assistant Secretary of Commerce for Export Enforcement approves it by entering the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

9. Each signatory affirms that he has authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

BUREAU OF INDUSTRY AND SECURITY
U.S. DEPARTMENT OF COMMERCE

EQUISTAR CHEMICALS, LP



Michael D. Turner
Director
Office of Export Enforcement

James W. Bayer
Senior Vice President, Manufacturing

Date: 08/08/06

Date: 8/4/06 (per M. Labre)

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of:)
)
Equistar Chemicals, LP)
One Houston Center, Suite 1600)
1221 McKinney Street)
P.O. Box 2583)
Houston, TX 77252-2583)
)
Respondent)

ORDER RELATING TO EQUISTAR CHEMICALS, LP

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) has notified Equistar Chemicals, LP (“Equistar”) of its intention to initiate an administrative proceeding against Equistar pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) (“Regulations”),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),² by issuing a proposed charging letter to Equistar that alleged that Equistar committed 13 violations of the Regulations. Specifically, the charges are:

¹ The charged violations occurred from 2000 through 2002. The Regulations governing the violations at issue are found in the 2000 - 2002 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000-2002)). The 2006 Regulations establish the procedures that apply to this matter.

² From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized by Pub. L. No. 106-508 (114 Stat. 2360 (2000)) and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by the Notice of August 3, 2006, (71 Fed. Reg. 44551 (August 7, 2006)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)).

1. *13 Violations of 15 C.F.R. § 764.2(a) - Exports of Triethanolamine without the Required Licenses:* On 13 occasions, from on or about February 22, 2000 through on or about June 17, 2002, Equistar, through its agent and freight forwarder Elite Transportation Inc. (“Elite”), engaged in conduct prohibited by the Regulations by exporting Triethanolamine, an item subject to the Regulations and classified under export control classification number (“ECCN”) 1C350, from the United States to Mexico, without the Department of Commerce licenses required by Section 742.2 of the Regulations.

WHEREAS, BIS and Equistar have entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein, and

WHEREAS, I have approved of the terms of such Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, that a civil penalty of \$39,650 is assessed against Equistar, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions.

SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2000)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and, if payment is not made by the due date specified herein, Equistar will be assessed, in addition to the full amount of the civil penalty and interest, a penalty

charge and an administrative charge, as more fully described in the attached Notice.

THIRD, that the timely payment of the civil penalty set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to Equistar. Accordingly, if Equistar should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of Equistar's export privileges for a period of one year from the date of entry of this Order.

FOURTH, that the proposed charging letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order, which constitutes the final agency action in this matter, is effective immediately.

for Wendy L. Mysing
Darryl W. Jackson
Assistant Secretary of Commerce
for Export Enforcement

Entered this 10th day of August 2006.