

HOUSTON COMPANY SETTLES CHARGES OF ANTIBOYCOTT VIOLATIONS

The U.S. Department of Commerce today announced that National-Oilwell L.P. (NOW) of Houston, Texas, agreed to pay a \$3,000 civil penalty to settle allegations that it violated the antiboycott provisions of the Export Administration Regulations (EAR). The Commerce Department's Bureau of Industry and Security (BIS) charged that, on one occasion in 2001 in connection with transactions involving the sale and ultimate transfer of goods from the United States to Syria, NOW furnished prohibited information about its business relationships with Israel in violation of the EAR. BIS also charged that NOW failed to report in a timely manner its receipt of the request from an intermediary in Croatia to provide such certification.

The company voluntarily disclosed the transactions and cooperated fully with the investigation.

The antiboycott provisions of the EAR prohibit U.S. persons from complying with certain requirements of unsanctioned foreign boycotts, including furnishing information about business relationships with or in Israel. In addition, the EAR requires that U.S. persons report their receipt of certain boycott requests to the Department of Commerce.

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE

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In the Matter of)
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) Case No. 04-21
National-Oilwell L.P.)
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.....)

SETTLEMENT AGREEMENT

This agreement is made by and between National-Oilwell L.P. ("NOW"), a domestic concern resident in the State of Texas, and the Office of Antiboycott Compliance, Bureau of Industry and Security, United States Department of Commerce ("BIS"), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2005)) (the "Regulations"), issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2001)) (the "Act").¹

¹ 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 most recent 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 and remained in effect through August 20, 2001. Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been by successive Presidential Notices, the most recent being that of August 6, 2004 (69 Fed. Reg. 48763 (August 10, 2004)), continues the Regulations in effect under IEEPA. The Regulations are available on the Government Printing Office Website at: www.access.gpo.gov/bis/.

WHEREAS, NOW has voluntarily disclosed certain information concerning its activities to BIS; and

WHEREAS, BIS has notified NOW of its intention to initiate an administrative proceeding against NOW, pursuant to Section 11(c) of the Act by issuing the Proposed Charging Letter dated June 15, 2005, a copy of which is attached hereto and incorporated herein by this reference; and

WHEREAS, NOW has reviewed the Proposed Charging Letter and is aware of the allegations against it and the administrative sanctions which could be imposed against it if the allegations are found to be true; NOW fully understands the terms of this Settlement Agreement, and enters into this Settlement Agreement voluntarily and with full knowledge of its rights; and NOW states that no promises or representations have been made to it other than the agreements and considerations herein expressed; and

WHEREAS, NOW neither admits nor denies the truth of the allegations, but wishes to settle and dispose of the allegations made in the Proposed Charging Letter by entering into this Settlement Agreement; and

WHEREAS, NOW agrees to be bound by the appropriate Order ("Order") when entered;

NOW, THEREFORE, NOW and BIS agree as follows:

1. Under the Act and the Regulations, BIS has jurisdiction over NOW with respect to the matters alleged in the Proposed Charging Letter.
2. BIS will impose a civil penalty in the amount of \$3,000. NOW will pay to the U.S. Department of Commerce, within 30 days of receipt of service of the Order, when entered, the amount of \$3,000 in complete settlement of all matters set forth in the Proposed Charging Letter.
3. As authorized by Section 11(d) of the Act, timely payment of the amount agreed to in paragraph 2 is hereby made a condition of the granting, restoration, or continuing validity of any export license, permission, or privilege granted, or to be granted, to NOW. Failure to make payment of this amount shall result in the denial of all of NOW's export privileges for a period of one year from the date of entry of the Order.

4. Subject to the approval of this Settlement Agreement, pursuant to paragraph 9 hereof, NOW hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violation of this Settlement Agreement or the Order, when entered) including, without limitation, any right to:
 - A. An administrative hearing regarding the allegations in the Proposed Charging Letter;
 - B. Request a refund of the funds paid by NOW pursuant to this Settlement Agreement and the Order, when entered; or
 - C. Seek judicial review or otherwise contest the validity of this Settlement Agreement or the Order, when entered.

5. BIS, upon entry of the Order, will not initiate any administrative or judicial proceeding, or make a referral to the Department of Justice for criminal proceedings against NOW with respect to any violation of Section 8 of the Act or Part 760 of the Regulations arising out of the transactions set forth in the Proposed Charging Letter or any other transaction that was disclosed to or reviewed by BIS in the course of its investigation.

6. NOW understands that BIS will disclose publicly the Proposed Charging Letter, this Settlement Agreement, and the Order, when entered.

7. This Settlement Agreement is for settlement purposes only, and does not constitute an admission by NOW that it has violated the Regulations, or an admission of the truth of any allegation contained in the Proposed Charging Letter or referred to in this Settlement Agreement. Therefore, if this Settlement Agreement is not accepted and the Order not entered by the Assistant Secretary for Export Enforcement, BIS may not use this Settlement Agreement against NOW in any administrative or judicial proceeding.

8. No agreement, understanding, representation or interpretation not contained in this Settlement Agreement may be used to vary or otherwise affect the terms of this Settlement Agreement or the Order, when entered, nor shall this Settlement Agreement bind, constrain or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances herein addressed. This paragraph shall not limit NOW's right to challenge any action brought by any other agency based on a referral by BIS or any employee thereof, in contravention of paragraph 5 of this Settlement Agreement.

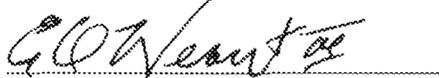
9. This Settlement Agreement will become binding on BIS only when approved by the Assistant Secretary for Export Enforcement by entering the Order.

National-Oilwell L.P.


by its general partner
NOW Oilfield Services, Inc.

DATE: 29 July 05

U.S. DEPARTMENT OF COMMERCE



DATE: 7.22.05

Edward O. Weant III
Acting Director
Office of Antiboycott Compliance

Attachment

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE

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In the Matter of)
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) Case No. 04-21
National-Oilwell L.P.)
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ORDER

The Office of Antiboycott Compliance, Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), following voluntary disclosure of certain information by National-Oilwell L.P. ("NOW"), having determined to initiate an administrative proceeding pursuant to Section 11(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2001)) (the "Act")¹ and the Export Administration Regulations (currently codified at 15 C.F.R Parts 730-774 (2005)) (the "Regulations"), against National-Oilwell L.P. ("NOW"), a domestic concern resident in the State of Texas, based on allegations set forth in the Proposed Charging Letter, dated June 15, 2005, that alleged that NOW committed two violations of the Regulations.

¹From 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 most recent 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. Sections 1701-1706 (2000)) (IEEPA). On November 13, 2000, the Act was reauthorized and remained in effect through August 20, 2001. Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 6, 2004 (69 Fed. Reg. 48763 (August 10, 2004), continues the Regulations in effect under IEEPA. The Regulations are available on the Government Printing Office Website at: www.access.gpo.gov/bis/.

Specifically, the charges are:

1. *One Violation of 15 C.F.R. §760.2(d) - Furnishing Information about Business Relationships with Boycotted Countries of Blacklisted Persons:*

During December, 2001, NOW engaged in a transaction involving the transfer of United States-origin goods between the United States, Croatia and Syria.

In connection with these activities, during December 2001, NOW furnished through an intermediary in Croatia to persons in Syria a document containing the following statement:

“We declare that no raw materials of Israeli origin have been used for the production or preparation of the goods mentioned in this invoice. We hereby certify that the goods are not of Israeli origin. That they do not contain any Israeli materials.”

By providing that information, NOW therefore, with intent to comply with, further or support an unsanctioned foreign boycott, knowingly furnished information about its business relationships in a boycotted country, an activity prohibited by Section 760.2(d) of the Regulations, and not excepted.

2. *One Violation of 15 C.F.R. §760.5-Failing to Report in a Timely Manner a Request to Engage in a Restrictive Trade Practice or Foreign Boycott of a Country Friendly To the United States:* During December, 2001, NOW received a request to engage in the restrictive trade practice or boycott as described in paragraph one above, which it failed to report in a timely manner to the Department of Commerce as directed by the Regulations.

BIS and National-Oilwell L.P. having entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations whereby the parties have agreed to settle this matter in accordance with the terms and conditions set forth therein and the terms of the Settlement Agreement having been approved by me;

IT IS THEREFORE ORDERED THAT:

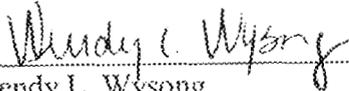
FIRST, a civil penalty of \$3,000 is assessed against National-Oilwell L.P. which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions.

SECOND, that, pursuant to the Debt Collections Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (1983 and Supp. 2001)), 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, National-Oilwell L.P. will be assessed, in addition to the full amount of the penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, as authorized by Section 11(d) of the Act, the timely payment of the sum of \$3,000 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 National-Oilwell L.P. Accordingly, if National-Oilwell L.P. should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order under the authority of Section 11(d) of the Act denying all of National-Oilwell L.P.'s export privileges for a period of one year from the date of the entry of this Order.

FOURTH, that the Proposed Charging Letter, the Settlement Agreement and this Order shall be made available to the public, and a copy of this Order shall be served upon National-Oilwell L.P.

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



Wendy L. Wysong
Acting Assistant Secretary for Export Enforcement

Entered this 9th day of August, 2005

Attachments