

## **INEOS, LyondellBasell Prepare for Chocolate Bayou Hearing**

**LyondellBasell** said on Monday it would withhold comment until a 21 July court hearing on objections to its plan to dismantle its high-density polyethylene (**HDPE**) plant in Chocolate Bayou, Texas.

The New York Southern District Bankruptcy Court will hold next week's hearing to more **closely examine an objection** filed by **INEOS** against LyondellBasell's plans to **cease HDPE production** at the site by 30 September.

Any further related objections are due by 16 July, the court said.

"This is a matter for the bankruptcy court to determine and we will confine all of our comments on this matter to the court, which we will state at the appropriate time," said David Harpole, director of public affairs for LyondellBasell.

LyondellBasell's subsidiary, **Lyondell Chemical**, as well as its other US operations, filed for bankruptcy protection in January. As part of its reorganisation, Lyondell plans to shut down and dismantle its Chocolate Bayou **HDPE** plant.

However, INEOS opposes the plan, arguing that it violates an agreement that the two companies made in 1988, when what is now LyondellBasell acquired the property, the company said.

Under that agreement, INEOS has an option to buy the plant if it has been shut down for six months, the company said.

If Lyondell will not sell INEOS the plant, it should still auction off the site, INEOS said. An auction would still raise money to pay off the company's creditors, INEOS said.

"As reflected in recently filed court documents, INEOS confirms its attempts to save the LyondellBasell Chocolate Bayou HDPE plant from closure and demolition," INEOS spokesman Charles Saunders said.

"INEOS has made a firm offer for the facility, which it believes remains viable," he added. "We are sure this will be of interest to LyondellBasell creditors."

Under the offer, INEOS would pay Lyondell \$1m (€720,000) in cash, commit to buying 8m-10m lb/month (3,600-4,500 tonnes/month) of **ethylene** and waive a \$4.5m claim for reimbursement of capital-recovery projects.

LyondellBasell rejected the offer, INEOS said.

LyondellBasell's request to tear down the plant triggered INEOS' option to buy the plant, the company said. "INEOS is seeking immediate enforcement of its options and a finding by this court that [Lyondell] should be required to sell the facility to INEOS at the fair market value," the company said.

The Chocolate Bayou **HDPE** plant has a capacity of 180,000 tonnes/year, according to **ICIS plants and projects**.

Source: ICIS News, July 13, 2009