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For Immediate Distribution

March 12, 2001

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TEXACO SUBSIDIARY PLEADS GUILTY TO VIOLATING FEDERAL CLEAN WATER ACT BY DISCHARGING POLLUTANTS INTO WATERWAYS IN LOS ANGELES AND SAN LUIS OBISPO

Texaco Refining and Marketing, Inc. (TRMI), a subsidiary of Texaco, Inc., pleaded guilty today to two felony counts of violating the federal Clean Water Act by discharging polluted wastewaters into waterways in the cities of Los Angeles and San Luis Obispo, United States Attorney Alejandro N. Mayorkas announced.

Appearing before United States District Judge Margaret M. Morrow, attorneys for TRMI entered guilty pleas on behalf of the corporation. The guilty pleas relate to discharges into the Dominguez Channel in the City of Los Angeles in January 1995 and a discharge into Prefumo Creek in the City of San Luis Obispo in March 1997.

The Dominguez channel discharges came from a petroleum refinery located at 2101 East Pacific Coast Highway in Wilmington. At the refinery, crude oil was converted into, among other things, gasoline, diesel, propane, petroleum coke, aviation fuel and bunker fuel (which is burned in ocean-going ships).

At the refinery, there were a number of facilities and operations that treated and generated wastewater and were subject to regulation by the Los Angeles Regional Water Quality Control Board, the Los Angeles County Sanitation Districts and other agencies. Wastewater discharged from the refinery was regulated by a permit issued by the Water Board. Pursuant to the permit, TRMI was authorized to discharge wastewater into the Dominguez Channel through an outfall, but only as long as the wastewaters did not exceed prescribed limits for certain pollutants such

as petroleum oil and grease.

On January 23, 1995, TRMI's employees knowingly discharged wastewaters which contained oil and grease at a level in excess of the permit limit into the Dominguez Channel from the Refinery. This conduct forms the basis of count one in the indictment.

Count two relates to the March 11, 1997 discharge of approximately 2,000 to 8,000 gallons of petroleum-contaminated wastewaters into a San Luis Obispo storm drain, which ran into Prefumo Creek and eventually into the Pacific Ocean. The discharge came from a Texaco gasoline service station located at 12398 Los Osos Valley Road.

An employee of TRMI who worked at the service station directed independent contractors working for TRMI to discharge approximately 2,000 to 8,000 gallons of petroleum-contaminated wastewaters into a storm drain near the service station. Under the direction of the TRMI employee, the contractors used pumps and hoses to remove wastewaters from underground storage tank manways and then discharged the wastewaters into the storm drain. Neither TRMI nor the contractors had a permit issued by the Water Board or the United States Environmental Protection Agency to discharge wastewaters into Prefumo Creek.

Pursuant to a plea agreement between the government and the defendant, TRMI agreed to be placed on probation for one year and to pay a criminal fine of \$4 million. The majority of these funds – \$3 million – will be designated to support environmental projects in the Central District of California. It is anticipated that the money will be used to support projects in the Channel Islands National Park, the Santa Monica National Recreational Area, the counties of San Luis Obispo and Ventura, the Wilmington district of the City of Los Angeles, and the Los Angeles County Sanitation Districts.

Judge Morrow today sentenced TRMI as per the plea agreement.

“By vigilantly prosecuting Texaco, compelling the company to pay a multi-million dollar criminal fine, and allocating those funds to support important environmental projects, we honor our commitment to protect the land and waterways of our district,” said United States Attorney Mayorkas.

This case was the product of an investigation conducted by members of both the Los Angeles Federal Environmental Task Force and the Santa Barbara/San Luis Obispo Regional Environmental Task Force, whose members include the United States Environmental Protection Agency, Criminal Investigation Division; the Federal Bureau of Investigation; the United States Postal Inspection Service; the South Coast Air Quality Management District; the California Environmental Protection Agency, Department of Toxic Substances Control; the Central Coast Regional Water Quality Control Board; the Los Angeles Regional Water Quality Control Board; the California Department of Fish and Game; the Los Angeles County Sanitation Districts; the Los Angeles County Fire Department, Health Hazardous Materials Division; the Los Angeles County Public Works Department; the City of San Luis Obispo Fire Department; and the City of Los Angeles Stormwater Management District.

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