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**CHEVRON AGREES TO RECORD \$7 MILLION
ENVIRONMENTAL SETTLEMENT**

**Largest settlement for a single facility
in Clean Air Act history**

WASHINGTON, D.C. -- Chevron U.S.A. Inc. has agreed to pay a record \$7 million to settle claims that it violated the Clean Air Act at its offshore loading terminal near El Segundo, Calif., the EPA and the Justice Department announced today. The settlement includes a \$6 million penalty, the highest ever paid under the Clean Air Act for a single facility, and environmental improvement projects valued at \$1 million.

The agreement, part of a consent decree lodged today in U.S. District Court in Los Angeles, requires Chevron to pay \$500,000 to help build and operate a health clinic in Wilmington, Calif. to diagnose and treat respiratory diseases. The facility will provide medical care to people in the South Coast Air Basin who have experienced health problems that can be traced to air pollution.

"This settlement sends a strong message that any company violating the Clean Air Act rules to reduce smog will pay a heavy price. This is especially so in the Los Angeles area, which has one of the most serious smog problems in the nation," said Lois J. Schiffer, Assistant Attorney General for Environment and Natural Resources at the Department of Justice. "Our citizens are entitled to breathe clean air, and compliance with the Clean Air Act is not optional."

San Francisco-based Chevron also has agreed to spend \$500,000 to install leakless valves and double-sealed pumps at its El Segundo refinery. These devices are effective at preventing significant emissions of air contaminants.

"The Clinton-Gore Administration holds polluters accountable for violating environmental laws," said Steve Herman, EPA's Assistant Administrator for Enforcement and Compliance Assurance. "Besides paying a significant penalty for failing to control harmful emissions in the past, Chevron will improve technology at the terminal to reduce emissions in the future. People who live in the vicinity of the terminal will literally be able to breathe easier from now on."

In 1997, the nonprofit Communities for a Better Environment filed a lawsuit against Chevron, alleging that vapors known as volatile organic compounds (VOCs) escaped into the atmosphere as petroleum products were transferred to marine vessels from underwater pipelines connected to the Chevron refinery. In November 1999, the United States filed suit against Chevron alleging the same charges.

The Clean Air Act regulates VOCs because they directly contribute to smog, which aggravates respiratory diseases such as asthma, particularly in the young and elderly. The Los Angeles region does not comply with the EPA's smog standards, and it is one of the worst smog areas in the nation.

To reduce VOCs, California regulations required companies as of 1995 to achieve a 95 percent reduction in emissions from marine terminals such as Chevron's. However, the company's own records show that from 1995 to 1998, the El Segundo facility did not use the pollution-control technology required by the regulations.

Today's settlement with the United States also prohibits Chevron from using its marine terminal until the EPA and Chevron agree on a plan to keep air emissions so low that they are not required to be controlled. Until then, the company will conduct its petroleum-loading operations at a third party's marine terminals, which are equipped with emissions-control equipment required by the Clean Air Act and California's regulations.

Communities for a Better Environment, based in Huntington Park, Calif., and Chevron have settled the group's lawsuit by a consent decree requiring Chevron to perform the environmental projects and reimburse CBE for its attorney's fees.

Today's settlement agreement is subject to a 30-day public comment period and final court approval.

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