Brown Wins $19.5 Million Judgment Against Shell Oil Co. for Environmental Violations at its Gas Stations

Oakland - After finding "hundreds of environmental violations" at Shell gasoline stations statewide, Attorney General Edmund G. Brown Jr. today announced that his office has secured a $19.5 million judgment against the oil company and its affiliates, which will ensure compliance with the state's hazardous waste and underground fuel storage laws.

"Shell Oil Company disregarded the state's underground fuel storage and hazardous waste laws, committing hundreds of environmental violations at its gasoline stations across California," Brown said. "This judgment requires the company to pay $19.5 million in penalties, comply with state law and improve its spill monitoring, employee training and hazardous waste management."

In 2006, the Attorney General's Office launched a statewide investigation into Shell and its gasoline stations after the San Diego and Riverside County District Attorneys settled cases with the company following numerous underground fuel storage violations.

Working with the California State Water Resources Control Board, the Attorney General's Office investigated more than 1,000 Shell gasoline stations throughout California.

The investigation uncovered hundreds of violations at the company's gasoline stations. For example:

- In February 2007, an inspector discovered that a Shell gasoline station located at 4355 Pacheco Blvd. in Martinez failed to properly maintain the required leak detection monitoring system for its gasoline tanks. The Shell station is located next door to the office of the Contra Costa County Hazardous Materials Program.

- In May 2006, an inspector discovered that a Shell gasoline station located at 7899 Greenback Lane in Citrus Heights, 20 miles northeast of Sacramento, failed to properly maintain spill alarms for its gasoline tanks. Inspectors observed similar violations in October 2005, September 2003 and April 2003.

- In August 2005, an inspector discovered that a Shell gasoline station located at 12398 Los Osos Valley Rd. in San Luis Obispo failed to maintain the required leak detection monitoring system for its gasoline tanks.

- In March 2005, an inspector discovered that a Shell gasoline station located at 30245 Agoura Rd. in Agoura Hills failed to properly conduct and maintain secondary containment testing and monitoring for its gasoline tanks. The inspector also found liquid and hazardous substances in the containment sump. Shell's own inspector found liquid in the sump on previous visits the station.

The judgment requires Shell, its subsidiaries, corporate parents, affiliates and successors to pay $19.5 million in civil and administrative penalties and immediately comply with state underground fuel storage and hazardous waste statutes, regulations and permits.

The company must also take immediate steps to improve spill and alarm monitoring, employee training, hazardous waste management and emergency response at its gasoline stations by:

- Implementing a "smart" monitoring system with programmable sensors to monitor for fuel leaks and other environmental alarms;
- Utilizing a continuous remote alarm monitoring, diagnosis and notification system;
- Providing annual compliance and emergency response training sessions to employees, contractors, consultants, retailers and operators;
- Implementing risk management software systems to drive improved underground storage tank compliance;
- Working with a third-party contractor to manage and oversee Hazardous Material Business Plans and Underground Storage Tank Monitoring Response Plans;
- Working with a third-party contractor to provide onsite underground storage tank permitting, registration and testing services;
- Completing a health, safety, security and environmental checklist to monitor, assess and address compliance issues; and
- Maintaining an underground storage tank equipment database and checklist.

Brown has taken aggressive action to stop violators of California's underground fuel storage and hazardous waste laws:

- In August, Brown and eight district attorneys reached an agreement requiring U-Haul Co. of California to improve the way it handles and disposes of hazardous materials at its 179 regulated facilities throughout the state;
- In June, Brown joined 20 district attorneys and the Los Angeles City Attorney in a suit against Target Corp. to block the retailer from continuing to illegally dump hazardous waste in local landfills;
- In June, Brown and three district attorneys forged a settlement with Kmart requiring the company to stop disposing toxic substances in landfills and pay more than $8.65 million in civil penalties, costs and funding for projects to improve environmental protection in California;
- In April, Brown filed suit against TravelCenters of America - a national gas station chain - to force the corporation to comply with California's underground fuel storage laws.

The $19.5 million judgment includes: $7.8 million in civil and administrative penalties to district attorneys and regulatory agencies; $5 million in civil penalties to the Attorney General's Office; $5 million in civil and administrative penalties to the California State Water Resources Control Board; $700,000 to fund the Sacramento County Abandoned Well Restoration Project; $500,000 to the California Climate Action Registry; $400,000 in investigative costs and attorneys' fees to the Attorney General's Office; and $100,000 in investigative costs to the California State Water Resources Control Board.

The complaint, stipulated judgment and order, signed in Alameda County Superior Court, are attached. Included in the stipulated judgment is a full list of the Shell gasoline stations subject to the terms of the settlement.

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