

June 6, 2008

ChevronTexaco Corporation
6001 Bollinger Canyon Rd.
San Ramon, CA 94583

Dear Sir or Madam:

Sometime in the next few weeks, the Project On Government Oversight (POGO) will update its Federal Contractor Misconduct Database (<http://www.contractormisconduct.org/>), a compilation of information from public resources regarding government contractors, including ChevronTexaco. I have enclosed the findings relevant to your company, and I am seeking verification of this data.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to ChevronTexaco, please be assured that any response received by POGO will be posted on the website along with the data.

The biggest change we will be making to the database is the inclusion of more federal contractors (the top 100). We are also adding new instances that we have found in recent months and updating instances already in the database with new information. Please note that the database also includes pending instances, but these are kept separate from resolved instances and are not included in the totals.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Neil Gordon
Investigator

Enclosure

Instances

1. Illegal Discharge of Polluted Wastewater (Wilmington, CA)

Date: 03/12/2001 (Date of Plea)

Misconduct Type: Environment

Enforcement Agency: Multiple Agencies

Contracting Party: None

Court Type: Criminal

Amount: \$4,000,000

Disposition: Pleaded Guilty

Synopsis: Texaco Refining and Marketing, Inc., a subsidiary of Texaco Inc., pleaded guilty to two felony counts of violating the federal Clean Water Act and was fined \$4 million for discharging millions of gallons of polluted wastewater into the Dominguez Channel and into a creek in San Luis Obispo. Approximately \$3 million of the fine will be designated to support environmental projects in the Central District of California. A four year investigation revealed that the company discharged oil and grease wastewater containing 940 parts of pollutants per million, over 60 times the allowed limit. The company was also placed on one year's probation.

2. Illegally Bypassing Wastewater Treatments (Richmond, CA)

Date: 10/15/1998 (Date of Announcement)

Misconduct Type: Environment

Enforcement Agency: EPA

Contracting Party: None

Court Type: Administrative

Amount: \$540,000

Disposition: Settlement

Synopsis: Chevron's Richmond, California oil refinery agreed to install additional water pollution controls and pay \$540,000 to settle allegations that the facility violated the Clean Water Act when it intermittently bypassed a wastewater treatment system between 1991 and 1995 and failed to properly notify the public about toxic releases to the environment, in violation of the Emergency Planning and Community Right-To-Know Act (EPCRA) and the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). The released substances included hydrogen sulfide, hydrogen flouride, sulphur dioxide, and sulfuric acid. Chevron's Richmond facility is one of Northern California's largest oil refineries.

3. MTBE Cleanup Costs (Santa Monica, CA)

Date: 02/16/2005 (Date of Settlement)

Misconduct Type: Environment

Enforcement Agency: EPA

Contracting Party: None

Court Type: Civil

Amount: Unknown

Disposition: Settlement

Synopsis: "Under the terms of a settlement filed...in federal court, several oil companies [including Chevron, Shell and Exxon] will pay \$1.5 million to the Environmental Protection Agency for costs it incurred while directing the investigation and cleanup of methyl tertiary butyl

ether (MTBE), a gasoline additive, from a groundwater basin formerly used for drinking water by the City of Santa Monica, California... The agreement between the EPA and the oil companies follows eight years of investigation and cleanup under the Federal Resource Conservation and Recovery Act and California's Porter Cologne Act. The MTBE contamination in the vicinity of Santa Monica's drinking water wells came from at least 25 possible sources, most of which were gas stations in the Charnock Sub-Basin." Including past costs, the oil companies are expected to spend more than \$200 million to address the cleanup.

4. Air Pollution Violations at Kern County, CA Oil Fields

Date: 07/16/2001 (Date of Announcement)

Misconduct Type: Environment

Enforcement Agency: EPA

Contracting Party: None

Court Type: Civil

Amount: \$1,124,000

Disposition: Settlement

Synopsis: Texaco reached a settlement with the U.S. Justice Department and the Environmental Protection Agency by agreeing to outfit two of its oil fields in western Kern County, California with new air pollution control devices and pay \$568,000 in penalties for violating the Clean Air Act. The government alleged that Texaco drilled and operated 720 crude oil production wells without getting proper permits and removed vapor recovery equipment from 5,030 crude oil wells without applying for a permit until after completing the work. Two years earlier, Texaco settled cases involving the same violations with the San Joaquin Valley Unified Air Pollution Control District for \$556,000.

5. Air Pollution National Settlement (CA, HI, MS and UT)

Date: 10/16/2003 (Date of Announcement)

Misconduct Type: Environment

Enforcement Agency: EPA

Contracting Party: None

Court Type: Civil

Amount: \$281,700,000

Disposition: Settlement

Synopsis: Chevron U.S.A., Inc. agreed to pay over \$281 million in penalties, pollution control equipment upgrades and supplemental environmental projects to settle alleged violations of the federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), the Emergency Planning and Community Right-To-Know Act, and the Clean Air Act at its petroleum refineries in California, Hawaii, Mississippi and Utah. Among Chevron's alleged violations were failure to report releases of hazardous substances, including diethanalomine, nitric oxide and sulfuric oxide, and failure to properly implement a risk management program.

6. Clean Air Act Violations (El Segundo, CA)

Date: 08/23/2000 (Date of Announcement)

Misconduct Type: Environment

Enforcement Agency: EPA

Contracting Party: None

Court Type: Civil

Amount: \$7,000,000

Disposition: Settlement

Synopsis: Chevron U.S.A., Inc. agreed to pay a \$6 million penalty and \$1 million for environmental improvement projects to settle claims of Clean Air Act violations at its offshore loading terminal near El Segundo, California. The government alleged that vapors known as volatile organic compounds (VOCs) leaked into the atmosphere, and contributed to the area's smog problem, as petroleum products were transferred to marine vessels at the terminal. Chevron's records showed that from 1995 to 1998, the facility did not use pollution control technology required by the federal Clean Air Act and California environmental regulations.

7. Failing to Repair Leaking Pipe Connectors (Richmond, CA)

Date: 03/26/2001 (Date of Announcement)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

Court Type: Administrative

Amount: \$242,500

Disposition: Fine

Synopsis: The Bay Area Air Quality Management District fined Chevron \$242,500 for failing to repair leaking petrochemical pipe connectors in a timely manner at its Richmond, California refinery. According to BAAQMD inspectors, the Chevron plant had 241 leaking connectors (out of 800,000 in total) during a three month period in 1998. Emissions from leaking connectors contribute to ground-level ozone formation, which can cause or exacerbate respiratory diseases.

8. Air Quality Violations (Richmond, CA)

Date: 06/29/2001 (Date of Settlement)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

Court Type: Administrative

Amount: \$300,000

Disposition: Settlement

Synopsis: Chevron agreed to pay the Bay Area Air Quality Management District \$300,000 in fines for failing to meet air quality standards at its Richmond, California refinery. The refinery accumulated 52 violations from 1998 until May 2001, some of which contributed to a fiery explosion that sent hundreds of people to the hospital complaining of breathing difficulty and eye irritation. Chevron received violation notices for organic emission leaks from refinery valves, excess emissions from waste water separators, and excessive smoke.

9. MTBE Products Liability

Date: 09/03/2001 (Date of Settlement - approx.)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

Court Type: Civil

Amount: \$10,000,000

Disposition: Settlement

Synopsis: Thirty-one oil and petroleum refiners and distributors were sued in California state court over the contamination of water wells near Lake Tahoe by the gas additive methyl tertiary butyl ether (MTBE). Twenty-five defendants settled with the South Lake Tahoe Public Utility District before trial began in September 2001 for a total of \$31 million in cleanup costs, of which Chevron reportedly paid \$10 million. In the ensuing trial, the jury found the remaining companies – Shell Oil Co., Shell Products Co., Equilon Enterprises LLC, Texaco Inc. and Tosco Corp. – liable for selling a defective product, namely gasoline containing MTBE. Those companies eventually settled for over \$28 million.

10. Angola Pollution Fine

Date: 07/01/2002 (Date of Media Accounts)

Misconduct Type: Environment

Enforcement Agency: International

Contracting Party: None

Court Type: Administrative

Amount: \$2,000,000

Disposition: Fine

Synopsis: Angola's Ministry of Fisheries and the Environment fined ChevronTexaco \$2 million for oil spills from an offshore platform that polluted beaches and damaged the local fishing industry. A government investigation found that leaks from poorly maintained pipes used to transport crude oil from platform were the cause of the spills. Chevron, which pumps almost three-quarters of Angola's oil, reportedly promised to invest \$108 million to replace the pipes.

11. Environmental Violations in Kazakhstan

Date: 10/04/2007 (Date of Media Accounts)

Misconduct Type: Environment

Enforcement Agency: International

Contracting Party: None

Court Type: Administrative

Amount: Unknown

Disposition: Fine

Synopsis: According to media accounts, Kazakhstan's ecological ministry fined Tengizchevroil, a Chevron-led consortium developing the country's Tengiz oil field, \$609 million (later reduced to \$309 million on appeal) for environmental violations relating to the stockpiling of sulfur between 2003 and 2006. The fine was imposed in July 2007, although it wasn't announced until October. Chevron has a 50 percent stake in the consortium. Other members of the consortium include ExxonMobil, which has a 25 percent share, and Lukarco, a joint venture between Lukoil and BP, which has a 5 percent share. Tengizchevroil reportedly paid the fine, plus \$10 million in legal fees, in November 2007.

12. Oil For Food Program Kickbacks

Date: 11/14/2007 (Date of Settlement)

Misconduct Type: Ethics

Enforcement Agency: SEC

Contracting Party: International

Court Type: Civil

Amount: \$30,000,000

Disposition: Settlement

Synopsis: Chevron agreed to pay \$30 million to settle charges that it paid kickbacks to Iraq in connection with crude oil purchased in 2001 and 2002 under the United Nation's Oil-For-Food program. According to the Securities and Exchange Commission, intermediaries under contract with Chevron made approximately \$20 million in illegal payments that bypassed the Oil-For-Food escrow account and were paid directly to Iraqi-controlled bank accounts in Jordan and Lebanon, in violation of the Foreign Corrupt Practices Act. Under the agreement, Chevron, which did not admit or deny the SEC's allegations, will remit \$25 million in profits, pay a \$3 million civil penalty, and pay \$2 million to the Department of Treasury's Office of Foreign Asset Controls. (Chevron satisfied its disgorgement obligation by forfeiting \$25 million pursuant to a non-prosecution agreement with the U.S. Attorney's Office for the Southern District of New York.) The Oil-For-Food program, which ran from 1996 to 2003, was established to help Iraqis cope with sanctions the U.N. imposed after Saddam Hussein invaded Kuwait in 1990. Under the program, money from Iraqi oil sales was to have been used by the government to purchase humanitarian goods such as food and medicine. However, there were accusations of widespread corruption and abuse, with hundreds of foreign companies accused of colluding with Hussein's regime to bilk the program of billions of dollars.

13. Violations of the Outer Continental Shelf Lands Act

Date: 04/10/2007 (Date of Penalty Payment)

Misconduct Type: Environment

Enforcement Agency: Interior

Contracting Party: None

Court Type: Administrative

Amount: \$15,000

Disposition: Fine

Synopsis: The Minerals Management Service of the Department of Interior fined Chevron U.S.A. Inc. for violations of the Outer Continental Shelf Lands Act. According to a notice published in the Federal Register: "The LSH on Run Tank, MAJ 1027, was bypassed while changing a leaking site glass. There was no way to monitor the level inside the vessel which was a contributing factor to the 2 bbl oil spill on August 1, 2006."

14. Nationwide MTBE Groundwater Contamination Litigation

Date: 03/12/2008 (Date of Settlement)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

Court Type: Civil

Amount: Unknown

Disposition: Settlement

Synopsis: A dozen oil companies, including BP America Inc., Chevron Corp., Shell Oil Co. and Valero Energy Corp., agreed to pay over \$423 million to settle litigation with public water providers in 17 states over groundwater contamination from the gasoline additive methyl tertiary

butyl ether (MTBE). The companies also agreed to pay cleanup costs that arise in the next 30 years. Defendant ExxonMobil refused to settle and faces numerous MTBE trials, scheduled to begin in September 2008.

Pending Instances

Aguinda v. ChevronTexaco (Amazon Rainforest Pollution)

Date: 05/07/2003 (Date of Filing)

Misconduct Type: Environment

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$0

Disposition: Pending

Synopsis: A class-action lawsuit filed in Ecuador alleges Chevron subsidiary Texaco dumped billions of gallons of toxic wastewater into the Amazon rainforest from 1964 to 1992 while operating oil wells in the area. What has become known as the "Rainforest Chernobyl" is considered one of the world's worst ecological disasters. The suit, filed on behalf of approximately 30,000 rainforest dwellers, alleges the highly carcinogenic toxic waste has caused numerous deaths from cancer, spontaneous miscarriages and genetic malformations, and demands that Chevron pay for the cleanup, estimated to cost at least \$6 billion.

New Hampshire MTBE Pollution Lawsuit

Date: 09/30/2003 (Date of Filing)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

Court Type: Civil

Amount: \$0

Disposition: Pending

Synopsis: The state of New Hampshire filed a lawsuit in state court against 22 oil companies, including ChevronTexaco and Exxon Mobil, for using the chemical methyl tertiary butyl ether (MTBE), a gasoline additive the state alleges has caused widespread contamination of the state's waters and has adverse health effects. The state claims that the companies produced a defective product, created a public nuisance and violated state environmental and consumer protection laws. See related Exxon Mobil misconduct instance, "New Hampshire Gasoline Spills Cleanup."

Bowoto v. ChevronTexaco (Human Rights Abuses in Nigeria)

Date: 07/23/2004 (Date of Filing)

Misconduct Type: Human Rights

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$0

Disposition: Pending

Synopsis: Nigerian residents of the Niger Delta region filed a lawsuit in federal court in San Francisco against Chevron. The plaintiffs allege that, in 1998 and 1999, Nigerian police, funded and equipped by Chevron Nigeria Ltd., tortured and killed people and destroyed villages that opposed Chevron's activities in the region. A trial is scheduled for September 2008.