AG Secures $5.2 Million Settlement from Chevron
NM Contamination Cleanup Funds Returned to State

**Wednesday, September 11, 2013**

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(SANTA FE)---Attorney General Gary King today announced that Chevron Corporation has agreed to pay a lump-sum of $5.2 million to settle all claims relating to its allegedly improper application for funds from the New Mexico Corrective Action Fund.

Beginning in the early 1990s, Chevron made many dozens of applications to the NM Corrective Action Fund seeking public funds to clean up petroleum contamination from Chevron's own leaking underground storage tanks at gasoline stations around New Mexico. In those applications Chevron said (on sworn forms) that it did not have outside insurance to pay for such costs. The company also said it never pursued claims on outside insurance or collected money from outside insurers for these costs. AG King alleged that those representations were patently false and that Chevron did recover from outside insurers through secret settlements. Under New Mexico law, Chevron's insurance recoveries should have been disclosed to and shared with the State to offset the State's costs for cleanup of Chevron's contamination.

AG King says, “The state’s Corrective Action Fund was designed to pay for cleanup of leaking petroleum storage tanks, but only to the extent that outside funds, such as insurance, were unavailable. The rules required Chevron to disclose and use their insurance proceeds before applying for state funds...that did not happen.”

The Attorney General says that Chevron collected hundreds of millions from their outside insurers for cleanup costs and never informed New Mexico as required. The state paid out approximately $4 million directly to Chevron over the years.

The $5.2 million settlement stems from a case originally filed in 2009 under the New Mexico Fraud Against Taxpayers Act. The Attorney General’s Office led the prosecution of the case, joined by the New Mexico
Environment Department as its co-plaintiff. The AGO-led case culminated in a formal mediation in New York City in February.

This marks one of the first and most significant successes under the Fraud Against Taxpayers Act, a 2007 statute that allows private parties to initiate lawsuits to pursue fraud perpetrated against the State.

AG King adds, "This settlement shows that the Fraud Against Taxpayers Act can work to generate strong cases that we can pursue to bring significant funds back to the state. No person or company should get away with bilking New Mexico's taxpayers."

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