FY 2003 CASE HIGHLIGHTS

AIR

Ethanol/Archer Daniels Midland (ADM): In 2002, the Unites States Environmental Protection Agency (EPA) began investigating widespread noncompliance with the Prevention of Significant Deterioration/ New Source Review (PSD/NSR) requirements of the Clean Air Act (CAA) within the ethanol industry. As part of an unprecedented joint federal and state enforcement effort, EPA and states performed investigations at several grain and oilseed processing facilities and determined that, for years, this industry sector had failed to accurately estimate emissions from process units and expanded units without installing required air pollution control technology. In October 2002, EPA reached a settlement that will ensure that 12 Minnesota ethanol facilities install air pollution controls.

On Aug. 21, 2003, EPA and the Department of Justice (DOJ) finalized the civil judicial enforcement case against industry giant Archer Daniels Midland Company (ADM). Fourteen states and counties are also parties to the agreement. The settlement resolves violations at 52 ADM plants in 16 states. ADM agreed to install state-of-the art controls on a large number of units, shut down some of the oldest, dirtiest units, and take restrictive emission limits on others. Additionally, ADM's oilseed operations will accept new, more stringent emission limits for VOC and HAP emissions – limits the regulators expect will set new standards for the industry. Combined, these measures will reduce at least 61,000 tons of air pollution a year.

EPA estimates that ADM will spend $340 million over a 10-year period to implement the entire injunctive relief package, which includes $213 million on capital improvements such as air pollution control equipment. ADM will also fund extensive environmental audits at all facilities, continuous emission monitoring, operation and maintenance, and an environmental management system that will assist the company and regulators in tracking compliance with the consent decree. In addition, ADM agreed to pay a civil penalty of $2.5 million to the United States and another $2.1 million that will be shared with the other co-plaintiffs. ADM also agreed to spend over $1.1 million on federal supplemental environmental projects (SEPs) and another $5.2 million on state SEPs. Under many of these SEPs, ADM has agreed to retrofit diesel engines in school buses, which will result in significant reductions of air emissions from those mobile sources.

Alcoa: On July 28, 2003, EPA and DOJ entered into a settlement with Alcoa, Inc., to resolve CAA violations at the company's aluminum production facility in Rockdale, Texas. The violations stemmed from Alcoa's overhaul of the facilities' industrial power plant without installing necessary pollution controls and obtaining permits required under NSR. EPA initiated the investigation in December 2001. The settlement is the result of a well-coordinated effort between federal and state regulators and citizen groups near the Rockdale plant. The company has committed to spend approximately $330 million to install state-of-the-art pollution controls to eliminate the vast majority of sulfur dioxide and nitrogen oxide emissions from the power plant at Alcoa's aluminum production facility in Rockdale.

The settlement mandates that the company reduce its emissions of sulfur dioxide (SO_2) and nitrogen oxides (NOx) by approximately 90% by the end of 2007. More than 52,000 tons of SO_2 and 15,000 tons of NOx–a total of more than 73,000 tons–are expected to be removed from the air of central Texas each year. To achieve these reductions, Alcoa must decide whether to install state-of-the-art pollution controls on its existing power plant, to replace its existing power plant with new electricity-generating units and pollution controls, or to shut down the power plant completely.

Alcoa paid a civil penalty of $1.5 million, and agreed to spend at least $2.5 million on two additional projects that will partially offset the impact of past emissions: Alcoa will give $1.75 million to the Trust for Public Lands and the Pines & Prairie Land Trust to purchase conservation easements in the area around the Rockdale facility, and will spend $750,000 to retrofit Austin-area school buses with pollution control devices.

Caterpillar, Inc.: In 1998, EPA and DOJ announced a settlement with seven major manufacturers of diesel engines who agreed to spend more than $1 billion dollars to resolve claims that they installed illegal computer software on heavy duty diesel engines that turned off the engine emission control system during highway driving. The settlement, entered in July 1999, included a $83.4 million total penalty, the largest civil penalty ever for violation of environmental law. One of the companies included in that settlement was Caterpillar, Inc.

In 2003, Caterpillar triggered the stipulated penalties provision (also called non-conformance penalties or NCPs) of the Consent Decree by selling diesel engines that exceeded one or more of the emission limits agreed upon for engines sold after Oct. 1, 2002. Total stipulated penalties for non-conforming engines paid by Caterpillar in FY 2003 amounted to $128 million. The NCP is a per-engine penalty proportional to the amount of emission excess from the engines above the consent decree limits, and is determined by emission tests of a sample of production engines.

Lion Oil: On March 11, 2003, DOJ, EPA, and the State of Arkansas agreed to a comprehensive settlement with Lion Oil Company to reduce harmful air emissions from the company's El Dorado, Ark., refinery by 1,380 tons per year. Initiated in July 2000, the settlement entered on June 12, 2003, requires Lion Oil to spend more than $21.5 million to install state-of-the-art pollution control technology on its catalytic cracking unit (its largest emissions unit), heaters, boilers, wastewater vents, flares, and leaking valves throughout its refinery. These improvements will result in a reduction of annual emissions of nitrogen oxide (NOx) by approximately 530 tons, sulfur dioxide (SO_2) by approximately 650 tons, particulate matter (PM) by approximately 200 tons, and will reduce carbon monoxide (CO) emissions from process units at the El Dorado refinery. Lion Oil also paid a $348,000 civil penalty, which was shared with the State of Arkansas, and agreed to spend more than $360,000 on supplemental environmental projects designed to further reduce emissions from the refinery.

Toyota Motor Corp.: On June 27, 2003, DOJ and EPA entered into a settlement with Toyota Motor Corp. to resolve CAA violations involving 2.2 million vehicles manufactured between 1996 and 1998. EPA alleged that Toyota sold vehicles with specifications that varied from those described in its application for Certificates of Conformity which are required for the sale of vehicles in the United States. The Certificates state that vehicles sold comply with US emission standards and other requirements. EPA alleged that Toyota failed to disclose limitations in the operation of the vehicles' on-board diagnostic (OBD) system that checks for leaks in vehicles' evaporative emission control systems; as a result, the OBD system would not promptly signal drivers to a problem by lighting their dashboard light. Emission control system leaks need to be noticed and repaired because release of fuel vapors into the atmosphere contributes to ozone pollution.

Under the settlement, Toyota agreed to spend $20 million on a supplemental environmental project to retrofit up to an estimated 3,000 older, high-polluting public school and municipal buses with catalytic converters, filters, or entire engines, to make them run cleaner . Toyota also agreed to extend the evaporative emission control system warranty on affected vehicles. In addition, Toyota is accelerating its compliance with certain new evaporative emission control requirements at an estimated cost of $11 million and is providing an extended warranty on one system of the affected vehicles, at a cost of $3 million. Toyota also paid a $500,000 civil penalty. The settlement will cost Toyota a total of approximately $34 million.

Earthgrains and the Bakery Partnership: In FY 2002, EPA worked with the largest trade association for industrial bakers to reduce or eliminate leaks of ozone-depleting substances used in refrigeration equipment. Through a mixture of audits, compliance assistance, and incentives, 43 companies that own 250 baking facilities participated in this voluntary initiative and have already reduced or eliminated their use of CFC products.

In a separate matter, EPA and DOJ entered into a consent decree with a very large industrial baking company, Earthgrains, Inc., in September 2003. The national investigation of Earthgrains began in June 2000. In inspections of 67 of Earthgrains' facilities, EPA found that in 57 of the facilities, more than 300 giant dough mixers and other pieces of equipment containing hundreds of pounds of ozone-depleting refrigerant were leaking, violating the Clean Air Act. Earthgrains agreed to spend over $5 million to upgrade refrigeration and cooling appliances by converting them to a non-CFC refrigerant system, and also paid a $5,250,000 civil penalty for violations of stratospheric ozone protection regulations.

Southern Indiana Gas and Electric Company, Inc. (SIGECO): On Aug. 13, 2003, EPA and DOJ entered into a Clean Air Act settlement with the Southern Indiana Gas and Electric Company, Inc. (SIGECO) to resolve Clean Air Act violations first identified during an April 1999 inspection at the company's F.B. Culley coal-fired power plant (Culley Station). SIGECO agreed to spend approximately $30 million between now and 2007 to install state-of-the-art pollution controls to meet stringent pollution limits. The agreement requires SIGECO to install and/or upgrade state of the art air pollution controls at two of the Culley Station units, and elect to shut down a third unit or repower the unit with natural gas. Approximately 6,400 tons of SO_2 and 4,200 tons of NO_x emissions annually will be reduced from three coal-fired electricity generating plants in southern Indiana. In addition, SIGECO will retire pollution emission allowances that it or others could use to emit additional pollution into the environment. SIGECO will also spend $2.5 million to fund an environmentally beneficial project at the Culley Station to reduce sulfuric acid and improve local air quality, and pay a civil penalty of $600,000.

WATER

Olympic/Shell: On June 18, 2003, EPA entered into a consent decree with Olympic Pipe Line Co., and on June 30, 2003, EPA entered into a consent decree with Shell Pipeline Co. to resolve violations of the Clean Water Act from a fatal pipeline spill in Bellingham, Wash., in 1999. The Bellingham rupture from the pipeline resulted in the discharge of over 230,000 gallons of gasoline, forming a three-inch-thick layer on the surface of Hanna and Whatcom Creeks over 1.33 miles. Within 45 to 90 minutes of the rupture, the gasoline ignited, resulting in a fireball that traveled along Whatcom Creek for more than a mile, devastating everything in its path and generating a plume of smoke approximately six miles high. Two ten-year-old boys and a teenager were killed, and at least nine others were injured. One home was completely destroyed, and the spill and fire killed more than 100,000 fish as well as other aquatic and land organisms in the vicinity. Wildlife habitat was lost as 2.5 miles of riparian vegetation along both banks of Whatcom Creek was destroyed and mature-growth trees were damaged within a burn zone of 26 acres.

Under terms of the settlement agreement, Shell is required to pay civil penalties of $10 million, split equally between EPA and the Washington Department of Ecology (WDOE). Shell also must spend an estimated $72 million to conduct a federally supervised program lasting a minimum of five years to perform spill prevention and environmental protection work on more than 2100 miles of its main product pipelines in Colorado, Kansas, Illinois, Indiana, Ohio, Oklahoma, and Texas. The settlement with Olympic requires the pipeline company to pay civil penalties of $5 million, split equally between EPA and WDOE. Additionally, Olympic must spend an estimated $15 million to conduct a federally supervised spill prevention and mitigation program lasting a minimum of five years on the entire 400-mile Olympic Pipeline in the Washington and Oregon.

In addition, the Olympic Pipeline Co. (OPL) and the Equilon Pipeline Corp. (EPC), which is owned by Shell Oil Co., pleaded guilty to federal charges. The Court sentenced OPL to pay a $6 million criminal fine and serve five years' probation. EPC was ordered to pay a $15 million criminal fine. With total criminal and civil fines combined, this is the largest pipeline case ever brought in the United States.

City of Toledo, Ohio: On Dec. 19, 2002, a consent decree was entered into to resolve Clean Water Act violations at Toledo's waste water treatment plants. In August 2002, the City of Toledo entered into a settlement with EPA to renovate its sewer system. The settlement called for a fourteen-year program and a $433 million sewer upgrade, the largest single public works project ever undertaken by the City. The City Council put the issue of whether to agree to the settlement on the ballot to satisfy a city charter requiring a public vote on any project that exceeds 15% of the average yearly city budget. Toledo voters overwhelmingly supported the settlement, 78.7% voted in favor of the agreement, even though they knew that the settlement would result in higher sewer bills. Toledo voters made the choice to invest in a project that will be an important step in strengthening their community's quality of life, health, and long-term environmental viability.

The City agreed to make extensive improvements to its sewage treatment plant, collection, and transportation system by more than doubling the sewage treatment capacity and building a basin to hold excess. The City will address bypassing at a cost of approximately $157 million over the next five years, eliminate SSOs over the next five years at cost of between $40 and $80 million, and develop and implement a CSO Long Term Control Plan at a cost of approximately $236 million over the next fourteen years. These improvements will result in the elimination of approximately 800 million gallons of raw sewage discharges that currently occur in Toledo on an average annual basis. This, in turn, will remove approximately 2.3 million pounds of suspended solids that would otherwise be discharged per year, 542,000 pounds of Biological Oxygen Demand (BOD), and significant amounts of fecal coliform. The City also agreed to pay a $500,000 penalty to be shared with the State of Ohio, and will implement SEPs valued at $1 million to restore and provide access to wetlands and clean up contaminated properties.

Colonial Pipeline: On June 18, 2003, DOJ and EPA entered into a consent decree with Colonial Pipeline resolving allegations that the company violated the Clean Water Act on seven occasions by spilling 1.45 million gallons of oil from its 5,500-mile pipeline in five states. The oil spills from the pipeline damaged a variety of aquatic systems; in one spill in 1996, more that 950,000 gallons of diesel fuel spilled into the Reedy River in South Carolina, killing 35,000 fish and other species of wildlife, and dispersing more than thirty-four miles downstream. It can take years for an ecosystem to recover from damage caused by an oil spill.

In addition to paying the $34 million civil penalty, Colonial will upgrade environmental protection on the pipeline at an estimated cost of at least $30 million. Colonial is also required to pay for an independent monitoring contractor, approved by EPA, to ensure that the company incorporates these requirements into its existing programs and then implements the requirements.

Puerto Rico Aqueduct and Sewer Authority (PRASA): On July 1, 2003, DOJ and EPA entered into a settlement with the Puerto Rico Aqueduct and Sewer Authority (PRASA), resolving allegations dating from September 2000 that the company unlawfully discharged untreated sewage into the environment of Puerto Rico and violated pollutant discharge permits issued by EPA under the Clean Water Act. PRASA discharged raw sewage and other pollutants into navigable waters from 471 pump stations throughout the island of Puerto Rico, and failed to properly operate and maintain the pump stations.

The Consent Decree requires PRASA and the current operator of its aqueducts and sewers (ONDEO de Puerto Rico, Inc.) to complete construction and take other remedial actions to eliminate long-standing noncompliance at 185 sewage pump stations. The companies must also develop and implement a comprehensive plan for the operation and maintenance of PRASA's entire system of more than 600 pump stations, and implement a system-wide spill response and cleanup plan, at a total estimated cost of over $300 million. As the operation and maintenance plan is phased in, the discharges of raw sewage from PRASA's pump stations should diminish considerably. PRASA and its former operator, defendant Compania de Aguas de Puerto Rico, will also pay a $1 million civil penalty for their past violations of the Clean Water Act. In addition, PRASA has agreed to spend $1 million on a supplemental environmental project that will help low-income, rural communities improve the quality of their drinking water.

Cleanup Enforcement Cases (CERCLA)

ASARCO: EPA and DOJ achieved an innovative settlement for $125 million (including interest) with ASARCO under the authority of the Federal Debt Collection Procedures Act and the Federal Priorities Act. This settlement created an independent environment trust that provides funds to partially fulfill ASARCO's obligations under numerous federal and state consent decrees and administrative orders at Superfund and non-Superfund sites, work conducted for or by other Federal agencies, and work at sites where states are conducting or overseeing the work.

In addition, ASARCO may also be compelled to spend limited additional funds, totaling $7.5M, during 2003 through 2005. After this three-year period ends, ASARCO will again be subject to the requirements and enforcement of all existing, and any future, consent decrees and administrative orders.

Libby Asbestos Site - EPA Prevails in Superfund Cost Recovery Litigation: On March 29, 2001, EPA filed suit against W.R. Grace and Kootenai Development in the U.S. District Court, District of Montana, to recover response costs expended in responding to asbestos contamination in Libby, Mont. W.R. Grace contested most issues and raised multiple affirmative defenses, some of which were prohibited by the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). EPA prevailed on summary judgment motions concerning the adequacy of EPA's response actions and the inapplicability of most of the affirmative defenses. In January of 2003, the court held a three-day trial on the adequacy of EPA and Agency for Toxic Substances and Disease Registry (ATSDR) cost documentation and on the appropriateness of EPA's revised indirect cost methodology.

On Aug. 26, 2003, the court ruled in EPA's favor on all issues and ordered Grace to pay EPA $54.5 million and a declaratory judgment for future liability. The court ruling not only fully supported EPA's and ATSDR's cost documentation, but also found EPA's revised indirect cost methodology to be in accordance with government accounting standards and reasonable. This is EPA's first court ruling on the new indirect cost methodology. According to DOJ, the ruling also provides EPA the largest standing post-trial Superfund judgment in the history of the program. The timing and ultimate amount of payment will have to be determined through bankruptcy proceeding. EPA estimates future response costs to be about $65-75 million.

Settlement for OU1 Remedial Action; Fox River Site, Wisconsin: In September 2003, a CERCLA settlement was reached with two potentially responsible parties (PRPs), Wisconsin Tissue Mills and P.H. Glatfelter, that provides for performance of the Remedial Action for Operable Unit (OU) 1 of the Fox River Site in Wisconsin. The Fox River site is a PCB-contaminated sediment site located in the Fox River Valley of Wisconsin. From 1954 to 1971, several paper companies discharged approximately 700,000 pounds of PCBs into the Fox River, creating one of the last and largest uncontrolled sources of PCBs to Lake Michigan. It is estimated that the Fox River still contains 65,000 lbs. of PCBs in the sediment, with approximately 620 lbs. flushed into Green Bay annually. The settlement reached in September requires each PRP to make an initial payment of $25 million to an escrow account, and an additional $10 million will come from an earlier $40 million settlement. The PRPs will then use the $60M escrow account to finance the remedial action implementing the cleanup remedy selected in a December 2002 Record of Decision. Remedial design for OU1 was already being performed by one of the PRPs pursuant to an AOC that was entered into in July, 2003. The total cost of the response activities proposed for all OUs at the Fox River Site is estimated to be approximately $400 million. Negotiations for OUs 2-5 are expected to begin in early FY2004.

Criminal Enforcement Cases

Tanknology (False Reporting/UST): Tanknology-NDE, International, Inc., the nation's largest underground storage tank testing firm, will pay a $1 million criminal fine and restitution of $1.29 million to the United States for performing false tests at underground storage tanks at federal installations across the country, including U.S. Postal facilities, military bases and a NASA facility. Leaking USTs can present health and environmental risks, including the potential for fire and explosion.

Western Towing Corporation (Clean Water): Western Towing was prosecuted and fined for discharging untreated wastewater containing total suspended solids (including coke and gypsum) from barge cleaning operations into the Houston Ship Channel. As a result of the prosecution, the company that subsequently bought Western Towing installed a proper wastewater treatment system at the facility, reducing future pollution by an estimated 39.8 million pounds annually.

AGA International (CFC Smuggling/Income Tax Evasion): The lead defendant in a multi-year, multi-million dollar conspiracy to import and sell ozone-depleting CFCs by false pretenses and to avoid taxes was sentenced to a term of six years in prison and ordered to pay $1.8 million in restitution, as well as a fine of $12,500. He had previously forfeited more than $3 million in property and personal items. His co-conspirator was sentenced to a term of four years in prison and ordered to pay $1.2 million in restitution. Ten individuals have pleaded guilty to federal charges in connection with this investigation.

PCS Nitrogen, Inc. **(Clean Air**): PCS Nitrogen Inc., which operates a chemical plant in Geismar, La., was sentenced to pay a $1.75 million federal fine and a $250,000 state fine, as well as install over $9 million in additional pollution control equipment. The Geismar facility failed to include 20 sources of air pollution in the company's air permit.

Ashland Oil, Inc. (Clean Air): Ashland Oil, Inc., of Covington, Ky., was sentenced to pay $9.1 million in fines and restitution for conviction on negligent endangerment charges and for submitting a false certification to environmental regulators. Ashland will also pay an estimated $4 million for plant upgrades at its Minnesota refinery. The violations stem from an explosion and fire at the Refinery where one man was severely injured and five others were hurt. Ashland will pay $3.5 million to the severely injured man and pay medical coverage for him and his family for the rest of their lives. The other five injured workers will receive $10,000 each.

Koppers (Clean Water/Air): Koppers Industries Inc.,of Philadelphia, Pa., pleaded guilty to two felony violations of the Clean Water Act (CWA) and one felony violation of the Clean Air Act following releases of hazardous air and water pollutants at its coke production and coal by-products facility in Alabama. Koppers will pay a $2.1 million fine, pay $900,000 in restitution and community service and implement an environmental compliance program at its plants in the United States. It admitted that the facility emitted excess amounts of ammonia in its wastewater and its employees knowingly submitted a false report understating the levels. The CAA violation occurred when a gas blanketing system at the facility was improperly operated from April 1 to April 11, 1997. The release of ammonia to surface waters can significantly harm fish and wildlife and exposure to benzene is a known cause of cancer.

A Plus Environmental Services, Inc. (Asbestos): Joseph P. Thorn of Rensselaer, N.Y., former owner of A Plus Environmental Services, Inc., was sentenced to 14 years in prison and was ordered to forfeit $939,079 to the United States for illegal asbestos abatement and money laundering. The defendant's actions led to the illegal removal of asbestos at more than 1,100 facilities in central and upstate New York. The facilities included elementary schools, churches, nursing homes, hospitals, police barracks, a state office building and numerous other public buildings and private residences. Witnesses, including former employees, testified that Thorn directed "rip and strip" operations that caused "snow storms" of visible airborne asbestos. Some workers were knowingly sent into asbestos "hot zones" without being directed to wear respirators and others were sent in without being given sufficient replacement filters for respirators. Inhaling airborne asbestos is a known cause of lung cancer, a lung disease known as "asbestosis," and mesothelioma, which is a cancer of the chest and abdominal cavities.

Tyson Foods, Inc (Clean Water): Tyson Foods, Inc., pled guilty to 20 felony violations of the federal Clean Water Act and agreed to pay $7.5 million to the United States and the State of Missouri for illegal discharges at its Sedalia, Mo., processing plant. In addition, Tyson Foods will hire an outside environmental consultant to audit the Sedalia plant's environmental management program and will implement an improved environmental program based on the audit's findings. Between 1996 and 2001, the plant repeatedly discharged untreated or inadequately treated wastewater from the Sedalia plant in violation of the limits in its discharge permit. Repeated citations and lawsuits by the State of Missouri did not bring the plant into compliance.

Daniel Argil (Asbestos): Daniel Argil of Houston, Texas, was sentenced to serve 68 months in prison and pay fines exceeding $232,000 in restitution to the Morgan Colorado County School District for illegally handling asbestos at the Ft. Morgan High School, in Ft. Morgan, Colo. Argil admitted that he caused a substantial risk of death or serious bodily injury to NSCC employees during the removal and after they returned to the contaminated high school. Inhaling airborne asbestos is a known cause of lung cancer, a lung disease known as "asbestosis" and mesothelioma, which is a cancer of the chest and abdominal cavities.

<u>High Rise Services Company, Inc.</u> (Clean Water/Income Tax Evasion): High Rise Services Company Inc., of Leland, N.C., was sentenced to pay a $700,000 fine and to forfeit $400,000 to the federal government following convictions on Clean Water Act and income tax evasion violations relating to its business of re-refining used oils into useable products and cleaning storage tanks. The company's President had previously pled guilty to the negligent discharge of oil, failing to report a spill, and tax evasion, and was sentenced to two years in prison, a $50,000 fine and three years of supervised release.

Early FY 2004 Case Highlights

Air

VEPCO: In 1999, EPA began investigating widespread noncompliance with New Source Review requirements of the Clean Air Act (CAA). On April 21, 2003, EPA and DOJ announced a settlement with the Virginia Electric and Power Co. (VEPCO), the largest CAA settlement of an enforcement matter against a coal-fired power plant. EPA and DOJ entered into a consent decree on Oct. 3, 2003 resolving charges that the company violated the CAA by making major modifications to its power plants without installing equipment to control pollution that causes smog, acid rain, and soot. Between now and 2013, VEPCO will spend $1.2 billion to install new pollution control equipment and upgrade existing controls on several units in its /system, and will result in reductions of 237,000 tons of sulfur dioxide (SO_2) and nitrogen oxides (NOx) emissions each year from the company's eight coal-fired electricity generating plants in Virginia and West Virginia.

In addition to providing for major pollution reductions, VEPCO agreed to pay a $5.3 million civil penalty and spend at least $13.9 million for projects in each of the five states that participated in the settlement to offset the impact of past emissions. Specifically, VEPCO agreed to projects including the retrofit or other reduction of emissions from diesel engines, (including school buses), installation of photovoltaic cells on municipal buildings, purchase of conservation easements to preserve environmentally sensitive areas, and provision alternative-fueled vehicles for use in the Shenandoah National Park.

Chevron U.S.A. Inc.: In 1998, EPA began investigating widespread noncompliance with major provisions in the Clean Air Act across the petroleum refinery sector. On Oct. 16, 2003, DOJ, EPA and the U.S. Attorney, San Francisco, announced a comprehensive Clean Air Act settlement with Chevron U.S.A. Inc. The settlement is expected to reduce harmful air emissions by almost 10,000 tons per year from five U.S. petroleum refineries that represent more than 5% of the total refining capacity in the United States. The states of Hawaii, Mississippi, and Utah and the Bay Area Air Quality Management District in California joined the settlement, which is part of EPA's national effort to reduce air emissions from refineries. Chevron is the latest settlement under the Petroleum Refiners initiative that includes reducing pollution at 42 refineries across the United States that account for nearly 40% of domestic refining capacity.

The consent decree filed on Oct. 16, 2003 in U.S. District Court in San Francisco, Calif., requires Chevron to spend an estimated $275 million to install and implement innovative control technologies to reduce emissions at its refineries. Chevron's actions under this agreement will reduce annual emissions of nitrogen oxide (NOx) by more than 3,300 tons and sulfur dioxide

(SO_2) by nearly 6,300 tons–pollutants that can cause serious respiratory problems and exacerbate cases of childhood asthma.

In addition to providing for significant pollutant reductions, Chevron will also pay a $3.5 million civil penalty and spend more than $4 million on further emissions controls and other environmental projects in communities around the company's refineries. The states of Hawaii, Mississippi, and Utah and the Bay Area Air Quality Management District will share in the cash penalties and the benefits of the environmental projects to be performed by Chevron.