

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

In the Matter of

Chevron Corporation, a corporation, and
Texaco Inc., a corporation.

FTC Docket No. C-4023



**APPLICATION FOR APPROVAL OF THE
FEDERAL TRADE COMMISSION TO DIVEST
TEXACO REFINING AND MARKETING INC.
(THE EQUILON AND MOTIVA INTERESTS)
TO SHELL OIL COMPANY AND SAUDI REFINING, INC.**

Under the terms of the Commission's Decision and Order, the Texaco Alliance Trust ("the Trust") has been engaged in negotiations to divest the capital stock of Texaco Refining and Marketing Inc. ("TRMI"). TRMI holds Texaco's former interest in Equilon Enterprises LLC ("Equilon") and is the parent corporation of Texaco Refining and Marketing (East) Inc. ("TRMI (East)"), which in turn holds Texaco's former interest in Motiva Enterprises LLC ("Motiva"). On October 8, 2001, the Commission was provided a Memorandum of Understanding between Texaco Inc. ("Texaco"), Shell Oil Company ("Shell") and Saudi Refining, Inc. ("SRI") that outlined a proposed sale of these interests to Shell and SRI. Subsequent to that time, the Trust, Texaco, Shell and SRI have continued negotiations toward definitive agreements that would satisfy the Commission's Order to divest the interests to an acceptable buyer with the prior approval of the Commission. Decision and Order at III. Attached as Exhibit A to this Application are signed copies of a Stock Purchase Agreement for Shell's purchase of all of the capital stock of TRMI and a Purchase and Sale Agreement for SRI's purchase of a portion of TRMI (East)'s Motiva holdings, together with other agreements and schedules ancillary to them. I ask that these exhibits be treated confidentially under the 5 U.S.C. § 552 and Section 4.10(a)(2) of the Commission's Rules. 16 C.F.R. § 4.10(a)(2) as they contain confidential business information.

I believe that the transactions provided for in the agreements satisfy the remedial purposes of the Decision and Order. Among other things, Shell and SRI have already been approved as buyers and together already control the assets in question. The terms of the agreements are largely self-explanatory, and thus, will not be described in detail here. A few salient points bear mention, however.

Upon consummation of the transactions contemplated by the agreements, Shell and SRI will acquire all of Texaco's former interests in Equilon and Motiva.

Texaco is a party to these agreements despite the fact that the TRMI and TRMI (East) were placed into the Trust because, in order to induce Shell and SRI to acquire the former Texaco interests in Equilon and Motiva, Texaco has agreed to indemnify Shell and SRI from certain potential liabilities arising from the assets and operations of Equilon and Motiva that have or may be alleged to have attached before the formation of the Trust. These are described in the Stock Purchase and Purchase and Sale Agreements as well as in the Master Indemnity Agreement and the Safety, Health and Environmental Indemnity Agreements and pertain primarily to potential environment liabilities, potential tax obligations, and potential liability relating to intellectual property and other aspects of past operations.

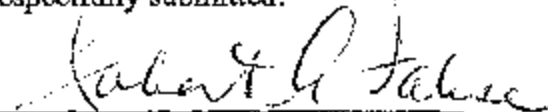
The ancillary agreements attached include the Amended and Restated Trade Name and Trademarks License Agreements covering Equilon and Motiva. The Decision and Order required that Texaco offer to extend the Texaco brand license for motor fuels on an exclusive basis until at least June 30, 2002 for Equilon and June 30, 2003 for Motiva. Decision and Order IV. The attached Agreement extends that license to Equilon and Motiva until 2004, on an exclusive basis, and until 2006 on a non-exclusive basis, in order to facilitate Shell's and SRI's effort to re-brand. The Agreements also call for various quality control and other measures to maintain the appearance and image of the various marks covered by the Agreements. The ancillary agreements also include Waiver and Releases (Exhibit N) in which, subject to certain conditions, Motiva and Equilon waive and release certain deed restrictions, as well as all amounts owed by owners, dealers or wholesale marketers under facility development incentive

program agreements in effect as of September 7, 2001 which amounts may become due as a result of the loss of the Texaco brand.

Finally, Article 11 of the Stock Purchase Agreement and Article 10 of the Purchase and Sale Agreement permits any of the Parties to terminate the agreements if closing has not occurred on or before the 45th day following the date of signing. The termination provision was designed to accommodate the divestiture timetable in the Decision and Order in the event that conditions to the closing to the divestiture are not satisfied or waived.

The Trust is available to discuss any questions that might arise from the Commission's review of this Application.

Respectfully submitted:



Robert A. Falise
Chairman and Divestiture Trustee
Texaco Alliance Trust