

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (the "Settlement Agreement") is made and entered into _____, 2012, by and between Chevron U.S.A. Inc., Texaco Downstream Properties Inc., Union Oil Co. of California, and related entities and affiliates as defined in paragraphs 2 and 9 of this Settlement Agreement ("Chevron"), and the State of Utah (the "State"). Chevron and the State are sometimes referred to collectively herein as the "Settling Parties."

RECITALS

A. Chevron has submitted applications for reimbursement to the Utah Petroleum Storage Tank Fund (the "Fund") for various sites in the State. The State approved, in part, Chevron's applications and reimbursed Chevron, in part, for remediation costs associated with underground storage tanks and service stations.

B. Chevron completed a series of settlements relating to environmental liabilities prior to the date of this Settlement Agreement, including Chevron's "omnibus" insurance claims in the 1990s, insurance litigation filed by Texaco in the 1990s (including Four Star Oil & Gas Co. et al v. Allianz Insurance Co et al., No. BC 036994), coverage claims made by Union Oil against insurers before 2002, and the Union Oil Consol. Coverage Cases, Case No. BC 271474 (Consolidated with Case Nos. BC 287966 and BC 287535) ("Coverage Claims").

C. The State claims, among other things, that Chevron had obtained insurance payments from these settlements for the costs of remediation on the same sites for which the State had reimbursed Chevron from the Fund, and that Chevron was therefore required to repay the State for the Fund payments.

D. The State further contends, among other things, that Chevron misrepresented the availability of insurance coverage when it completed the applications for reimbursement, that Chevron was not entitled to payments from the Fund, and that Chevron should have repaid the payments to the State along with those penalties, fines, exemplary damages, attorneys' fees, costs, and interest to which the State was entitled by law.

E. Chevron denies the State's claims and maintains, among other things, that it has not misrepresented any circumstances or any facts, and that it was factually and legally entitled to the payments from the Fund.

F. Chevron and the State desire to bring about a just and amicable resolution of the issues described in this Settlement Agreement, without resort to any legal action, and therefore enter into this Settlement Agreement to resolve, fully and finally, their dispute and all potential claims.

TERMS OF AGREEMENT

1. **Payment to the State.** In exchange for the Release and Covenant Not to Sue set forth in this Settlement Agreement, and other good and valuable consideration, the receipt and

sufficiency of which is hereby acknowledged, Chevron will pay the Fund the sum of \$1.8 Million (the "Settlement Payment"). The Parties acknowledge that the settlement amount does not constitute or include the payment of any fine or penalty. The Settlement Payment shall be made by wire transfer to "Bank of Utah, Salt Lake City, UT ABA # 124300107, Beneficiary Bank: Bank of Utah, Beneficiary: Winder & Counsel, P.C. Trust Account, Beneficiary Acct. # 12054491" within fifteen (15) calendar days after full execution of this Settlement Agreement. Wiring instructions will be provided to Chevron upon full execution of this Settlement Agreement. After receiving the funds from Chevron, Winder & Counsel, P.C. will wire the net recovery, after attorney fees, to the State as instructed by the Utah Division of Environmental Response and Remediation.

2. **Release and Covenant Not to Sue.** In exchange for the Payment described in Paragraph 1, the State shall and does forever release and discharge, and covenants not to sue, Chevron and its past and current officers, directors, members, employees, representatives, stockholders, affiliates, parents, subsidiaries, partners, agents, servants, insurers, sureties, predecessors, successors, assigns, receivers, executors, administrators, beneficiaries, and any and all entities (including partnerships, corporations, and joint ventures of any kind) in which Chevron has or has had an interest equal to or exceeding 10% ownership, directly or indirectly (hereinafter the "Chevron Parties"), from and concerning any and all past, present, and future liability, rights, claims, demands, damages, causes of action, or controversies of every kind and description, whether known or unknown, and regardless of the legal theory: (a) related to or in any manner arising out of applications or claims for reimbursement filed with the State, or disclosures or communications related thereto, or for payments made from the Fund as a result of those applications, claims, disclosures, or communications; (b) that the Chevron Parties or any other person, party, corporation, or entity received or was eligible to receive as payments or other recovery from any other source, including insurance coverage for the cost of environmental remediation of any property; (c) for payments the Fund has made or may in the future make to third parties or subsequent owners of any sites currently or formerly owned, operated, or supplied by the Chevron Parties ("indirect claims"); and (d) for penalties, fines, exemplary damages, attorney fees, costs, and interest arising from or related to applications for reimbursement submitted to the Fund on or before the date of this Settlement Agreement.

The Parties acknowledge and agree that the Chevron Parties are hereby released from any and all past, present, and future liability, rights, claims, demands, damages, causes of action, or controversies of every kind and description, whether known or unknown, relating to any: (a) past or future failure to disclose facts relating to the Coverage Claims; (b) past or future overlapping recovery or unjust enrichment arising from the settlements of the Coverage Claims; or (c) past or future ineligibility or reduction in eligibility for Fund reimbursements as a result of the Coverage Claims or settlements thereof.

The parties agree that this Settlement Agreement does not release Chevron from any current or future obligation on the part of Chevron to take any corrective action as required by Utah state law. Chevron and the State agree that Chevron may submit applications to the Fund for reimbursement of the costs of such corrective action. Notwithstanding the foregoing, Chevron agrees not to apply to the Fund after the date of this Settlement Agreement for reimbursement of corrective action costs or third party claims incurred in the State on or before the date of this Settlement Agreement, except that Chevron may apply to the Fund for

reimbursement of costs incurred at any time in connection with the following four sites: 6000052 680 West 1800 South Beaver, UT; 4000217 367 West 7200 South Midvale, UT; 1200036 4210 South Harrison Blvd. Ogden, UT; and 4001435 8980 South Redwood Road, West Jordan, UT.. The Parties also recognize and agree that, should Chevron acquire service stations or other property in Utah (or any entity owning or operating service stations or other property) after the date of this Settlement Agreement, Chevron (or the entity acquired by Chevron) may apply for reimbursement of corrective action costs at such stations or property regardless of when such corrective action costs were incurred and such reimbursements shall not be affected by this Settlement Agreement.

This release does not cover criminal liability under any local or state statute or regulation, except for criminal liability arising from or related to applications for reimbursement submitted to the Fund on or before the date of this Settlement Agreement, any disclosures therein and any criminal liability arising from or related to the Coverage Claims.

Each Settling Party acknowledges that it may hereafter discover facts different from, or in addition to, those which it now knows to be or believes to be true with respect to the matters covered by this Settlement Agreement, and agrees that this Settlement Agreement and the obligations imposed and the release contained in it shall remain in effect in all respects, notwithstanding such different or additional facts or the subsequent discovery thereof.

3. No Admission of Liability. The Settling Parties understand and agree that nothing contained in this Settlement Agreement is to be considered as an admission of liability or fault, and any such liability or fault is expressly denied.

4. Ownership of Claims. The Settling Parties represent and warrant that they are not aware of any other person or entity that has any interest in the claims, demands, obligations, or causes of action referred to in this Settlement Agreement; that each has the right and authority to execute this Settlement Agreement and, as applicable, to receive the payment specified in it; that the claims, demands, obligations, or causes of action referred to in this Settlement Agreement have not been sold, assigned, transferred, conveyed, or otherwise disposed of and are free and clear of any pledges, charges, equities, claims, covenants, liens, or encumbrances; and that there are no other persons or entities who now have the rights of the respective parties to proceed against the other on any action, cause of action, claim, demand, damage, or controversy arising out of or relating to the matters released in this Settlement Agreement, as of the effective date of this Settlement Agreement.

5. Authority. The Settling Parties represent and warrant that they have all necessary and appropriate authority to enter into and execute this Settlement Agreement and be legally bound thereby. Each person signing this Settlement Agreement in a representative capacity represents and warrants that he/she has the full and complete authority to execute this Settlement Agreement on behalf of his/her principal or employer, and that upon execution the Settlement Agreement shall be binding upon his/her principal or employer.

6. Costs and Expenses. All fees, costs, and expenses incurred by the Settling Parties in this matter, in negotiating this Settlement Agreement, and in attaining this settlement, shall be paid by the parties incurring them, including, but not limited to, legal fees and costs.

7. **Acknowledgments.** Each of the Settling Parties declares that it has read and understands the terms of this Settlement Agreement, that it has been represented by counsel in the negotiation, execution, and delivery of this Settlement Agreement, and that it executes this Settlement Agreement voluntarily after consultation with counsel. Each of the Settling Parties participated in the drafting of this Settlement Agreement. In the event of any ambiguity, the Settling Parties agree that it shall not be construed against either of them.

8. **Warranties.** Except as expressly set forth in this Settlement Agreement, the Settling Parties have not made and make no other representations, warranties, statements, promises, or agreements to each other.

9. **References.** References made in this Settlement Agreement, including use of the pronoun "it," shall be deemed to include, where applicable, masculine, feminine, singular or plural, individuals, government entities, partnerships, or corporations. As used in this Settlement Agreement, "person" shall mean any natural person, government entity, corporation, partnership, limited partnership, trust, estate, or other entity, and the term "affiliate" shall mean any partnership, corporation, or other entity or joint venture of any kind in which such person has or had an interest equal to or exceeding 10% ownership, or which currently or formerly controls, is or was controlled by, or is or was under common control with such person.

10. **Non-Prejudice and Construction of Agreement.** This Settlement Agreement is specific to the Settling Parties only and is the product of informed negotiations that involves compromises of the Settlement Parties' previously stated legal positions. Accordingly, this Settlement Agreement does not reflect the Parties' views as to their rights and obligations with respect to matters or entities outside the scope of this Settlement Agreement. This Settlement Agreement is without prejudice to positions taken by Chevron or the State with regard to those not party to this Settlement Agreement. The State hereby expressly reserves its right to pursue any and all claims pertaining to co-obligors, including but not limited, to other oil companies under Utah Code Ann. §15-4-4. This agreement shall not be admissible for any purpose in any suit, action, adjudication, or other proceeding, except related to the enforcement of this Settlement Agreement.

11. **Captions and Headings.** The captions and headings, to the extent used in this Settlement Agreement are for reference purposes only and shall not be taken into account in construing or interpreting this Settlement Agreement.

12. **Invalid Provisions.** If any provision of this Settlement Agreement is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Settlement Agreement, the Settling Parties shall negotiate in good faith so as to replace each invalid, illegal or unenforceable provision with a valid, legal and enforceable provision which will, in effect, from an economic viewpoint, most nearly and fairly approach the effect of the invalid, illegal or unenforceable provision and the intent of the parties entering into this Agreement.

13. **Counterparts.** This Settlement Agreement may be executed in counterparts, each of which shall be deemed an original instrument, but all of which together shall constitute one and the same instrument.

14. **Applicable Law.** This Settlement Agreement shall be interpreted, construed, and enforced in accordance with the laws of the State of Utah (without regard to the conflicts of law principles thereof). Any dispute arising out of or based upon this Settlement Agreement or related to the enforcement thereof shall be brought in the Third District Court, Salt Lake County, Utah, which shall be the exclusive venue for any such action.

15. **Entire Agreement and Successors and Assigns.** This Settlement Agreement is a fully integrated agreement which sets forth the entire agreement and understanding of the Settling Parties concerning the subject matter of this Settlement Agreement. This Settlement Agreement shall be binding upon the successors and assigns of the Settling Parties and may not be waived, rescinded, canceled, terminated, supplemented, amended, or modified in any manner without the prior written consent of both Chevron and the State.

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AGREED TO AND ACCEPTED:

CHEVRON U.S.A. INC. *of.*
By: *Frank G. Soler*
Title: Frank G. Soler, Assistant Secretary
Date: 2 November 2012

THE STATE
By: *Brent H. Everett*
Title: DIVISION DIRECTOR
Date: 22 October 2012

TEXACO DOWNSTREAM PROPERTIES INC. *of.*
By: *Frank G. Soler*
Title: Frank G. Soler, Vice President and Secretary
Date: 2 November 2012

APPROVED AS TO FORM
By: *Paul M. McCool*
Title: Assistant Attorney General - Utah
Date: October 22, 2012

Legal Counsel for the State

UNION OIL COMPANY OF CALIFORNIA INC. *of.*
By: *Frank G. Soler*
Title: Frank G. Soler, Assistant Secretary
Date: 2 November 2012

APPROVED AS TO FORM
By: *[Signature]*
Title: Senior Counsel
Date: 11/2/12

Legal Counsel for Chevron