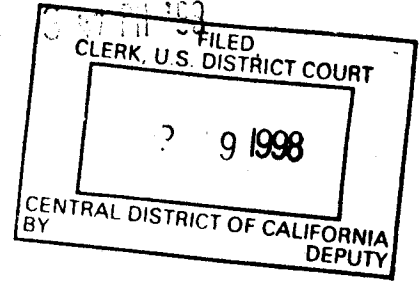
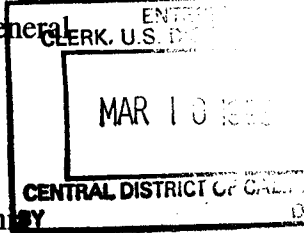


1 DANIEL E. LUNGREN, Attorney General
of the State of California
2 RODERICK E. WALSTON
Chief Assistant Attorney General
3 RICHARD N. LIGHT
Deputy Attorney General
4 BARBARA MOTZ,
Acting Assistant Attorney General
5 State Bar No. 66933
300 South Spring St.
6 Los Angeles, CA 90013
Telephone: (213) 897-2691

7 Attorneys for State of California



8
9 IN THE UNITED STATES DISTRICT COURT
10 FOR THE CENTRAL DISTRICT OF CALIFORNIA

11
12 **STATE OF CALIFORNIA,**

13 Plaintiff,

14 v.

15 **SHELL OIL COMPANY, a Delaware**
16 **corporation, and TEXACO, INC., a**
Delaware corporation,

17 Defendants.

Case No. CV-97-9356-IH
(VAPx)

CONSENT DECREE

18
19
20 Plaintiff, the State of California, filed its Complaint herein and defendants, Shell Oil
21 Company and Texaco, Inc., were duly served with copies of the Summons and Complaint.
22 Defendants, by and through their attorneys, have consented to the entry of this Consent
23 Decree without trial or adjudication of any issue of fact or law herein and have waived notice
24 of presentation of this Consent Decree. This Consent Decree does not constitute any
25 evidence against or an admission by any party with respect to any issue of law or fact herein.

26 WHEREAS, defendants have agreed to be bound by the provisions of this Consent
27 Decree;

28

1 B. "Defendants" means Shell and Texaco, individually and jointly, and the Joint
2 Venture.

3 C. "Divestiture Period" means six months from the date the Commission either
4 finally approves or rejects the Agreement Containing Consent Order, File 971-0026, In the
5 Matter of Shell Oil Company and Texaco Inc., or by November 15, 1998, whichever is
6 earlier. Provided however, if the Commission has approved the Agreement and (1) the
7 defendants have fully complied with this Consent Decree; (2) defendants within four (4)
8 months after issuance of the Commission's final Order have submitted a complete application
9 in support of the divestiture of the San Diego Divestiture Assets, (including the buyer,
10 manner of divestiture and all other matters subject to the plaintiff's approval); and (3) the
11 plaintiff has approved the divestiture and has not withdrawn its acceptance; but (4)
12 defendants have certified to the plaintiff within ten (10) days after its approval that the
13 Commission, notwithstanding timely and complete application by defendants to the
14 Commission, has failed to approve the divestiture under the Commission's Order, then the
15 time in which the divestiture is required to be completed under this Consent Decree shall be
16 extended for sixty (60) days. During such sixty (60) day period, defendants shall exercise
17 utmost good faith and best efforts to resolve the concerns of the Commission.

18 D. "Huntway" means Huntway Refining Company, with offices located at 1651
19 Alameda Street, Wilmington, California 90744, and any of its successors or assigns that
20 continue the operation of Huntway's asphalt refinery at Benecia, California.

21 E. "Huntway Supply Agreement" means the agreement or agreements between
22 Huntway and Texaco pursuant to which Texaco will supply heavy crude oil to Huntway from
23 the San Joaquin Valley, dated November 25, 1997, and filed separately under seal as Exhibit
24 A to the Consent Decree. Subject to the provisions of Paragraph VI.C. of this Consent
25 Decree, Huntway and defendants may from, time to time, amend the Huntway Supply
26 Agreement.

27 F. "Joint Venture" means the joint venture between Shell and Texaco known as
28 "Westco" (publicly announced on March 18, 1997 and described in a Memorandum of

1 Understanding of the same date) and any other combination of defendants' U.S. refining and
2 marketing affecting the State of California, and all of their directors, officers, employees,
3 agents and representatives, predecessors, successors, and assigns; subsidiaries, divisions,
4 groups and affiliates, and the respective directors, officers, employees, agents, and
5 representatives, successors, and assigns of each.

6 G. "Long Term Lease" means a lease the terms of which allow defendants to
7 divest to the acquirer of Retail Assets a right to occupy the Retail Site for ten years or longer
8 from the date of divestiture, and where such divestiture is not subject to a landlord approval
9 or, if subject to such approval, defendants have obtained the necessary approval prior to the
10 divestiture. A "Long Term Lease" does not include a leasehold interest in which any
11 defendant is a lessor.

12 H. "Retail Assets" means, for each Retail Site, all assets, tangible or intangible,
13 that are used at that Retail Site, including but not limited to all related permits and contracts,
14 and all assets, relating to all ancillary businesses (such as automobile mechanical service,
15 convenience store, restaurant or car wash) located at each Retail Site. Defendants shall make
16 good faith diligent efforts to obtain all third-party approvals necessary to convey all licenses,
17 permits, consents, and ancillary businesses with each Retail Site. "Retail Assets" do not
18 include defendants' proprietary trademarks, trade names, logos, trade dress, identification
19 signs, additized product inventory, petroleum franchise agreements, petroleum product supply
20 agreements, credit card agreements, satellite-based or centralized credit card processing
21 equipment not incorporated in gasoline dispensers, or system-wide software and databases. .
22 Upon divestiture, defendants shall cancel all dealer leases, dealer loans, building incentive
23 agreements, and related dealer agreements between defendants and their lessee dealers
24 applicable to divested Retail Sites.

25 I. "Retail Site" means a business establishment from which gasoline is sold to the
26 general public, commonly known as a gasoline station or service station.

27 J. "San Diego Divestiture Assets" means a package of San Diego Retail Assets,
28 to be identified by defendants and approved by plaintiff, that (1) in the aggregate had retail

1 gasoline sales of at least 43,200,000 gallons during calendar year 1996; (2) contains no
2 individual Retail Site that averaged less than 85,000 gallons of gasoline sales per month
3 during 1996; (3) complies with applicable federal and state 1998 requirements for
4 underground storage tanks; and (4) for each Retail Site, defendants can convey fee ownership
5 or a Long Term Lease.

6 K. "San Diego Retail Assets" means all Retail Assets in San Diego County,
7 California, that are owned by Defendants or leased by Defendants from another person.

8 L. "San Diego" means the County of San Diego.

9 M. "Shell" means Shell Oil Company, its directors, officers, employees, agents
10 and representatives, predecessors, successors, and assigns, and its joint ventures including
11 the Joint Venture, and its subsidiaries, divisions, groups and affiliates controlled by Shell,
12 and the respective directors, officers, employees, agents, and representatives, successors, and
13 assigns of each.

14 N. "Texaco" means Texaco, Inc., its directors, officers, employees, agents and
15 representatives, predecessors, successors, and assigns, its joint ventures including the Joint
16 Venture, and its subsidiaries, divisions, groups and affiliates controlled by Texaco, and the
17 respective directors, officers, employees, agents, and representatives, successors, and assigns
18 of each.

19 III.

20 APPLICABILITY

21 A. The provisions of this Consent Decree apply to the defendants, their successors
22 and assigns, their subsidiaries, affiliates, directors, officers, managers, agents, and
23 employees, and all other persons in active concert or participation with any of them who
24 shall have received actual notice of this Consent Decree by personal service or otherwise.

25 B. Nothing herein shall suggest that any portion of this Consent Decree is or has
26 been created for the benefit of any third party and nothing herein shall be construed to
27 provide any rights to third parties.

28

1 gasoline sales of at least 43,200,000 gallons during calendar year 1996; (2) contains no
2 individual Retail Site that averaged less than 85,000 gallons of gasoline sales per month
3 during 1996; (3) complies with applicable federal and state 1998 requirements for
4 underground storage tanks; and (4) for each Retail Site, defendants can convey fee ownership
5 or a Long Term Lease.

6 K. "San Diego Retail Assets" means all Retail Assets in San Diego County,
7 California, that are owned by Respondents or leased by Respondents from another person.

8 L. "San Diego" means the County of San Diego.

9 M. "Shell" means Shell Oil Company, its directors, officers, employees, agents
10 and representatives, predecessors, successors, and assigns, and its joint ventures including
11 the Joint Venture, and its subsidiaries, divisions, groups and affiliates controlled by Shell,
12 and the respective directors, officers, employees, agents, and representatives, successors, and
13 assigns of each.

14 N. "Texaco" means Texaco, Inc., its directors, officers, employees, agents and
15 representatives, predecessors, successors, and assigns, its joint ventures including the Joint
16 Venture, and its subsidiaries, divisions, groups and affiliates controlled by Texaco, and the
17 respective directors, officers, employees, agents, and representatives, successors, and assigns
18 of each.

19 III.

20 APPLICABILITY

21 A. The provisions of this Consent Decree apply to the defendants, their successors
22 and assigns, their subsidiaries, affiliates, directors, officers, managers, agents, and
23 employees, and all other persons in active concert or participation with any of them who
24 shall have received actual notice of this Consent Decree by personal service or otherwise.

25 B. Nothing herein shall suggest that any portion of this Consent Decree is or has
26 been created for the benefit of any third party and nothing herein shall be construed to
27 provide any rights to third parties.

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IV.

DIVESTITURE OF ASSETS

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2
3 A. Defendants are hereby ordered and directed, within the Divestiture Period, to
4 divest to a single acquirer, absolutely, in good faith, and at no minimum price, the San
5 Diego Divestiture Assets.

6 B. Defendants shall divest the San Diego Divestiture Assets only to a single
7 acquirer that receives the prior approval of the plaintiff, only in a manner that receives the
8 prior approval of plaintiff, and only after plaintiff has approved the specific Retail Assets to
9 be divested.

10 C. The purpose of the divestiture is to ensure the continued use of the San Diego
11 Divestiture Assets in the same business in which the San Diego Divestiture Assets were
12 engaged prior to the formation of the proposed Joint Venture, and to remedy the lessening of
13 competition and the proposed act(s) or practice(s) of unfair competition in the wholesale and
14 retail sales of gasoline in San Diego resulting from the proposed Joint Venture as alleged in
15 the plaintiff's Complaint.

16 D. Defendants shall establish to the satisfaction of the plaintiff: (1) that the
17 acquirer has the managerial, operational, and financial capability to compete effectively as a
18 viable, ongoing retailer of gasoline in San Diego; (2) that the purchase is for the purpose of
19 competing effectively in the retailing of gasoline in San Diego; and (3) that the acquisition of
20 the divested assets will not adversely affect competition in the retailing of gasoline in San
21 Diego.

22 E. Plaintiff's decision to approve or disapprove the acquirer shall be based on the
23 criteria set forth in Paragraph IV.D.

24 F. Pending the divestiture of the San Diego Divestiture Assets, defendants shall
25 take such actions as are necessary to maintain the viability, marketability, and
26 competitiveness of the San Diego Retail Assets and to prevent the destruction, removal,
27 wasting, deterioration, or impairment of any of the San Diego Retail Assets, except for
28 ordinary wear and tear. Defendants shall take no action that would jeopardize the divestiture

1 of the San Diego Retail Assets. Defendants shall continue at their scheduled pace all capital
2 projects involving the San Diego Retail Assets that were ongoing, planned or approved as of
3 or after October 1, 1997 and otherwise maintain the San Diego Retail Assets until the date of
4 divestiture to the same standards and on the same schedule as defendants have been
5 maintaining the San Diego Retail Assets. Defendants shall not remove or degrade the brand
6 identification at the San Diego Retail Assets to be divested, until the San Diego Divestiture
7 Assets are divested.

8 G. In accomplishing the divestiture ordered by this Consent Decree, the
9 defendants shall make known, by usual and customary means, the availability of the San
10 Diego Divestiture Assets. The defendants shall provide a copy of the Consent Decree to any
11 person making inquiry regarding a possible purchase. The defendants shall also offer to
12 furnish to any bona fide prospective purchaser, subject to customary confidentiality
13 assurances, all customary and reasonably necessary information regarding the San Diego
14 Divestiture Assets, except such information subject to attorney-client privilege or attorney
15 work product immunity or other legally recognized privilege. As set forth in Paragraph
16 IV.H. herein, the defendants shall make such information available to the plaintiff unless
17 such information has already been provided to plaintiff. Defendants shall permit bona fide
18 prospective purchasers of the San Diego Divestiture Assets to have access to personnel and to
19 make such inspection of physical facilities and any and all financial, operational, or other
20 documents and information as may be relevant to the divestiture required by this Consent
21 Decree, and is of a kind that is customarily provided in the sale of retail gasoline stations.

22 H. Defendants shall take all reasonable steps to accomplish quickly the
23 divestitures contemplated by this Consent Decree.

24 I. Beginning sixty (60) days from the date when this Consent Decree becomes
25 final, and every sixty (60) days thereafter until the divestiture has been completed or a
26 trustee is appointed, defendants shall deliver to plaintiff a written report as to the fact and
27 manner of compliance with Paragraph IV of the Consent Decree. Each such report shall
28 include, for each person who during the preceding sixty (60) days made an offer, expressed

1 an interest or desire to acquire, entered into negotiations to acquire, or made an inquiry
2 about acquiring any ownership interest in all or any portion of the divestiture assets, the
3 name, address, and telephone number of that person and a detailed description of each
4 contact with that person during that period, as well as written communications to and from
5 each person, and all internal memoranda and all reports and recommendations concerning the
6 divestiture, except such information subject to attorney-client privilege or attorney work
7 product immunity or other legally recognized privilege. Defendants shall maintain full
8 records of all efforts made to divest all or any portion of the San Diego Divestiture Assets.

9 J. Defendants shall indemnify the State for any and all liability, losses, claims,
10 and damage the State may incur by reason of the defendants' failure to comply with their
11 obligations, if any, under the Petroleum Marketing Practices Act, 28 U.S.C. section 2801 *et*
12 *seq.*, or Chapter 7.5 of the California Business and Professional Code, in connection with the
13 sale of the San Diego Divestiture Assets. Provided, however, the indemnity shall not include
14 costs and attorneys' fees associated with any legal action under such laws.

15 K. For a period of twelve (12) months from the date the San Diego Divestiture
16 Assets are transferred to the acquirer, defendants shall not enter into any franchise agreement
17 with the acquirer to supply gasoline or other refined petroleum products to those divested
18 Retail Sites.

19 L. Following divestiture, for a period of ten years, defendants, either individually
20 or jointly, shall not, without providing thirty (30) days advanced written notice to the
21 plaintiff, acquire directly or indirectly, through subsidiaries, partnerships or otherwise, in
22 any twelve month period calendar year: (a) more than five Retail Sites selling gasoline to
23 consumers in San Diego; or (b) the stock, share capital, equity or other controlling interest in
24 any concern, corporate or non-corporate, that owns more than five Retail Sites selling
25 gasoline to consumers in San Diego. If, within the thirty (30) days after receiving such
26 notice plaintiff makes a written request for additional information or documentation,
27 defendants shall not consummate the transaction until twenty (20) days after submitting such
28 additional information or documentation. Provided, however, in the case of an acquisition of

1 the stock, share capital, equity or other controlling interest in any concern that owns more
2 than five Retail Sites selling gasoline to consumers in San Diego, defendants may
3 consummate the transaction without providing additional information and documents or
4 waiting twenty (20) additional days, if defendants make a binding commitment to divest, on
5 terms acceptable to plaintiff, sufficient Retail Sites in San Diego so that defendants acquire
6 no more than five Retail Sites net through the acquisition.

7 V.

8 APPOINTMENT OF TRUSTEE

9 A. In the event that defendants have not divested the San Diego Divestiture Assets
10 within the Divestiture Period and that time has not been extended by plaintiff in writing,
11 plaintiff, subject to Paragraph V.B. of this Consent Decree, shall have the right to apply to
12 the Court to appoint as trustee David Prend or, if David Prend is unable to serve as trustee,
13 another person or persons agreed upon by Plaintiff and the Commission, if the Commission
14 has the right to appoint a trustee pursuant to the Commission Consent Order File 971-0026.
15 Plaintiff shall provide to the defendants and to the Commission notice of any application to
16 the Court for the appointment of a trustee.

17 B. If David Prend is unable to serve as trustee, the selection of a candidate to be
18 trustee shall be a person with experience and expertise in acquisitions and divestitures and
19 shall be subject to the consent of defendants, which consent shall not be unreasonably
20 withheld. If defendants have not opposed, in writing, including the reasons for opposing, the
21 appointment of any proposed trustee, within ten (10) days after notice by the plaintiff to
22 defendants of the identity of any proposed trustee, defendants shall be deemed to have
23 consented to the selection of the proposed trustee.

24 C. The trustee may select Retail Assets from among all of defendants' San Diego
25 Retail Assets that defendants own in fee or can divest a Long Term Lease for divestiture in
26 accordance with the requirements of Paragraph IV and the definition of San Diego
27 Divestiture Assets.

28

1 D. Within ten (10) days after appointment of the trustee, defendants shall execute
2 a trustee agreement that has been approved by plaintiff, which approval shall not be
3 unreasonably withheld, that transfers to the trustee all rights and powers necessary to permit
4 the trustee to effect the divestitures required by this Consent Decree.

5 E. The trustee shall have twelve (12) months from the date the trust agreement is
6 approved to accomplish the divestiture, which shall be subject to the prior approval of
7 plaintiff. The Court, upon Plaintiff's application, may extend the time period for divestiture,
8 if, at the end of the twelve-month period, the trustee has submitted a plan of divestiture or
9 believes the divestiture can be accomplished within a reasonable period of time. Plaintiff
10 may apply to the Court to extend this period only two (2) times.

11 F. After the appointment of a trustee becomes effective, only the trustee shall
12 have the right to divest the San Diego Divestiture Assets. Unless the plaintiff otherwise
13 consents in writing, the divestiture shall be made to an acquirer for whom it is demonstrated
14 to the sole satisfaction of the plaintiff: (1) that the acquirer has the managerial, operational
15 and financial capability to compete effectively as a viable, ongoing retailer of gasoline in San
16 Diego; (2) that the purchase is for the purpose of competing effectively in the retailing of
17 gasoline in San Diego; and (3) that the acquisition of the divested assets will not adversely
18 affect competition in the retailing of gasoline in San Diego.

19 G. The trustee shall have the power and authority to hire, at the cost and expense
20 of defendants, any investment bankers, attorneys, or other agents or assistants reasonably
21 necessary in the judgment of the trustee to carry out the trustee's duties and responsibilities.
22 Subject to the obligations set forth in Paragraph V.J. herein and other fiduciary obligations,
23 the trustee shall have the power and authority to accomplish the divestiture at the earliest
24 possible time to an acquirer acceptable to the plaintiff and shall have such other powers as
25 this Court shall deem appropriate. Defendants shall not object to a sale by the trustee on any
26 grounds other than (1) the trustee's malfeasance, (2) gross negligence, (3) breach of fiduciary
27 duty, or (4) that the sale is contrary to the express terms of this Consent Decree. Any such
28

1 objections by defendants must be conveyed in writing to the plaintiff and the trustee within
2 ten (10) days after the trustee has provided the notice required under Paragraph VII.

3 H. The trustee shall serve at the cost and expense of defendants on reasonable and
4 customary terms and conditions, and shall account for all monies derived from the sale of the
5 assets sold by the trustee and all costs and expenses so incurred. The compensation of such
6 trustee, and that of any professionals and agents retained by the trustee, shall be reasonable
7 in light of the value of the divestiture assets and based on a fee arrangement providing the
8 trustee with an incentive tied to the price and terms of the divestiture. Upon the completion
9 of his or her obligations under the trust agreement, the trustee shall prepare an accounting,
10 reflecting all costs, expenses, sales and fees paid to professionals and agents retained by the
11 trustee. If the defendants do not object to the accounting within 10 days, the trustee shall
12 pay all remaining monies to defendants and the trust shall then be terminated. If the
13 defendants object to the trustee's accounting, the defendants shall file the trustee's accounting
14 and their objections with the Court, and the trustee shall make payment of the remaining
15 monies, if any, in accordance with the Court's orders.

16 I. Defendants shall use their best efforts to assist the trustee in accomplishing the
17 required divestiture. The trustee, and any consultants, accountants, attorneys, and other
18 persons retained by the trustee, shall have, to the extent relevant to the San Diego Retail
19 Assets, full and complete access to the personnel, books, records, and facilities of
20 defendants, and defendants shall develop such financial or other information relevant to such
21 assets as the trustee may reasonably request, subject to reasonable protection for privileged
22 communications, trade secrets, or other confidential research, development, or commercial
23 information. Defendants shall take no action to interfere with or to impede the trustee's
24 accomplishment of the divestiture.

25 J. The trustee shall use his or her best efforts to negotiate the most favorable
26 price and terms for the assets to be divested, subject to defendants' absolute and
27 unconditional obligation to make the divestiture required by this Consent Decree at no
28 minimum price. The divestiture shall be made in the manner and to the purchaser as set out

1 in Paragraph IV of this Consent Decree; provided, however, if the trustee receives bona fide
2 offers from more than one purchaser, and if the plaintiff approves more than one such
3 purchaser, the trustee shall divest to the purchaser selected by defendants from among those
4 approved by the plaintiff.

5 K. Defendants shall indemnify the trustee and hold the trustee harmless against
6 any losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the
7 performance of the trustee's duties, including all reasonable fees of counsel and other
8 expenses incurred in connection with the preparation for, or defense of any claim, whether or
9 not resulting in any liability, except to the extent that such liabilities, losses, damages,
10 claims, or expenses result from misfeasance, gross negligence, willful or wanton acts, breach
11 of fiduciary duty, or bad faith by the trustee.

12 L. After its appointment, the trustee shall file reports every sixty (60) days with
13 the parties and the Court setting forth the trustee's efforts to accomplish the divestiture
14 ordered under this Consent Decree.

15 M. The appointment of a trustee, or failure to appoint a trustee, is not an
16 exclusive remedy and shall not preclude the plaintiff from seeking civil penalties or any other
17 relief available to it, for defendants' failure to comply with this Decree.

18 VI.

19 CRUDE PIPELINE ACCESS

20 A. Defendants shall provide heavy crude oil to Huntway pursuant to the Huntway
21 Supply Agreement for a period of ten years from the effective starting date of the Huntway
22 Supply Agreement. The Huntway Supply Agreement shall be fully assignable to any
23 successor of Huntway that continues to operate the asphalt refinery now operated by
24 Huntway, and may be cancelled by Defendants only if Huntway's asphalt refinery ceases
25 operations "permanently," as such "permanent" cessation is defined in the Huntway Supply
26 Agreement.

27 B. The purpose of the requirements of this Paragraph is to ensure that Texaco's
28 volumes and prices of undiluted heavy crude oil supplied to Huntway are unaffected by

1 changes in Texaco's incentives as a result of combining with Shell, so as to prevent (1) the
2 raising of costs for undiluted heavy crude oil to Shell's asphalt competitor, and (2) the
3 raising of prices for asphalt in northern California, as alleged in the plaintiff's Complaint.

4 C. For a period of ten (10) years from the date this Consent Decree becomes
5 final, defendants shall not, without the prior approval of the plaintiff, directly or indirectly,
6 reduce the volumes offered to Huntway, increase the price for crude oil supplied to
7 Huntway, or terminate the Huntway Supply Agreement, except according to the terms of the
8 Huntway Supply Agreement. Any amendment to the Huntway Supply Agreement relating to
9 an increase in price, a decrease in volume, or termination shall not be effective until
10 approved by the plaintiff, provided, however, that any such amendment shall be deemed
11 approved unless the plaintiff notifies defendants, within ninety (90) days of the plaintiff
12 receiving actual notice of the amendment, of the plaintiff's intention to consider the
13 amendment further.

14 VII.

15 NOTIFICATION OF PROPOSED DIVESTITURE

16 Within two (2) business days following execution of a letter of intent or a definitive
17 agreement for sale of the San Diego Divestiture Assets, defendants or the trustee, whichever
18 is then responsible for effecting the divestiture required herein, shall notify the plaintiff of
19 any proposed divestiture required by Paragraph IV or V of this Consent Decree. If the
20 trustee is responsible, he or she shall likewise notify Defendants. The notice shall set forth
21 the details of the proposed transaction and list the name, address, and telephone number of
22 each person not previously identified who offered or expressed an interest in or desire to
23 acquire any ownership interest in the divestiture assets, together with full details of the same.

24 Within fifteen (15) days after receipt of the notice, the plaintiff may request additional
25 information concerning the proposed divestiture, the proposed purchaser, and any other
26 potential purchaser. Defendants or the trustee shall furnish the additional information within
27 fifteen (15) days of the receipt of the request. Within thirty (30) days after receipt of the
28 notice or within fifteen (15) days after receipt of the additional information, whichever is

1 later, the plaintiff shall notify in writing defendants and the trustee, if there is one, if it
2 objects to the proposed divestiture. If the plaintiff fails to object within the period specified,
3 or if the plaintiff notifies in writing defendants and the trustee, if there is one, that it does
4 not object, then the divestiture may be consummated, subject only to defendants' limited
5 right to object to the sale under Paragraph V.G. Upon objection by the plaintiff, or upon
6 objection by defendants under Paragraph V.G., the proposed divestiture shall not be
7 accomplished unless approved by the Court.

8 VIII.

9 COMPLIANCE INSPECTION

10 A. Defendants shall provide Plaintiff with an annual verified report, detailing the
11 manner in which they have complied and are complying with the provisions of this Consent
12 Decree. Said annual report shall be due at the same time similar verified reports are filed
13 with the Commission, or if such reports are not filed with the Commission, then on the
14 anniversary of the signing of this Consent Decree.

15 B. For the purpose of determining or securing compliance with this Consent
16 Decree, and subject to any legally recognized privilege, from time to time:

17 1. Duly authorized representatives of the plaintiff, including consultants
18 and other persons, shall, upon the written request of the plaintiff, and on reasonable notice to
19 Defendants made to its principal offices, be permitted:

20 a. access during office hours to inspect and copy all books,
21 ledgers, accounts, correspondence, memoranda, and other records and
22 documents in the possession or under the control of defendants, which
23 may have counsel present, relating to any matters contained in this
24 Consent Decree; and

25 b. subject to the reasonable convenience of defendants and without
26 restraint or interference from them, to interview directors, officers,
27 employees, and agents of defendants, or of the joint venture which may
28 have counsel present, regarding any such matters.

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2 C. For the State:
3 BARBARA M. MOTZ
4 Acting Assistant Attorney General
5 300 South Spring St.
6 Los Angeles, CA 90013

7 X.

8 RETENTION OF JURISDICTION

9 Jurisdiction is retained by this Court for the purpose of enabling any of the parties to
10 this Consent Decree to apply to this Court at any time for such further orders and directions
11 as may be necessary or appropriate for the construction, implementation, or modification of
12 any of the provisions of this Consent Decree, for the enforcement of compliance herewith,
13 and for the punishment of any violations hereof.

14 XI.

15 COMMISSION ORDER

16 Any action or inaction by Defendants that is required by any order of the Commission
17 relating to File 971-0026, In the Matter of Shell Oil Company and Texaco, Inc., or the order
18 of any court shall not violate this Consent Decree.

19 XII.

20 OTHER RELIEF

21 A. If defendants fail to comply with the terms of this Consent Decree, the Court
22 shall enter an award of civil penalties, pursuant to Calif. Bus. & Prof. Code section 17207,
23 for violations of this Consent Decree. Provided however, it shall not be deemed
24 noncompliance pursuant to this Paragraph XII.A. if the Defendants' noncompliance is the
25 result of:

- 26 1. the failure of the purchaser to take possession of the San Diego
27 Divestiture Assets pursuant to an executed agreement;
- 28 2. the failure to divest as the result of inconsistent actions by plaintiff and
the Commission on an application for divestiture; or

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3. any divestiture of the San Diego Divestiture Assets by the defendants that has been approved by the Commission pursuant to any Decree of the Commission relating to File 971-0026, In the Matter of Shell Oil Company and Texaco, Inc.

B. Plaintiff is awarded its attorneys' fees and costs in the amount of \$106,250.00. Defendants shall pay this sum to plaintiff within thirty (30) days of entry of this Consent Decree.

XIII.

TERMINATION OF PROVISIONS

This Consent Decree will expire on the tenth anniversary of the date of its entry.

XIV.

PUBLIC INTEREST

Entry of this Consent Decree is in the public interest.

DATED this 9 day of ^{March 1998} ~~December, 1997~~.

IRVING HILL

UNITED STATES DISTRICT JUDGE

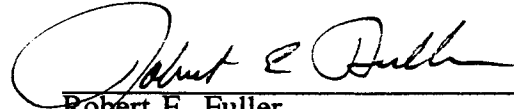
Presented by:

State of California, by:
DANIEL E. LUNGREN, Attorney General
of the State of California
RODERICK E. WALSTON,
Chief Assistant Attorney General

Barbara M. Motz
BARBARA M. MOTZ,
Acting Assistant Attorney General
Attorneys for Plaintiff

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TEXACO, INC.



Robert E. Fuller
Senior Attorney *STATE BAR No. 171770*
TEXACO, INC.
10 Universal City Plaza
University City, CA 91608
(818) 505-3916

Attorney for Defendant
Texaco, Inc.

SHELL OIL COMPANY by:



Charles W. Corddry III
Senior Attorney
SHELL OIL COMPANY
One Shell Plaza
910 Louisiana
Houston, TX 77002

Attorney for Defendant
Shell Oil Company