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From the Los Angeles Times

## **MTBE contamination settlement could cost oil companies \$423 million**

More than 500 lawsuits in California and 19 other states over groundwater fouled by the gasoline additive are resolved.

By Janet Wilson

Los Angeles Times Staff Writer

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Chevron, BP and other major oil companies have agreed to pay \$423 million to settle more than 500 lawsuits brought by water suppliers and users in California and 19 other states over groundwater contaminated with the gasoline additive MTBE.

In California, 11 plaintiffs would receive more than \$78 million plus possible reimbursement for future treatment of nearly 1,100 wells, attorneys said.

The suits alleged that the oil companies were responsible for contamination in underground aquifers in the city of Riverside, portions of San Diego and Sacramento counties and elsewhere across the nation by adding methyl tertiary butyl ether, or MTBE, to gasoline as a way to reduce air pollution.

The proposed settlement was filed Wednesday with U.S. District Judge Shira Scheindlin in New York, who will review it.

The six oil companies that didn't agree to settle include Exxon Mobil Corp., the world's largest publicly traded company.

Federal regulators have said that MTBE is a possible carcinogen at high doses, and California law limits exposure to 13 parts per billion in water.

It can render water undrinkable because of its offensive smell and taste, according to the U.S. Environmental Protection Agency.

Attorney Vic Sher of San Francisco, who is representing 20 of the water districts that sued, said the proposed settlement was "a large step toward making sure that the parties responsible for this problem pay for it, rather than the folks who drink the water and pay the rates."

He added, "The documents and the testimony are pretty darn overwhelming that the companies knew that MTBE was a different kind of water contaminant, and was a water contaminant, and that there were ways the problem could have been avoided."

But attorney Rick Wallace of Washington, D.C., who is a liaison with the court for the 12 companies, said Sher's statements were not true.

"MTBE is not a contaminant . . . and this settlement does not say that," he said.

He said the companies had told regulators about the potential problems and benefits of the additive as far back as the 1980s.

He said that the additive had greatly reduced deadly air pollution.

Several states, including California, have banned use of MTBE, and it has been phased out elsewhere since Congress dropped a requirement in 2006 that gasoline have pollution-reducing oxygenates such as MTBE.

He said the companies might have prevailed in a trial, but could have also faced far larger costs.

Exxon Mobil spokeswoman Prem Nair said the company would not settle any of the MTBE cases.

"These cases are without merit, and the plaintiffs have not suffered any physical damage, and we will defend this vigorously," she said, adding Sher's charges were "totally inaccurate."

Oil company representatives argued that the requirements of the federal Clean Air Act forced them to use MTBE because there were insufficient supplies of alternatives.

But Sher alleges the companies used the chemical because it was cheaper and that they could have taken more measures to keep MTBE from leaking or seeping out of gas station tanks and pipes.

It was not immediately clear how much of the settlement money would go to water providers to help cover costs of installing costly filters to scrub out MTBE, and how much will be paid to attorneys.

Several other California counties and communities have won large settlements from the fuel additives' producers, including a \$69-million award in South Lake Tahoe, and a \$120-million settlement in Santa Monica.

After those settlements, oil industry representatives sought blanket protection from Congress against MTBE lawsuits by having a measure tacked into a massive energy bill proposed by the House of Representatives.

It ultimately was removed from the law.

janet.wilson@latimes.com

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