California Oil Price-Fixing Case Settled

By RICHARD W. STEVENSON,
Published: August 17, 1991

California officials said today that four big oil companies had agreed to settle a long-running price-fixing case for more than $180 million.

Chevron, Mobil, Shell and Texaco each agreed to pay $45 million to settle the case, which centered on charges that they had conspired to set artificially low prices for oil they purchased from the state in the 1970's and 80's, the officials said.

As part of the settlement, the four companies also agreed to let other oil companies use some of their pipelines in California, a step that the State Controller, Gray Davis, said would allow California to charge higher prices for oil pumped from state lands. Mr. Davis said the increased revenues to the state were estimated at $40 million over 10 years. Only Exxon Has Not Settled

Two other companies, the Unocal Corporation and the Atlantic Richfield Company, had previously agreed to settle the case. Unocal settled in February, agreeing to a cash payment of $49.8 million and other provisions valued by the state at $27 million. ARCO settled its part of the case in 1984 for $22.5 million in cash.

Only one of the seven original defendants, the Exxon Corporation, has not settled. Exxon's portion of the case is scheduled to go to trial here next month.

The case dates to 1975, when the state and the City of Long Beach filed a suit accusing the companies of artificially depressing the price they would pay for oil pumped from the Wilmington oilfield, an area of tidal lands in which the state and the city shared oil rights. The suit was later expanded to include the 1971-77 and 1980-85 periods.

The oil companies all denied the price-fixing charges, and none of the settlements, including the ones announced today, included any admission of liability. The suit at one point was dismissed by a Federal judge, but then reinstated by a Federal appeals court. It had not yet gone to trial.

"Since day one, this has been a politically motivated case," said Robert A. Mittelstaedt, a lawyer in San Francisco who worked on the case for the Chevron Corporation. Noting that the price of oil doubled during the period covered by the lawsuit, he said that any claim that the companies were fixing prices was "absurd."

California officials portrayed the settlement as a victory for the state's taxpayers and a financial windfall at a time when the state has struggled to balance its budget.

"The people of California must be treated respectfully as customers and partners, not as victims and targets for fleecing," Lieut. Gov. Leo T. McCarthy said.

The agreement is subject to approval by Gov. Pete Wilson and a variety of other state officials, as well as state and Federal courts.

6. Where Is Our Ferdinand Pecora?
7. Frank Rich: A President Forgotten but Not Gone
8. London Journal: Atheists Decide to Send a Message, on 800 Buses
9. In Quiet Rebellion, Parishioners Keep Faith
10. Fighting Off Depression

Go to Complete List »

INSIDE NYTIMES.COM

TELEVISION »

Suspenseful Corporate Litigation Returns

REAL ESTATE »

In Egypt, Living on a Farm

DINING & WINE »

Saving a Squirrel by Eating One

OPINION »

Editorial: America's Colonial Capital

Washington deserves full voting rights in Congress.

POLITICS »

Congressional Black Caucus Assesses Its Role

OPINION »

Jeff Scher: 'You Won't Remember This Either'

Home | World | U.S. | N.Y. / Region | Business | Technology | Science | Health | Sports | Opinion | Arts | Style | Travel | Jobs | Real Estate | Autos | Back to Top

 | Privacy Policy | Search | Corrections | RSS | First Look | Help | Contact Us | Work for Us | Media Kit | Site Map