

Welcome to TimesPeople
What's this?

TimesPeople Lets You Share and Discover the Best of NYTimes.com

6:31 PM

Get Started
No, thanks

HOME PAGE MY TIMES TODAY'S PAPER VIDEO MOST POPULAR TIMES TOPICS

My Account Welcome, johnadonovan Log Out Help

The New York Times

Business

Business All NYT Search

WORLD U.S. N.Y. / REGION BUSINESS TECHNOLOGY SCIENCE HEALTH SPORTS OPINION ARTS STYLE TRAVEL JOBS REAL ESTATE AUTOS

MEDIA & ADVERTISING WORLD BUSINESS SMALL BUSINESS YOUR MONEY DEALBOOK MARKETS RESEARCH MUTUAL FUNDS MY PORTFOLIO ALERTS



Advertise on NYTimes.com

Oil Giants to Settle Water Suit

By JAD MOUAWAD
Published: May 8, 2008

Some of the nation's largest oil companies have agreed to pay about \$423 million in cash to settle a lawsuit brought by more than a hundred public water providers, claiming water contamination from a popular gasoline additive.

The terms of the settlement were submitted for approval in the federal court for the Southern District of New York. Under the terms of the deal, the companies also agreed to pay 70

percent of the future cleanup costs over the next 30 years.

The defendants that agreed to the settlement include [BP](#), [Royal Dutch Shell](#), [ConocoPhillips](#), [Chevron](#), [Marathon Oil](#), [Valero Energy](#), Citgo and [Sunoco](#). Six other companies named in the lawsuit, including [Exxon Mobil](#), did not agree to the deal, said Scott Summy, a lawyer at Baron & Budd and a counsel for the plaintiffs.

In the lawsuit, the plaintiffs, which include 153 public water systems in New York, [California](#) and 15 other states, claimed that the additive, a chemical called methyl tertiary butyl ether, or M.T.B.E., was a defective product that led to widespread contamination of groundwater. The suit contended that the chemical was used by oil companies, even though they knew of the environmental and health risks that it posed.

Low levels of M.T.B.E. can make drinking water supplies unpalatable because of its "offensive taste and odor," according to the [Environmental Protection Agency](#). The agency has also found that the compound caused cancer in laboratory rats that were exposed to high doses.

Since the mid-1990s, hundreds of lawsuits have been brought against oil companies for their use of the chemical. This deal, if approved, would be the largest settlement to date.

M.T.B.E. has been used since 1979 to increase octane levels in gasoline, but its use became more widespread after the 1990 Clean Air Act mandated the use of an oxygenate in certain cities to reduce smog and other pollutants.

When mixed with gasoline, the additive ensured that the fuel burned more thoroughly, thereby reducing air pollution.

But after being widely adopted, it was found to corrupt groundwater. Even in small amounts, the additive makes water smell and taste like turpentine.

The use of M.T.B.E. is now banned in 23 states, including New York and California.

E-MAIL

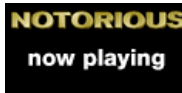
PRINT

REPRINTS

SAVE

SHARE

ARTICLE TOOLS
SPONSORED BY



More Articles in Business »

Get a Degree in the USA



Advertise on NYTimes.com

MOST POPULAR - BUSINESS

E-MAILED BLOGGED

1. News Analysis: Nationalization Gets a New, Serious Look
2. The Talented Mr. Madoff
3. Pfizer Agrees to Pay \$68 Billion for Rival Drug Maker Wyeth
4. Bad Times Spur a Flight to Jobs Viewed as Safe
5. Economic View: Six Errors on the Path to the Financial Crisis
6. Everybody's Business: Deep in Debt, and Now Deep in Worry
7. Green-Light Specials, Now at Wal-Mart
8. Advertising: Infomercials Find Their Way to Television's Prime Time
9. At Davos, Crisis Culls the Guest List
10. Prototype: Cellphones as Credit Cards? Americans Must Wait

Go to Complete List »

The New York Times REAL ESTATE
nytimes.com/realestate



What you get for ... \$850,000

Also in Real Estate:

In 2005, some 130,000 barrels of M.T.B.E. were produced a day, representing about 1 percent of the nation's gasoline supplies. Oil companies stopped using it in 2006.

The oil industry has fought hard to avoid penalties related to its use of the additive, arguing that it should not be forced to pay for the cleanup of a product that it was mandated to use. Estimates of the cost of a total cleanup of M.T.B.E. have run to the tens of billions of dollars.

In 2003, the Republican-dominated Congress tried to pass a provision that would have shielded M.T.B.E. manufacturers from litigation, but failed because of strong opposition in the Senate. A second attempt to add a lawsuit shield also failed during discussion of the 2005 energy bill.

“No court has ruled that gasoline with M.T.B.E. is a defective product,” said Rick Wallace, a lawyer at Wallace King Domike & Reiskin in [Washington](#), who represents Chevron and Shell. “This settlement does not concede the point. Quite the contrary, the settling companies are prepared to vigorously defend the product.”

The high risk of lawsuits related to M.T.B.E. has prompted the oil industry to stop using it and look for another gasoline additive. That eventually led to the development and use of ethanol as an oxygenate replacement.

Peter J. Sacripanti, a lawyer representing Exxon at McDermott Will & Emery, said that Exxon did not plan to settle and would “vigorously defend” itself.

“Exxon's position is very simple,” he said. “When it engages in conduct that injures people, it pays recompense for that. In all these cases, our conduct did not cause injury, or cause damages. Our conduct was lawful.”

The suit, first filed in 2003 by public water providers in several states, was eventually consolidated into a single federal case.

The pending case will go to trial in September in New York.

Robert J. Gordon, of Weitz & Luxenberg in New York, also represented the plaintiffs.

[More Articles in Business »](#)

[Download the historic Nov. 5 issue of The New York Times Electronic Edition.](#)

Ads by Google

what's this?

[Titan Oil Tanks](#)

Titan Ecosafe Talking Oil Tanks Low Prices Quick Free UK Delivery
www.BHL.co.uk/Titan_Oil_Tanks

[Is Your Bank In Trouble?](#)

Free list Of Banks Doomed To Fail. The Banks and Brokers X List. Free!
www.MoneyAndMarkets.com

[Red Diesel](#)

Red Diesel Same or Next Day Delivery Supplied in Bulk or Barrel
www.crownoil.co.uk

Tips

To find reference information about the words used in this article, double-click on any word, phrase or name. A new window will open with a dictionary definition or encyclopedia entry.

Past Coverage

- [Oil Companies Settle MTBE Pollution Suit \(May 7, 2008\)](#)
- [Record Profits Reported for BP and Shell \(April 30, 2008\)](#)
- [Going Deep; The Gulf of Mexico Holds a Lot of Oil, but Recovering It Isn't Easy \(November 8, 2006\)](#)
- [A Mix of Oil and Environmentalism; Russia's Government Plays the Regulation Card in Its Energy Deals \(October 6, 2006\)](#)

Related Searches

- | | |
|---|---------------------------|
| BP Plc | Add Alert |
| Royal Dutch/Shell Group | Add Alert |
| ConocoPhillips Inc | Add Alert |
| Chevron Corp | Add Alert |

[What you get for ... \\$600.000](#)
[What you get for ... \\$270.000](#)
[What you get for ... \\$150.000](#)

ADVERTISEMENTS

Get Times Reader Free. A Digital Newspaper That Reads Like The Real Thing.



Ads by Google

what's this?

[Fuel Tank Removal](#)

Specialist Contractor Fuel & Storage Tank Removal
www.kph-environmental.com

[Chubb Safes UK & Ireland](#)

Security Safes, Fire & Data Safes, Fireproof Document Filing Cabinets
www.granite-safes.co.uk

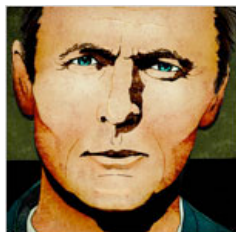
[MBA without Bachelor](#)

The University of Wales ONLINE MBA at Robert Kennedy College, Zurich
wales.college.ch

INSIDE NYTIMES.COM



BOOKS »



Books of The Times: John Grisham's 'The Associate'

OPINION »



Letters: Toward a More Energy-Efficient Future

WORLD »



African Villagers Bet on the Future Price of Rice

OPINION »

Zoom: Mirror, Mirror...

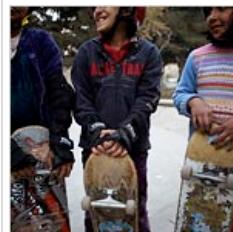
Errol Morris asks editors from three news agencies to discuss the photographic record of George W. Bush's presidency.

U.S. »



Far From Wall Street, a Bank and a Robber

SPORTS »



Skateboarding Provides Levity For Afghan Kids

[Home](#) | [World](#) | [U.S.](#) | [N.Y. / Region](#) | [Business](#) | [Technology](#) | [Science](#) | [Health](#) | [Sports](#) | [Opinion](#) | [Arts](#) | [Style](#) | [Travel](#) | [Jobs](#) | [Real Estate](#) | [Automobiles](#) | [Back to Top](#)
[Copyright 2008 The New York Times Company](#) | [Privacy Policy](#) | [Search](#) | [Corrections](#) | [RSS](#) | [First Look](#) | [Help](#) | [Contact Us](#) | [Work for Us](#) | [Site Map](#)