SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into as of February 12, 2024 (the "Effective Date"), by and between CHEVRON U.S.A. INC. ("Chevron"), a Pennsylvania corporation, and the BAY AREA AIR QUALITY MANAGEMENT DISTRICT (the "Air District"), each sometimes referred to herein as a "Party" or collectively as the "Parties."

RECITALS

The Air District is the agency with primary responsibility for the control of air pollution from stationary sources in the San Francisco Bay Area Air Basin.

The San Francisco Bay Area Air Basin encompasses Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, and Santa Clara Counties, and the southern portions of Solano and Sonoma Counties.

Chevron operates a petroleum refining facility located in the City of Richmond and within the San Francisco Bay Area Air Basin that is regulated by the Air District (the "Richmond Refinery").

In 2015, the Air District first adopted Regulation 6, Rule 5, a regulation that applies to particulate matter ("PM") emissions from petroleum refinery fluidized catalytic cracking units ("FCCUs") ("Rule 6-5").

On July 21, 2021, the Air District and its Board of Directors approved and adopted amendments to Rule 6-5 ("Amendments"), to which Chevron's Richmond Refinery is subject.

Rule 6-5, as amended on July 21, 2021, requires that, pursuant to Section 6-5-301.3, effective July 21, 2026, Chevron shall not cause emissions of total particulate matter 10 microns or less in diameter as defined in the regulation ("TPM") from the Richmond Refinery's FCCU that exceed 0.010 grains per dry standard cubic foot, corrected to 5% oxygen ("TPM Emission Limit").

On September 7, 2021, Chevron filed a Petition for Writ of Mandate in the Superior Court of the State of California for the County of Contra Costa, which was docketed as *Chevron U.S.A. Inc. v. Bay Area Air Quality Management District*, case number MSN21-1739 (the "Lawsuit").

In the Lawsuit, Chevron alleges, among other things, that the Air District's adoption of the Amendments violated the California Environmental Quality Act ("CEQA") and its implementing regulations (Pub. Res. Code § 21000, *et seq*.; Cal. Code Regs., title 14, § 15000, *et seq*.) and certain provisions of the California Health & Safety Code (H&SC §§ 40000, *et seq*.); and also alleges that the Air District violated the California Public Records Act (Cal. Const., Art. I, § 3(b)(1); Gov. Code §§ 7920, *et seq*.).

Also on September 7, 2021, Martinez Refining Company LLC ("MRC") filed a Petition for Writ of Mandate in the Superior Court of the State of California for the County of Contra Costa, which was docketed as *Martinez Refining Company LLC. v. Bay Area Air Quality Management District*, case number MSN21-1568 (the "Related Case"). The Related Case alleges substantially

the same violations of California law as the Lawsuit, other than a cause of action under the California Public Records Act.

The Air District filed Answers to the Lawsuit and Related Case on or about February 24, 2023. In its Answers, the Air District denies that it violated any legal requirements and maintains that the Amendments were properly adopted in accordance with all applicable legal requirements.

All substantive briefing in the Lawsuit and Related Case has been completed and a writ of mandate trial has been set for February 29, 2024.

Based on the best information available to it at this time, Chevron has concluded that installation of a Wet Gas Scrubber at the FCCU at the Richmond Refinery will place it in the best position for achieving long-term compliance with the TPM Emission Limit.

The installation of a Wet Gas Scrubber at the Richmond Refinery to comply with the TPM Emission Limit will take time for Chevron to obtain permits from the City of Richmond and other governmental entities and to undertake construction and commissioning of the Wet Gas Scrubber equipment.

The Parties therefore anticipate that the FCCU at the Richmond Refinery will not be able to operate in compliance with the TPM Emission Limit by the July 21, 2026, date on which the TPM Emission Limit takes effect, and may not be able to do so for some time thereafter while permitting and construction of a Wet Gas Scrubber is underway.

Chevron currently abates PM emissions from the FCCU using an electrostatic precipitator ("ESP").

Chevron's permit currently requires Chevron to keep the ESP fully energized at all times when the FCCU is in operation (with certain limited exceptions).

Chevron contends that maintaining the ESP in an energized condition while the FCCU is operating in startup, shutdown, or hot standby, or during certain upset conditions, poses a material safety risk.

An effective way to address this safety concern related to operation of the ESP during these specified operating modes, while still abating PM emissions, is to utilize a Wet Gas Scrubber to abate PM emissions from the FCCU, which Chevron anticipates doing for purposes of complying with Rule 6-5.

The purposes of this Agreement, which the Parties have negotiated in good faith, include: (1) dismiss the Lawsuit through full and final settlement of the disputed claims presented therein; (2) establish terms, conditions, and a framework under which the Air District will enforce the TPM Emission Limit against Chevron for any operation of the FCCU in violation of the TPM Emission Limit on or after July 21, 2026, as set forth in this Agreement; (3) establish terms, conditions, and a framework under which the Air District will enforce the conditions in Chevron's permit relating to de-energizing the FCCU ESP during FCCU startup, shutdown, hot standby, and certain upset conditions while Chevron is implementing the Wet Gas Scrubber project; (4) require Chevron to implement interim emission reductions at the FCCU at the

Richmond Refinery to reduce PM emissions; (5) establish a Community Air Quality Fund to fund beneficial projects to reduce PM emissions from other sources outside the Richmond Refinery and to reduce PM exposures for members of the community; (6) assess penalties against Chevron, and require Chevron to implement certain compliance measures to minimize flaring and reduce flaring impacts at the Richmond Refinery, to settle and resolve outstanding Notices of Violation the Air District has issued to Chevron between 2019 and 2023, among other violations or alleged violations; and (7) reimburse the Air District for its outside attorneys' fees and other litigation costs it has incurred as a result of the Lawsuit.

NOW, THEREFORE, based on the foregoing recitals, and in consideration of the mutual promises, covenants, and obligations herein, the sufficiency of which consideration is hereby expressly acknowledged by all Parties, the Parties agree to the following terms in settlement of the Lawsuit.

1. DISMISSAL OF THE LAWSUIT

1.1 Within two court days after the Effective Date, Chevron shall make an appropriate filing with the court seeking, and shall thereafter diligently pursue, voluntary dismissal of the Lawsuit, inclusive of all causes of action therein, with prejudice.

1.2 If the court grants dismissal of the Lawsuit, then:

a. Chevron will not participate in, or support in any way, MRC's position, arguments or claims in the Related Case, including but not limited to any appeal(s) or petition(s) that may be filed in the Related Case; and

b. If MRC is successful in the Related Case, resulting in the issuance of a writ or other order invalidating the Amendments or remanding them to the Air District for further rulemaking activity or environmental or other review, then Chevron shall not oppose, or seek judicial review of, any action by the Air District to re-adopt a rule with substantially identical requirements as the Amendments. A re-adopted rule shall be considered substantially identical if (i) the total PM_{10} emission limit is exactly the same as the TPM Emission Limit, and (ii) all other provisions related to any pollutant, testing method, or compliance determination are substantially the same as the Amendments, with the exception that the compliance deadline for any provisions in the rule (including but not limited to the total PM_{10} emission limit) may be up to five (5) years after the date of re-adoption ("Re-Adopted Rule 6-5 Amendments").

1.3 Notwithstanding anything else in this Section 1, this Agreement does not alter, waive, or abrogate any right that any Party may have to (i) prosecute or defend the Lawsuit in the event that the court declines to dismiss the Lawsuit, or (ii) enforce the terms of this Agreement. Nor does this Agreement alter, waive, or abrogate any right that Chevron has to challenge future modifications or amendments to Rule 6-5, or to any other rule or regulation that the Air District may propose

and/or adopt, provided however, that Chevron shall not oppose or seek judicial review of any Re-Adopted Rule 6-5 Amendments.

1.4 Mutual Release. Effective on the same day as dismissal of the Lawsuit, should such dismissal be granted by the court, the Parties, through this Agreement and subject to Sections 1.3 and 8.1, shall release and forever discharge each other and their respective beneficiaries, predecessors, successors, assigns, partners, partnerships, parent companies, subsidiaries, affiliates and related entities, officers, directors, principals, agents, servants, employees, representatives, and all persons, firms, petitioners, and/or persons or entities connected with each of them, including, without limitation, their insurers, sureties, attorneys, consultants, and experts from any and all claims, debts, damages, liabilities, demands, obligations, costs, expenses, attorney fees, disputes, actions and causes of action of every nature, whether known or unknown, suspected or unsuspected, that each Party may hold or have against each other as a result of the Air District's adoption of the Amendments, including, but not limited to those claims set forth in the Lawsuit, all of which are incorporated herein fully by reference. For avoidance of doubt, the release in this Section 1.4 does not apply to any claims the Air District may have for enforcement of the Amendments that accrued after adoption of the Amendments other than as expressly provided in this Agreement.

2. CHEVRON COMPLIANCE OBLIGATIONS IF AIR DISTRICT LOSES IN THE RELATED CASE OR OTHERWISE ALTERS THE AMENDMENTS

2.1 Chevron's Compliance in the Event of a Re-Adoption Process. If the Air District rescinds, voids, or otherwise postpones the Amendments or any portion thereof, or if a court issues a final, nonappealable determination that the Amendments or any portion thereof are void or otherwise not enforceable, and the Air District is thereafter diligently pursuing adoption of Re-Adopted Rule 6-5 Amendments or has adopted the Re-Adopted Rule 6-5 Amendments but the re-adopted regulation or any portions of it have not yet taken effect, Chevron shall remain subject to, and required to comply with, the requirements in the Amendments as detailed in this Section 2, as follows:

a. With regard to the TPM Emission Limit, Chevron shall comply with its obligations under Section 3 of this Agreement, shall make the payments specified in Section 6.1 of this Agreement (or Section 3.5.a in lieu of Section 6.1), and shall comply with all other applicable provisions of this Agreement, subject to the limitations provided in Sections 2.2 and 2.3 below. Because the amounts payable under Section 6.1 will in this scenario have accrued during a time in which the Amendments were not in effect, the Parties do not intend or construe any portion of Chevron's Section 6.1 payments made under this Section 2.1.a as a penalty or to relate to the settlement of claims described in Section 6.1. Instead, the Parties intend and construe Chevron's Section 6.1 payments made pursuant to this Section 2.1.a to be amounts paid for restitution or remediation of property in the form of emissions reduction measures or

measures to address the potential effects of air emissions. Provided that Chevron is in compliance with, and remains subject to, Section 3 of this Agreement, Chevron shall have no additional obligations with respect to compliance with the TPM Emission Limit beyond those specified in this Section 2.1.a.

b. In the event that Chevron is not in compliance with Section 3 of this Agreement, or if Section 3 is for any reason no longer applicable, Chevron shall be required to comply with the TPM Emission Limit.

c. With the exception of the TPM Emission Limit as provided for in Sections 2.1.a and 2.1.b, Chevron shall be required to comply with all requirements in the Amendments as they existed prior to their being rescinded, voided, postponed, or otherwise rendered unenforceable.

2.2 Payments in the Event of a Re-Adoption Process. If the Air District is diligently pursuing adoption of the Re-Adopted Rule 6-5 Amendments as referenced in Section 2.1 but has not yet adopted the Re-Adopted Rule 6-5 Amendments by July 21, 2026, Chevron's obligation under Section 2.1.a to pay the sums listed in Sections 5.2.b and 6.1 shall be held in abeyance pending adoption of the Re-Adopted Rule 6-5 Amendments. Subject to Section 2.3, these sums shall continue to accrue per the terms of Sections 5.2.b and 6.1, but Chevron shall not be required to pay these sums to the Air District unless and until the Air District adopts the Re-Adopted Rule 6-5 Amendments. Chevron shall pay all such sums held in abeyance under this Section 2.2 within sixty (60) days following the date on which the Air District adopts the Re-Adopted Rule 6-5 Amendments.

2.3 Tolling of Obligations in the Event of Delay in any Re-Adoption Process. If the Air District is diligently pursuing adoption of the Re-Adopted Rule 6-5 Amendments as referenced in Section 2.1, but either (i) the Air District fails to adopt Re-Adopted Rule 6-5 Amendments within two (2) years following the date the Air District rescinds, voids, or otherwise postpones the Amendments or any portion thereof, or the date a court issues a final, nonappealable determination that the Amendments or any portion thereof are void or otherwise not enforceable, or (ii) the Air District has not adopted Re-Adopted Rule 6-5 Amendments by the time Chevron obtains all necessary discretionary approvals for installation of the Wet Gas Scrubber (including but not limited to a Conditional Use Permit from the City of Richmond), then in either case all then-prospective requirements under Sections 3, 5, and 6.1 below shall be tolled until such time as the Air District adopts the Re-Adopted Rule 6-5 Amendments. For the avoidance of doubt, tolling these obligations means, among other things, that no payments or penalties pursuant to Sections 5 or 6.1 shall accrue or be held in abeyance during this time. Upon the Air District's subsequent adoption of the Re-Adopted Rule 6-5 Amendments, all tolled requirements under Sections 3, 5, and 6.1 shall take effect again (with deadlines for action having been tolled as provided for in this Section 2.3); the payment and penalty obligations under Sections 5 and 6.1 shall start to accrue again; and Chevron shall make any payments due under Section 2.2 above

sixty (60) days following the date of the subsequent readoption of the Re-Adopted Rule 6-5 Amendments.

2.4 Enforcement in the Event of a Re-Adoption Process. If the Air District is diligently pursuing adoption of the Re-Adopted Rule 6-5 Amendments as referenced in Section 2.1, or if the Air District has adopted the Re-Adopted Rule 6-5 Amendments but the re-adopted regulation or any portions of it have not yet taken effect, Chevron shall comply with, and be subject to enforcement of, the provisions of the Amendments with which it is required to comply under Sections 2.1 through 2.3 above, as follows.

a. TPM Emission Limit While Chevron Is Implementing Section 3. While Chevron is subject to and in compliance with its obligations under Section 3, and until such time as Chevron achieves Final Compliance with the TPM Emission Limit or Section 3 otherwise becomes inapplicable, the Air District's sole remedy with respect to the TPM Emission Limit, and with respect to any violation or alleged violation of the requirements specified in Section 2.1.a above, shall be to enforce this Agreement as detailed in Section 6.2.

b. TPM Emission Limit in Other Circumstances. In the event that (i) Chevron is not undertaking its obligations under Section 3, (ii) Chevron has achieved Final Compliance, or (iii) Section 3 has become inapplicable for any other reason, then Chevron shall be fully subject to the TPM Emission Limit as provided in Section 2.1.b, and the Air District may seek any and all enforcement remedies to enforce the TPM Emission Limit available to it under Section 6.3. Chevron shall remain subject to enforcement of the TPM Emission Limit under this Section 2.4.b after the Air District has adopted the Re-Adopted Rule 6-5 Amendments until such time as the TPM Emission Limit in that re-adopted regulation has taken effect.

c. Provisions Other Than TPM Emission Limit. With respect to any violation or alleged violation of the requirements specified in Section 2.1.c above related to any provisions of the Amendments other than the TPM Emission Limit, the Air District may seek any and all enforcement remedies to enforce those provisions available to it under Section 6.3. Chevron shall remain subject to enforcement of such provisions under this Section 2.4.c after the Air District has adopted the Re-Adopted Rule 6-5 Amendments until such time as the relevant provisions in that re-adopted regulation have taken effect.

2.5 Failure to Seek, Pursue, or Adopt the Re-Adopted Rule 6-5 Amendments. If the Amendments are rescinded, voided, or otherwise postponed or if a court issues a final, nonappealable determination that the Amendments or any portion thereof are void or otherwise not enforceable, and the Air District (i) fails to seek to adopt the Re-Adopted Rule 6-5 Amendments promptly thereafter, (ii) fails to diligently

pursue adoption of the Re-Adopted Rule 6-5 Amendments, or (iii) fails to adopt the Re-Adopted Rule 6-5 Amendments within four (4) years after the date that the Amendments are rescinded, voided, or otherwise postponed or rendered unenforceable, the Parties' then-remaining obligations under Sections 2 through 6 (including, without limitation, any obligation to pay amounts held in abeyance) shall cease.

2.6 Amendment of Rule 6-5. If the Air District formally initiates a process to amend or amends the Amendments for any reason, and the proposed amended Rule 6-5 is not substantially identical to the Amendments, all then-remaining obligations under Sections 2 through 6 (including, without limitation, any obligation to pay amounts held in abeyance) shall cease if Chevron so elects. An amended rule shall be considered substantially identical if (i) the total PM_{10} emission limit is exactly the same as the TPM Emission Limit, and (ii) all other provisions related to any pollutant, testing method, or compliance determination are substantially the same as the Amendments, with the exception that the compliance deadline for any provisions in the rule (including but not limited to the total PM_{10} emission limit) may be up to five (5) years after the date of re-adoption. For the purposes of this Section 2.6, the Air District shall be deemed to have formally initiated a process to amend the Amendments only if all of the following occur: (i) the Air District formally publishes for public review and comment draft amendments to Rule 6-5 containing specific changes to the TPM Emission Limit or provisions of the Rule 6-5 related to any pollutant, testing method, or compliance determination for consideration at a public hearing; (ii) Chevron notifies the Air District in writing that it believes the proposal is not substantially identical to the Amendments; and (iii) the Air District does not withdraw or otherwise terminate its consideration of the draft amendment within forty-five (45) days.

3. CHEVRON PERMITTING AND CONSTRUCTION OF A WET GAS SCRUBBER FOR THE FCCU AT THE RICHMOND REFINERY

3.1 Wet Gas Scrubber Permitting Requirements. The Parties agree to the following requirements related to permitting and construction of a Wet Gas Scrubber for the Richmond Refinery's FCCU:

a. Within six (6) months after the Effective Date, Chevron must apply to the City of Richmond ("City") for a Conditional Use Permit ("CUP") authorizing installation and operation of a Wet Gas Scrubber at the Richmond Refinery.

b. Chevron must diligently pursue and take all reasonable steps within its control to ensure the timely processing of the CUP for a Wet Gas Scrubber, including but not limited to working with the City to process the CUP application, cooperating with the City in the preparation and certification of any environmental review document(s) required pursuant to CEQA, and participating in any public hearings before the City Planning Commission and City Council (the "CUP Process"), and

responding as promptly as reasonably possible to requests for additional information requested by the City related to the CUP Process.

c. The Air District agrees to use its best efforts to assist Chevron in securing the CUP in accordance with all applicable legal requirements. For the avoidance of doubt, nothing in this Section 3.1.c prohibits the Air District from commenting on or objecting to the issuance of the CUP to the extent that it fails to comply with applicable air quality regulatory requirements.

d. The Parties understand that the City will control the substance and timing of the CUP Process.

e. During the CUP Process, Chevron shall also apply to the Air District and any other applicable governmental agencies for all other discretionary approvals necessary to install and operate a Wet Gas Scrubber (collectively, the "Additional Discretionary Permits and Approvals"). Chevron shall diligently pursue and take all reasonable steps within its control to ensure the timely processing of the Additional Discretionary Permits and Approvals, including by responding as promptly as reasonably possible to requests for additional information requested by the applicable governmental agencies.

f. The Air District agrees to process a Wet Gas Scrubber air permit application expeditiously without expanding its scope to include other matters not necessary for the Wet Gas Scrubber and the lawful operation of the FCCU.

g. The foregoing Sections 3.1.a through 3.1.f and various other sections of this Agreement presume that Chevron must obtain a CUP from the City to install and operate a Wet Gas Scrubber. If it is determined that a CUP is not required and/or that another agency shall serve as the CEQA lead agency for the Wet Gas Scrubber project, then the Parties shall meet and confer to revise these sections to reflect which agency will be the lead permitting agency (and therefore the CEQA lead agency), with the deadlines remaining consistent with the Construction Deadline and Compliance Deadline as defined below.

3.2 Construction Deadline. If Chevron has met its obligations under Section 3.1, including but not limited to its obligations to diligently pursue and take all reasonable steps to obtain the CUP and any Additional Discretionary Permits and Approvals, then Chevron shall have until July 21, 2027, ("Construction Deadline") to have commenced construction of a Wet Gas Scrubber. If Chevron has commenced construction of a Wet Gas Scrubber by the Construction Deadline, then Chevron shall have an additional two (2) years to complete construction of a Wet Gas Scrubber and comply with the TPM Emission Limit in accordance with Section 3.3 below, subject to the provisions of Sections 5 and 6. In the event that (i) the City or any agency responsible for issuing the CUP or

Additional Discretionary Permits and Approvals has not issued permit(s) necessary for the Wet Gas Scrubber project due to circumstances beyond Chevron's reasonable control, or (ii) third-party litigation is filed to challenge the issuance of a CUP or any Additional Discretionary Permits and Approvals necessary for the Wet Gas Scrubber project, the Construction Deadline shall be extended to July 21, 2028.

3.3 Compliance Deadline. Provided Chevron has commenced construction of the Wet Gas Scrubber by the Construction Deadline as set forth in Section 3.2, and provided Chevron is thereafter undertaking a continuous program of construction reasonably designed to complete construction of a Wet Gas Scrubber by the Compliance Deadline, then Chevron's deadline for Final Compliance with the TPM Emission Limit under this Agreement shall be two (2) years after the Construction Deadline ("Compliance Deadline"). Final Compliance with the TPM Emission Limit shall mean the earliest of any of the following: (i) Chevron installs, commissions, and begins full operation of a Wet Gas Scrubber at the FCCU; (ii) Chevron permanently ceases operations of the FCCU and irrevocably relinquishes in writing all Air District permits authorizing operations of that FCCU; or (iii) Chevron achieves compliance of the FCCU with the TPM Emission Limit through an alternative means of compliance pursuant to Section 3.8.

a. Quarterly Reporting. To assist the Air District in monitoring compliance with this Section 3.3, Chevron shall give the Air District quarterly written reports demonstrating that it is undertaking such a continuous program of construction. Chevron's first report shall be due thirty (30) days after the first three-month period following the Construction Deadline, then every subsequent report shall be due three (3) months following the previous report.

b. Air District Opportunity to Object. If the Air District disputes that Chevron is undertaking such a continuous program of construction, the Air District shall so notify Chevron in writing.

c. Meet-and-Confer. If the Air District notifies Chevron pursuant to Section 3.3.b, the Parties shall promptly (and in no event more than fourteen (14) days after such notice) meet and confer in good faith to attempt to resolve their disagreement, which time may be extended by the Parties' mutual written consent.

d. Binding Arbitration. If the Parties do not timely resolve their disagreement pursuant to Section 3.3.c, then the dispute shall be resolved by expedited binding arbitration, to be completed within three (3) months, pursuant to the procedures detailed in Attachment C, with the costs of the arbitrator to be borne entirely by Chevron. In such event, the arbitrator shall be requested to determine whether Chevron is undertaking a continuous program of construction reasonably designed to complete construction of a

Wet Gas Scrubber by the Compliance Deadline and, if not, (i) what specific steps Chevron must undertake to get on such a continuous program of construction and (ii) whether doing so is feasible. Other than the arbitrator's costs, the Parties shall each pay their own costs of any such arbitration, including their attorneys' fees and expert's fees associated with preparing for and participating in the arbitration.

i. If the arbitrator determines that Chevron is not undertaking a continuous program of construction reasonably designed to complete construction of a Wet Gas Scrubber by the Compliance Deadline, but that it is feasible for Chevron to get on such a continuous program of construction, Chevron must undertake all steps the arbitrator determines are necessary to get on such a continuous program of construction, except as specified in subsection 3.3.d.ii below. For the avoidance of doubt, if Chevron undertakes all steps the arbitrator determines are necessary to get on such a continuous program of construction, then: (a) the Compliance Deadline shall remain the same as provided in this Section 3.3; (b) Chevron shall remain fully subject to all other provisions of this Agreement, including but not limited to all penalties and other payments required under this Agreement, which payments and penalties shall continue to accrue during the dispute resolution process specified in Section 3.3.c. and/or 3.3.d; and (c) no additional payment or penalty shall be imposed on Chevron based on the arbitrator having determined that Chevron had not been undertaking a continuous program of construction.

ii. If the arbitrator determines that Chevron is not on such a continuous program of construction and that it is not feasible for Chevron to get on such a continuous program of construction, or if Chevron does not implement the specific steps the arbitrator determines Chevron must undertake to get on such a continuous program of construction, then Chevron must comply with the TPM Emission Limit (for example, and without limitation, by idling the FCCU) as promptly as feasible, and in any event no later than three (3) months after the arbitrator's written determination and no later than the Compliance Deadline. For the avoidance of doubt, if Chevron complies with the TPM Emission Limit as promptly as feasible and in any event no later than three (3) months after the arbitrator's written determination and no later than the Compliance Deadline, then: (a) Chevron shall remain fully subject to all other provisions of this Agreement, including but not limited to all penalty and other payments required under this Agreement, which payments and penalties shall continue to accrue during the dispute resolution process specified in Section 3.3.c. and/or 3.3.d; and (b) no additional payment or penalty shall be imposed on Chevron

based on the arbitrator having determined that Chevron had not been undertaking such a continuous program of construction.

3.4 Failure to Meet Deadlines. If Chevron has not commenced construction of a Wet Gas Scrubber by the Construction Deadline, or if Chevron commences construction of a Wet Gas Scrubber by the Construction Deadline but the FCCU has not achieved Final Compliance with the TPM Emission Limit by the Compliance Deadline, the Parties shall meet and confer in good faith to attempt to agree on the fastest possible timing for Final Compliance with the TPM Emission Limit, as follows:

a. If Chevron has worked diligently and taken all reasonable steps to meet the Construction Deadline or Compliance Deadline, as applicable, but has not been able to do so (for reasons including, but not limited to, unreasonable delay in City or other agency permit processing times, litigation challenging Wet Gas Scrubber approvals, or construction delays outside of Chevron's reasonable control), the Parties expect that they may agree to amend this Agreement to provide for additional time to complete the Wet Gas Scrubber project, subject to the additional terms and conditions to which the Parties may then agree, which shall be the fastest reasonably feasible time to complete the Wet Gas Scrubber project.

b. If the Parties do not agree to amend this Agreement pursuant to this Section 3.4, all then-prospective obligations of both Parties under Sections 3 through 5 and Sections 6.1, 6.2, and 6.4 of this Agreement shall cease, with both Parties having available to them any and all authorities and rights the law provides, including the enforcement rights set forth in Section 6.3 below.

3.5 Extension of Deadlines in the Event the Air District Amends Rule 6-5 and Sets a Compliance Deadline More Than Two Years Away. If the Air District amends Rule 6-5 for any reason and if the amended Rule 6-5 sets the TPM Emission Limit compliance deadline more than two years after the date of the amendment, then the Construction Deadline shall be postponed to two years prior to the TPM Emission Limit compliance deadline in the amended Rule 6-5 and the Compliance Deadline shall be the TPM Emission Limit compliance deadline in the amended Rule 6-5.

a. In the event that the Construction Deadline and Compliance Deadline are extended pursuant to this Section 3.5, Chevron shall thereafter pay the Air District the following amounts annually until Chevron achieves Final Compliance with the TPM Emission limit:

i. For each year from July 21, 2026, through July 20, 2029, Chevron shall pay the Air District **Seventeen Million Ninety Six Thousand Six Hundred Dollars ($17,096,600)**.

ii. For each year from July 21, 2029, through the date Chevron achieves Final Compliance with the TPM Emission Limit, Chevron shall pay the Air District **Fourteen Million Six Hundred Thousand Dollars ($14,600,000) multiplied by the increase in the California Consumer Price Index since January 1, 2018**, as compiled and reported by the Department of Industrial Relations.

The payments due under this Section 3.5.a shall be calculated based on annual periods starting on July 21 each year and ending on July 20 of the following year (e.g., July 21, 2026 through July 20, 2027). In the event that Chevron achieves Final Compliance with the TPM Emission Limit part way through a year, the amount payable under this Section 3.5.a shall be pro-rated based on the number of days in the year on which Chevron operated the FCCU in excess of the TPM Emission Limit prior to achieving Final Compliance. Chevron shall pay the total amount payable for each year within sixty (60) days following the end of the year (i.e., Chevron shall make its payment for a period of July 21 through July 20 no later than the September 19 immediately following that period); or, if Chevron achieves Final Compliance with the TPM Emission Limit part way through a year, Chevron shall pay the prorated amount payable for that year within sixty (60) days following the date on which Chevron achieves Final Compliance with the TPM Emission Limit. The amounts paid under this Section 3.5.a shall be in lieu of any then-prospective sums payable under Section 6.1. Because such sums to be paid will in this scenario have accrued during a time in which the Amendments were not in effect, the Parties do not intend or construe any portion of Chevron's payments made under this Section 3.5.a as a penalty or to relate to the settlement of claims described in Section 6.1. Instead, the Parties intend and construe Chevron's payments made pursuant to this Section 3.5.a to be amounts paid for restitution or remediation of property in the form of emissions reductions measures or measures to address the potential effects of air emissions.

b. In the event that the Air District amends Rule 6-5 in a way that also amends the total PM_{10} emission limit such that the total PM_{10} emission limit is no longer identical to the TPM Emission Limit, and if Chevron does not exercise its right to cease certain then-remaining obligations as allowed pursuant to Section 2.6, then the Construction Deadline and Compliance Deadline shall be extended and Chevron shall make the payments as specified in this Section 3.5.

3.6 Third Party Litigation. If a third party files litigation challenging the City's issuance of the CUP or any other agency's approval that is necessary for a Wet Gas Scrubber, Chevron shall work diligently with the City or other agency to defend the challenged approval(s). In addition, the Air District shall cooperate with the City or other agency defending the challenged approval(s), to the extent consistent with applicable legal requirements. For the avoidance of doubt, nothing

in this Section 3.6 requires the Air District to participate in or assist with any defense of any permit approval that is contrary to applicable air quality regulatory requirements.

3.7 ESP Permit Requirements. No later than three (3) months after commissioning of the Wet Gas Scrubber, Chevron shall submit an application to amend the Richmond Refinery's Permit to Operate and Major Facility Review (Title V) Permit to amend the requirements in permit condition #11066 to allow Chevron to: (i) de-energize the FCCU ESP during startup, shutdown or hot standby of the FCCU, or during an upset condition at the FCCU, causing (a) carbon monoxide (CO) emissions at the FCCU stack above 3,000 ppm, or (b) a loss of flame condition on the F-70 airline heater; or (ii) stop operating the ESP, if Chevron so elects.

3.8 Alternative Means of Compliance. The foregoing sections 3.1 through 3.7 and various other sections of this Agreement presume that Chevron will comply with the TPM Emission Limit through installation of a Wet Gas Scrubber, which Chevron has concluded based on the best information available to it at this time will place Chevron in the best position for achieving long-term compliance with the TPM Emission Limit. However:

a. If Chevron determines that compliance with the TPM Emission Limit could be accomplished in the same amount of time or more expeditiously by means other than a Wet Gas Scrubber, Chevron shall be free to achieve compliance with the TPM Emission Limit through such other means and the references to a Wet Gas Scrubber and to the CUP Process in the foregoing Sections 3.1 through 3.7 will be deemed to refer to such other means of compliance and process for achieving compliance.

b. Upon making this determination, Chevron shall promptly notify the Air District that Chevron has determined that compliance with the TPM Emission Limit could be accomplished in the same amount of time or more expeditiously by means other than a Wet Gas Scrubber. This notification shall include a detailed explanation of how the alternative means will achieve compliance with the TPM Emission Limit.

c. Upon Chevron's providing notice regarding an alternative means to achieve compliance under subsection 3.8.b above, the Parties shall negotiate in good faith to establish (i) appropriate deadlines to achieve compliance as soon as is reasonably feasible (but in no event later than the deadlines applicable for the Wet Gas Scrubber project as set forth in this Agreement) and (ii) what event(s) or condition(s) will be used to determine Final Compliance with the TPM Emission Limit for purposes of this Agreement.

d. For the avoidance of doubt, once Final Compliance with the TPM Emission Limit is achieved by any means, all then-prospective obligations

under Sections 3, 4, 5, 6.1, and 6.2 shall cease, provided, however, that Chevron shall remain obligated to pay its pro-rata share of any payment obligations incurred under Sections 3.5, 5, or 6.1 prior to the date that it achieved Final Compliance. All such payments shall be made within sixty (60) days after Chevron has achieved Final Compliance.

3.9 Chevron's actions to achieve Final Compliance under this Section 3 will be actions to come into compliance with Rule 6-5, and Chevron's compliance with its obligations under this Section 3 shall constitute being on a schedule of compliance with the requirements of Section 6-5-301.3 for purposes of Air District regulations.

3.10 For the avoidance of doubt, Chevron shall be free at any time to: (i) cease long-term operation of the FCCU and irrevocably relinquish in writing all Air District permits authorizing operations of that FCCU; or (ii) comply with the TPM Emission Limit by way of technologies or methods other than a Wet Gas Scrubber by July 21, 2026. In either of the foregoing scenarios, Chevron shall promptly notify the Air District. Upon the provision of such notice, all then-prospective obligations of this Section 3, and of Sections 4, 5, 6.1, 6.2, and 6.4, shall cease.

3.11 Expedited Binding Arbitration for Disputes Under Section 3 Not Addressed Elsewhere. In the event that either Party asserts that the other Party is in breach of any obligation under this Section 3 other than those in Section 3.3 and Section 3.4, the Parties shall meet and confer regarding the alleged breach and how it may be cured before any Party may take action to enforce this Agreement. If the meet-and-confer process does not resolve the issue, then the dispute shall be resolved by expedited binding arbitration, to be completed within three (3) months, pursuant to the procedures detailed in Attachment C, with the costs of the arbitrator to be borne entirely by Chevron. Other than the arbitrator's costs, the Parties shall each pay their own costs of any such arbitration, including their attorneys' fees and expert's fees associated with preparing for and participating in the arbitration. Each Party shall comply with the determination of the arbitrator resolving the dispute, including but not limited to taking any actions determined by the arbitrator as necessary to cure any breach, and if a Party does not comply with such determination, all then-prospective obligations of both Parties under Sections 3 through 5 of this Agreement shall cease, with both Parties having available to them any and all authorities and rights the law provides, including the enforcement rights set forth in Section 6.3 below. For avoidance of doubt, any breach or alleged breach of Chevron's obligation to undertake a continuous program of construction reasonably designed to complete construction of a Wet Gas Scrubber by the Compliance Deadline shall be addressed pursuant to the provisions of Section 3.3 and not under this Section 3.11; any failure by Chevron to meet the Construction Deadline or Compliance Deadline shall be addressed by negotiating in good faith to Amend this Agreement pursuant to the procedures specified in Section 3.4 and not under this Section 3.11; and any failure by either

Party to agree to amend this Agreement pursuant to Section 3.4 shall not constitute a breach or alleged breach of this Agreement.

4. INTERIM FCCU PM_{10} EMISSION REDUCTIONS

4.1 Chevron shall implement the following Emission Reduction Measures at the Richmond Refinery's FCCU ("FCCU Emission Reduction Measures"). Chevron shall implement these changes by the dates specified, and it shall continue to implement them at least until Chevron achieves Final Compliance with the TPM Emission Limit.

a. Catalyst Change: Chevron shall change the current FCCU catalyst to a catalyst with no more than 500 parts per million chloride at the FCCU (0.05% by weight). Chevron shall make this change no later than four (4) months after the Effective Date.

b. Ammonia Distribution System Optimization: Chevron shall optimize ammonia slip to ensure minimization of total FCCU PM_{10} emissions, including all condensable particulate matter, while maintaining compliance with all other applicable regulatory requirements. Chevron shall make this change no later than July 21, 2025.

c. Third-Stage Separator: Chevron shall make improvements to the third-stage separator cyclones. Chevron shall make this change no later than December 31, 2026.

d. Notification of Completion: Within thirty (30) days after making each change required under Sections 4.1.a through 4.1.c above, Chevron shall notify the Air District that Chevron has completed the relevant requirement and shall include a detailed explanation of how the requirement was carried out and completed. Thereafter, Chevron shall maintain the physical and operational conditions Chevron implemented to comply with the requirements of Sections 4.1.a through 4.1.c until Chevron achieves Final Compliance with the TPM Emission Limit.

4.2 Chevron's compliance with its obligations under this Section 4 are intended to reduce PM emissions, and because the purpose of Rule 6-5 is to reduce PM emissions, such actions constitute actions toward coming into compliance with Rule 6-5 and/or for restitution or remediation in the form of emission reduction measures.

5. COMMUNITY AIR QUALITY FUND

5.1 Chevron shall provide funding to the Air District to establish a fund (the "Community Air Quality Fund") to provide funding for projects and programs to reduce PM emissions from other sources in the vicinity of the Richmond Refinery and to reduce PM exposures as set forth in this Section 5.

5.2 Chevron shall make payments to the Air District to provide funding for the Community Air Quality Fund as follows:

a. Chevron shall pay **Twenty Million Dollars ($20,000,000)** to fund the Community Air Quality Fund, which shall be established under the direction of the Air District. In developing and identifying the projects and programs to be funded, input will be solicited from all interested stakeholders, including but not limited to community members, local officials, Chevron, and others. Until July 21, 2026, Chevron shall pay such funds as needed to fund projects as they are identified and approved for funding. No later than July 21, 2026, Chevron shall pay into the Community Air Quality Fund any remaining portion of the Twenty Million Dollar initial payment that has not yet been paid by that date.

b. Chevron shall make further payments into the Community Air Quality Fund of **Three Million Five Hundred Thousand Dollars ($3,500,000) per year**, for each year in which Chevron's FCCU is in violation of the TPM Emission Limit after July 20, 2026. Each annual period shall run from July 21 through the following year on July 20. In the event that Chevron achieves Final Compliance with the TPM Emission Limit part way through a year, the annual Community Air Quality Fund payment payable under this Section 5.2.b shall be pro-rated based on the number of days during the year on which Chevron operated the FCCU in violation of the TPM Emission Limit up until the date on which Chevron achieves Final Compliance with the TPM Emission Limit.

c. Chevron shall make the annual Community Air Quality Fund payments required under Section 5.2.b above within sixty (60) days after the end of the annual period for which the payment is due (i.e., by September 19 of each year). In the event that Chevron achieves Final Compliance with the TPM Emission Limit part way through a year, Chevron shall pay the pro-rated payment for the final year within sixty (60) days following the date on which Chevron achieves Final Compliance with the TPM Emission Limit, and all payment obligations under Section 5.2.b shall be complete.

5.3 The Community Air Quality Fund may pay for reasonable administrative and overhead costs necessary to administer the Community Air Quality Fund, in an amount no greater than ten percent (10%) of the total funding provided, including but not limited to (i) compensation and expenses for community advisors at rates typically provided for community advisors for participation on Air District advisory bodies such as the Community Advisory Council and the Path To Clean Air Community Emissions Reduction Plan Community Steering Committee, and (ii) costs of Air District staff time and resources spent in implementing and administering the Community Air Quality Fund (including but not limited to time and resources spent working on the development of a community consultation process). The Air District shall provide annual summaries to the community

summarizing the progress and results of the projects and programs supported by the Community Air Quality Fund.

5.4 The Parties intend and construe Chevron's funding of the Community Air Quality Fund to be amounts paid for restitution or remediation of property in the form of emissions reduction measures or mitigating effects caused by emissions. The Parties do not intend or construe any portion of Chevron's payments under this Section 5 as a penalty.

6. ENFORCEMENT AND PENALTIES FOR PM EMISSIONS FROM THE FCCU

6.1 Penalties for Operation of FCCU in Violation of TPM Emission Limit. The Parties stipulate and agree that the Air District shall enforce the TPM Emission Limit while Chevron is complying with its obligations pursuant to Section 3 by assessing civil penalties against Chevron as follows:

a. Chevron shall pay civil penalties in the following amounts for operating the FCCU in violation of Section 6-5-301.3:

i. Chevron shall pay civil penalties in the amount of **Seventeen Million Ninety Six Thousand Six Hundred Dollars ($17,096,600) per year** for operating the FCCU in violation of Section 6-5-301.3 during each of the years July 21, 2026, to July 20, 2027; July 21, 2027, to July 20, 2028; and July 21, 2028, to July 20, 2029; and

ii. In the event that the Construction Deadline is extended by one year (to July 21, 2028) pursuant to Section 3.2, and as a result of that extension the Compliance Deadline is also extended for one year, Chevron shall pay civil penalties in the amount of **Thirty Two Million Fifty Six Thousand One Hundred Twenty Five Dollars ($32,056,125)** for operating the FCCU in violation of Section 6-5-301.3 during the year July 21, 2029, to July 20, 2030.

b. In the event that Chevron achieves Final Compliance with the TPM Emission Limit part way through a year, the civil penalties payable under Section 6.1.a shall be pro-rated based on the number of days in the year on which Chevron operated the FCCU in violation of the TPM Emission Limit, and no further penalties as described in Section 6.1.a shall be assessed after that year.

c. Chevron shall pay the civil penalties payable for each year of violation under Sections 6.1.a and 6.1.b above within sixty (60) days following the end of the year (i.e., Chevron shall pay the penalties for a period of July 21 through July 20 no later than the September 19 immediately following that period). In the event that Chevron achieves Final Compliance with the TPM Emission Limit part way through a year, Chevron shall pay the prorated penalty provided for under Section 6.1.b within sixty (60) days

following the date on which Chevron achieves Final Compliance with the TPM Emission Limit.

d. Provided Chevron is in compliance with its obligations under Section 3 and Section 3 is otherwise still in effect, the Air District agrees that: (i) the assessment of civil penalties as set forth in Section 6.1.a above shall be the sole and exclusive enforcement action the Air District shall take against Chevron for operating the Richmond Refinery's FCCU in violation of the TPM Emission Limit in Rule 6-5-301.3 until Chevron achieves Final Compliance with the TPM Emission Limit; (ii) it shall not seek any additional penalties, disgorgement of profits, injunctive relief, or other remedy for operating the Richmond Refinery's FCCU in violation of the TPM Emission Limit in Rule 6-5-301.3 until Chevron achieves Final Compliance with the TPM Emission Limit; and (iii) it shall not encourage or aid any other natural person, entity or governmental authority in seeking any additional penalties or taking any other action against Chevron to enforce the TPM Emission Limit in Section 6-5-301.3 until Chevron achieves Final Compliance with the TPM Emission Limit.

6.2 Enforcement of TPM Emission Limit While Chevron is Undertaking Its Obligations to Come Into Compliance With the TPM Emission Limit Under Section 3. While Chevron is undertaking its obligations under Section 3, and until such time as Chevron achieves Final Compliance with the TPM Emission Limit or Section 3 otherwise becomes inapplicable, the Air District's sole remedy for any alleged violations of the TPM Emission Limit shall be through enforcement of the provisions of this Agreement, including but not limited to the provisions of Sections 2.1.a, 2.4.a, 3.3, 3.5.a, and 6.1 above, as applicable.

6.3 Enforcement in Situations Not Covered by Section 6.2. For avoidance of doubt, other than with respect to enforcement of the TPM Emission Limit as provided for in Sections 6.1 and 6.2, the Air District shall retain all rights to enforce against Chevron any provisions of the Amendments or the Re-Adopted Rule 6-5 Amendments that are in effect pursuant to governing statutory provisions, and Chevron shall retain all rights to assert any defenses available under those provisions. Except as otherwise expressly provided in this Agreement, both Parties may also enforce all provisions of this Agreement via any and all available remedies under California law governing enforcement of contracts. In amplification of the foregoing sentence, with respect to any violations or alleged violations of Chevron's obligations under Section 2.1.b and 2.1.c, the Air District may take enforcement action pursuant to Section 2.4.b and 2.4.c, respectively, via a civil contract action to enforce this Agreement as follows:

a. The Air District may seek any and all remedies available to it for violations of Air District regulations as provided for under the Health and Safety Code and related law, including but not limited to civil penalties under Health & Safety Code sections 42402 through 42403 and 42411 and injunctive relief under Health & Safety Code section 41513;

b. Chevron may assert any and all defenses available to it to oppose the imposition of any such remedies that the Air District may seek, except that Chevron may not assert a defense to liability or objection to any requested remedy based on any invalidation of the Amendments; and

c. The Court shall award such remedy or remedies based on these claims and defenses as would be available to the Air District if the Amendments were still in effect and enforceable.

6.4 Penalties for ESP De-Energization. The Parties stipulate and agree that the Air District shall enforce Parts 7, 7A, 7A4, and 7A5 of permit condition #11066 while this Section 6.4 is in effect by issuing Notices of Violation ("NOVs") and assessing civil penalties against Chevron as follows:

a. The Air District shall issue NOVs as provided for in Section 6.4.d below, and Chevron shall pay stipulated civil penalties as provided for in Section 6.4.b below, whenever Chevron de-energizes the ESP abating the FCCU (Source S-4285) during startup, shutdown, or hot standby of the FCCU, or during an upset condition at the FCCU, causing (i) carbon monoxide (CO) emissions at the FCCU stack above 3,000 ppm, or (ii) a loss of flame condition on the F-70 airline heater, in contravention of the requirements of Parts 7, 7A, 7A4, and/or 7A5 of permit condition #11066.

b. For each day or part of a day in which Chevron de-energizes the ESP pursuant to Section 6.4.a, and such de-energization results in a violation of (i) the requirement to operate a fully charged ESP at all times and abate S-4285 emissions except during periods of maintenance or servicing as specified in permit condition #11066, Part 7A; (ii) the minimum ESP inlet temperature requirement specified in permit condition #11066, Part 7A4; or (iii) the TR set minimum amperage requirements specified in permit condition #11066, Part 7A5; and/or (iv) a violation of Air District Rules 2-1-307 and 2-6-307 as a result of failing to comply with these permit condition requirements, Chevron shall pay a stipulated civil penalty in the maximum amount authorized for a day of violation under Health and Safety Code Section 42402.3(a) and (d), as adjusted by Health and Safety Code Section 42411.

c. Chevron shall notify the Air District at least 72 hours in advance of any de-energization of the ESP under the circumstances specified in Section 6.4.a above. In the event of an unplanned de-energization for which Chevron cannot practicably notify the Air District 72 hours in advance, Chevron shall notify the Air District as soon as practicable. In the event Chevron fails to notify the Air District as required under this Section 6.4.c, Chevron shall pay the Air District a stipulated penalty of $10,000. The notification required by this Section 6.4.c shall be in addition to, and not in lieu of, any other notifications required by Air District regulations, permit conditions, or other similar requirements.

d. The Air District shall issue an NOV to Chevron for each instance in which Chevron de-energizes the ESP covered by this Section 6.4. For each Notice of Violation issued, Chevron shall pay the stipulated penalties specified in subsection 6.4.b and, as applicable, subsection 6.4.c, to the Air District within sixty (60) days of the end of the calendar quarter during which the Notice of Violation was issued.

e. Except for the issuance of NOVs and the assessment of penalties as specified in this Section 6.4, this Agreement precludes the Air District from issuing NOVs, seeking criminal or civil penalties under the California Health and Safety Code Sections 42400, *et seq*., or taking administrative action as to Chevron for violations for which Chevon pays the stipulated penalties as provided under this Section 6.4.

f. The provisions of this Section 6.4 apply only to violations of the requirements of Parts 7, 7A, 7A4, and 7A5 of permit condition #11066 in the circumstances addressed by this Section 6.4, and violations of Air District Rules 2-1-307 and 2-6-307 arising from them. Nothing in this Section 6.4 relieves Chevron of any obligations to comply with any other permit requirements, regulations, or other applicable requirements, including but not limited to any applicable requirements to report and provide information about violations of Parts 7, 7A, 7A4, and 7A5 of permit condition #11066 covered by this Section 6.4; and nothing in this Section 6.4 restricts the Air District's authority to take enforcement action for violations of any such requirements other than those covered by this Section 6.4.

g. Chevron's obligations to pay stipulated penalties under this Section 6.4, and the Air District's obligations to refrain from certain enforcement actions under this Section 6.4, shall cease upon the earliest of the following events: (i) Chevron fails to submit the application required under Section 3.7 above within the deadline required under Section 3.7 above; (ii) the Air District grants, denies, or cancels the application submitted pursuant to Section 3.7 above, or Chevron withdraws the application; (iii) Chevron determines that it will pursue another alternative to achieve compliance with Rule 6-5 other than a Wet Gas Scrubber pursuant to Section 3.8 above; or (iv) the provisions of Section 3 become inapplicable pursuant to Sections 3.4 or 3.10 above.

7. RESOLUTION OF OUTSTANDING NOTICES OF VIOLATION

7.1 Covered Violations. This Agreement shall settle and resolve in full all violations of Air District regulations by Chevron at the Richmond Refinery that occurred on or before June 30, 2023, and for which (i) the Air District issued a Notice of Violation on or before September 27, 2023, (ii) Chevron reported the violation to the Air District on or before September 27, 2023, or (iii) the Air District otherwise confirmed in writing to Chevron on or before September 27, 2023, that the Air

District had notice of the violation, which violations are collectively referred to herein as the "Covered Violations."

7.2 Penalty for Covered Violations. To fully settle and resolve all outstanding Covered Violations, as identified in Section 7.1, Chevron shall:

a. Within sixty (60) days after the Effective Date, pay to the Air District a civil penalty of **Twenty Million Dollars ($20 million**), and

b. Undertake and implement the compliance measures specified in Attachment A to this Agreement within the time frames prescribed therein.

c. As with all enforcement cases, the penalty amount agreed to by the Parties as specified in Section 7.2.a is based on the circumstances and considerations in the context of this Agreement as a whole. The penalty amount specified in Section 7.2.a is not to be used as a precedential penalty amount for other notices of violation or other proceedings against Chevron that are based on different circumstances and considerations.

7.3 Enforcement of Violations Not Covered by This Agreement. The Air District reserves the right to take any and all enforcement action as authorized by law arising out of violations other than the Covered Violations. For the avoidance of doubt, for ongoing or recurring violations for which there were violations that occurred on or before June 30, 2023, that qualify as Covered Violations and also violations that have continued to occur or may continue to occur after June 30, 2023, this Agreement settles and resolves only those portions of such ongoing or recurring violations that qualify as Covered Violations. Notwithstanding the preceding two sentences, the Air District shall not take further enforcement action (including issuing additional Notices of Violation) regarding any claims that Chevron has violated Air District Regulation 1-521 and related requirements of Volume V of the Air District Manual of Procedures with respect to the sources and pollutants identified in the Air District's letter to Chevron dated June 16, 2023, and in Notices of Violation Nos. A52410, A52411, A52412, A52413, A52414, A52415, A56290, A56291, A56292, A56293, A56294, while the Parties are engaging in good faith settlement discussions regarding such claims through the process set forth in Attachment B to this Agreement.

7.4 Release of Claims Related to Covered Violations. Effective on the same day as Chevron's payment in full of the stipulated civil penalty described in Section 7.2.a, the Air District shall release and forever discharge Chevron and its beneficiaries, predecessors, successors, assigns, partners, partnerships, parent companies, subsidiaries, affiliates and related entities, officers, directors, principals, agents, servants, employees, representatives, and all persons, firms, petitioners, and/or persons or entities connected with each of them, including, without limitation, their insurers, sureties, attorneys, consultants, and experts from any and all claims, debts, damages, liabilities, demands, obligations, costs,

expenses, attorney fees, disputes, actions and causes of action of every nature, whether known or unknown, suspected or unsuspected, based on the Covered Violations identified in Section 7.1.

7.5 No Additional Enforcement for Covered Violations. This Agreement precludes the Air District from seeking criminal or civil penalties under the California Health and Safety Code Sections 42400, *et seq*., or taking administrative action, for the Covered Violations identified in Section 7.1, including (without limitation) any and all criminal, civil and administrative claims arising out of or relating to the factual allegations that are the basis for the Covered Violations identified in Section 7.1.

7.6 No Admission of Liability. Chevron's entry into this Agreement is not and shall not be construed as an admission of any liability for conduct, actions or violations of law as alleged in the Covered Violations identified in Section 7.1.

7.7 Future Enforcement. The Air District reserves the right to take future enforcement actions arising out of violations not covered by this Agreement; in addition, the Air District reserves the right to demand, and Chevron reserves the right to contest, increased penalties in connection with any such future enforcement actions based on compliance history.

8. ATTORNEYS' FEES

8.1 Notwithstanding anything to the contrary in Section 1.4 above, Chevron shall pay fifty percent (50%) of the Air District's outside counsel attorneys' fees and expenses related to the Lawsuit and settlement discussions incurred as of the filing date of the Lawsuit through the Effective Date of this Agreement, less a credit of $5,124 for data hosting costs that Chevron has already paid, in an amount not to exceed **Five Hundred Thousand Dollars ($500,000)**. This amount shall be calculated by halving the Air District's total outside counsel attorneys' fees and expenses in the Lawsuit and the Related Case up to the Effective Date of this Agreement. Chevron shall pay this amount to the Air District within sixty (60) days after the Effective Date.

9. MISCELLANEOUS PROVISIONS

9.1 Scope of Agreement

a. This Agreement is binding upon the Parties only with respect to the matters specifically addressed herein and does not otherwise bind Chevron or the Air District.

b. This Agreement does not alter, waive, or abrogate any right that any Party may have to prosecute or defend the Lawsuit in the event the court declines to dismiss the Lawsuit.

c. This Agreement does not alter, waive, or abrogate any right that any Party may have to prosecute or defend any currently pending litigation related to regulatory actions other than the Amendments.

d. This Agreement does not alter, waive, or abrogate any right that Chevron may have to bring an administrative or judicial challenge to any pending or future rule, regulation, or regulatory action taken by the Air District, other than as provided for in this Agreement.

9.2 Nature of Monetary Payments under Settlement Agreement. The Parties intend and agree that amounts paid by Chevron pursuant to Section 2.1.a, Section 2.2, Section 3.5.a, and/or Section 5 of this Agreement constitute amounts paid for restitution or remediation of property reportable to the Internal Revenue Service under 26 U.S.C. Section 6050X(a)(1)(B). The Parties further intend and agree that the civil penalties paid by Chevron under Sections 6 and 7 of this Agreement constitute penalties paid for violations of law to which 26 U.S.C. Section 162(f)(1) applies, and are reportable to the Internal Revenue Service under 26 U.S.C. Section 6050X(a)(1)(A). The Air District agrees to report Chevron's payments to the United States Internal Revenue Service pursuant to 26 U.S.C. Section 6050X consistent with the terms of this Section 9.2 and to provide a copy of such reporting to Chevron as required by law.

9.3 No Presumption Regarding Drafting Party. This Agreement is the result of negotiations between the Parties and it is the product of both Parties. This Agreement shall not be construed against any Party because of the involvement of that Party or its counsel in the preparation or drafting of this Agreement.

9.4 Severability. If any term or provision of this Agreement is determined by a court of competent jurisdiction to be to any extent illegal, otherwise invalid, or incapable of being enforced, then such term or provision shall be excluded only to the extent of such invalidity or unenforceability and all other terms and provisions contained in this Agreement shall remain in full force and effect. If application of this severability provision should materially affect the substance of this Agreement and the actions contemplated herein, the Parties shall amend this Agreement to include a replacement provision suitable to all Parties or otherwise to reach a resolution that gives effect to the original intent of the Agreement.

9.5 Notices. All notices, requests, demands and other communications made under this Agreement shall be in writing and shall be deemed duly given if (i) hand delivered against a signed receipt therefor or (ii) sent by internationally recognized overnight delivery service, with an electronic copy sent by email in either case.

a. Notices to Chevron pursuant to this Agreement shall be sent to:

Name:	Kris Battleson, Richmond Refinery HSE Manager
Email:	kbattleson@chevron.com

Telephone:	510-242-1400
Address:	841 Chevron Way, Richmond CA 94801

Name:	Richmond Refinery Lawyer
Email:	richmondrefinerylaw@chevron.com
Telephone:	510-242-5580
Address:	841 Chevron Way, Richmond CA 94801

b. Notices to the Air District pursuant to this Agreement shall be sent to:

Name:	Alexander Crockett, General Counsel
Email:	acrockett@baaqmd.gov
Telephone:	(415) 749-4732
Address:	Bay Area Air Quality Management District Office of General Counsel 375 Beale Street, Suite 600 San Francisco, CA 94105

Name:	Robert "Perl" Perlmutter, Esq.
Email:	perlmutter@smwlaw.com
Telephone:	(415) 552-7272
Address:	Shute, Mihaly & Weinberger LLP 396 Hayes Street San Francisco, CA 94102

c. Either Party may alter that Party's contact information for purposes of notices, at any time, by giving notice of such change in conformity with the provisions of this Section 9.5. In addition, the Air District may specify that certain specific notifications, reports, or other information that Chevron is required to submit to the Air District under this Agreement shall be sent to additional Air District staff by giving notice specifying (i) the specific notification, report or information required (with reference to the specific provision of this Agreement under which it is required) and (ii) the staff person(s) to whom the notification, report or other information shall be provided.

d. Provided that an electronic copy is sent by email, notice shall be deemed to be effective: if hand delivered, when delivered; and if sent by internationally recognized overnight delivery service, on the next business day following delivery to such delivery service.

e. The Parties acknowledge and agree that the foregoing provisions for the giving of notice are not intended to cover day-to-day communications between the Parties in the course of performing each such Party's duties

and obligations hereunder, including, without limitation, communications related to Wet Gas Scrubber permitting and FCCU Emission Reduction Measures.

f. The notice provisions contained in this Section 9.5 are not intended to alter in any way the procedures related to the Air District's regulatory and rulemaking processes, including but not limited to the provision of adequate public notice of regulatory actions, submission of public comments on such actions, and other notifications and procedures required or customary with respect to District's regulatory actions.

9.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of California, without giving effect to any choice or conflict of law provision or rule (whether of the State of California or any other jurisdiction).

9.7 Recitals. The Recitals set forth in this Agreement are a material part of this Agreement and are hereby expressly incorporated by reference as though expressly set forth herein.

9.8 Authority. Chevron and the Air District hereby each represent and warrant that they have full power and authority to enable, execute, and deliver this Agreement and to perform their obligations hereunder. Each of the undersigned individuals represents and warrants that they have read and understand this Agreement and have full and complete lawful authority to bind the respective Party on whose behalf they sign, and any respective principals, successors, subsidiaries, partners, limited partners, agents and assigns, to this Agreement.

9.9 Benefit and Burden. This Agreement (including without limitation all releases herein) is binding upon and shall inure to the benefit of the Parties, their respective beneficiaries, predecessors, successors, assigns, partners, partnerships, parent companies, subsidiaries, affiliates and related entities, officers, directors, principals, agents, servants, employees, representatives, and all persons, firms, petitioners, and/or persons or entities connected with each of them, including, without limitation, their insurers, sureties, attorneys, consultants, and experts.

9.10 Entire Agreement. This Agreement constitutes the full, complete, and final statement of Chevron and the Air District on the matters addressed by this Agreement. The Parties acknowledge that this Agreement contains the entire understanding between the Parties with respect to the matters addressed by this Agreement.

9.11 Amendments in Writing. This Agreement may be amended or modified only by a written instrument signed by authorized representatives of all Parties.

9.12 Waiver. Any waiver of any provision or term of this Agreement shall be effective only if in writing and signed by all Parties. The waiver of any provision or term of

this Agreement shall not be deemed as a waiver of any other provision of this Agreement.

9.13 No Third-Party Beneficiaries. There are no third-party beneficiaries to this Agreement and nothing expressed, implied, or referred to in this Agreement will be construed to give any Person, other than the Parties to this Agreement, any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement, except such rights as may inure to the Parties' predecessors, successors, subsidiaries, or other persons or entities, in accordance with Section 9.9.

9.14 Meet-and-Confer Requirement in the Event of Breach. In the event that one Party claims that the other Party is or will be in breach of this Agreement, the Parties shall meet and confer regarding the alleged breach and how it may be cured before any Party may take action to enforce this Agreement. Except as provided in Sections 3.3 and 3.11 pertaining to disputes over compliance with Section 3, if the Parties cannot agree to a mutually acceptable resolution following this meet-and-confer session, the Parties shall engage in non-binding mediation, with the cost of the mediator to be borne entirely by Chevron, to try to resolve their differences, unless the Parties waive this requirement or cannot reach agreement on a mediator. Other than the mediator's cost, the Parties shall pay their own costs of any such mediation, including their attorneys' fees associated with preparing for and participating in the mediation.

9.15 Reasonable Cooperation. The Parties agree to provide reasonable cooperation to each other as may be necessary to give effect to this Agreement.

9.16 Required Approvals. Where this Agreement, or an action contemplated by this Agreement, requires approval by a Party, such approval shall not be unreasonably withheld by that Party.

9.17 No Admission. This Agreement resulted from a compromise of disputed claims and is not to be construed as an admission by either Party nor as acknowledgement that any of the claims and responses were correct or incorrect.

9.18 Time is of the Essence. Time is of the essence with respect to the completion of each Party's obligations under this Agreement. This is a material provision of this Agreement.

9.19 Calculation of Time Periods. For any time limit or deadline that is specified in this Agreement based on a number of days, the time limit or deadline shall be calculated based on calendar days, unless otherwise specified.

9.20 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall have the same force and effect as an original, but all of which together shall constitute one and the same instrument.

[*Signature page(s) follow*]

Each of the undersigned expressly represents that he or she is authorized to execute this Settlement Agreement on behalf of the party for whom he or she signs below.

SO AGREED, STIPULATED AND EXECUTED:

BAY AREA AIR QUALITY
MANAGEMENT DISTRICT
375 Beale Street, Suite 600
San Francisco, California 94105

By: _____
Philip M. Fine
EXECUTIVE OFFICER/APCO

Date: 2/10/2024

CHEVRON U.S.A. INC.

By: _____
Kari H. Endries
VICE PRESIDENT &
SECRETARY

Date: 2/8/2024

APPROVED AS TO FORM BY:

BAY AREA AIR QUALITY
MANAGEMENT DISTRICT
375 Beale Street, Suite 600
San Francisco, California 94105

By: _____
Alexander Crockett
GENERAL COUNSEL

Date: 2/10/2024

ATTACHMENT A

Pursuant to Section 7.2.b of the Agreement, Chevron shall undertake the following compliance measures to minimize flaring and reduce flaring impacts, within the time frames prescribed.

1. Automated Flare Monitoring. Chevron shall, upon certification by the Air District in accordance with Air District Rule 12-11, use EPA-certified automated flare mass spectrometer parametric monitors ("Certified Automated Monitors") to monitor flaring at each flare at the Richmond Refinery.

    a. Chevron shall take all actions necessary to obtain certification from the Air District in accordance with Air District Rule 12-11 to authorize the use of Certified Automated Monitors at each flare at the Richmond Refinery, including (but not limited to) providing all relevant information requested by the Air District, within a reasonable timeframe as specified in the information request, to enable the Air District to certify that Chevron's automated flare mass spectrometer parametric monitors meet the requirements of Air District Rule 12-11. In addition, Chevron shall make any necessary modifications to address calibration, moisture, and other issues potentially impacting the Certified Automated Monitor analyzer sampling system reliability ("Analyzer Reliability Work"). Chevron shall meet the obligations of this Section 1.a as expeditiously as possible, but in no event later than October 31, 2024, except that Chevron may request in writing that the District grant additional time if Chevron is unable to meet this deadline due to reasons beyond its reasonable control (including any delay caused by the Air District), which request the Air District shall not unreasonably deny.

    b. In the interim, Chevron shall implement a modified calibration approach within one hundred twenty (120) days from the Effective Date of this Agreement. This modified calibration approach would involve sending calibrating gas to the analyzer rather than introducing the calibration gas as close to the probe as possible, as described in Air District Manual of Procedures, Volume V, Section 5.2.

2. Automated Flare Gas Management System. Chevron shall install an automated system to control the addition of natural gas and steam to each of the water seal flares at the Richmond Refinery. Once installed, Chevron shall implement and use this automated system to control the addition of natural gas and steam to each of the water seal flares at all times, and it shall manually control natural gas and steam to any of the water seal flares only in the event the automated system malfunctions and/or becomes unable to properly control the natural gas and steam. Chevron shall properly maintain and (as needed) timely repair the equipment used to automate the addition of natural gas and steam pursuant to this Section 2. Chevron shall complete the installation of the automated system, and any necessary training of operators and other work necessary to begin operation of the new system, in two phases, with the first phase consisting of installation of the automated system and related work on two (2) of the water seal flares to be completed no later than December 31, 2024; and the second phase consisting of

installation of the automated system and related work on the five (5) remaining water seal flares to be completed no later than December 31, 2025.

3. Flare Operator and Blowdown Process Training. Within six (6) months of the Effective Date of this Agreement, Chevron shall prepare and submit to the Air District a Training Plan that includes, at a minimum, the following elements: (i) training, per industry standards and federal and California legal requirements, for each operator that may operate flares and/or flare gas recovery systems on the relevant protocols for flare sampling, visual inspection monitoring, and minimizing emissions and black smoke as a result of flaring events; (ii) training, per industry standards and federal and California legal requirements, for control board operators on the evaluation of flare system capacity to avoid overwhelming the flare gas recovery system during blowdown, including all relevant protocols implemented to minimize flaring events and associated emissions resulting from the blowdown process; and (iii) training for other personnel at relevant process units responsible for the blowdown process on impacts of the blowdown process on the flare system. The Training Plan shall also include information describing: 1) how operators that may operate flares and/or flare gas recovery systems are trained on operation of a flare gas recovery system as part of the operator training and qualification process; 2) how operators in the categories covered by this Section 3 are trained on relevant procedures as part of the operator training and qualification process; and 3) how new employees in the categories covered by this Section 3 will be trained on the relevant requirements included in this Section 3. Chevron shall provide this training to all employees covered by this Section 3 annually, and for any employees who are newly hired or newly assigned to a position covered by this Section 3, no later than one (1) month after such assignment. Chevron shall keep records of such training, including documentation of each employee who received such training, the subject matter and content of the training, and the date(s) on which the employee received the training, for no less than five (5) years from the date of the training, and shall make such records available to the Air District upon request.

4. Flare Prevention/Minimization Assessment. No later than December 31, 2024, Chevron shall undertake a comprehensive assessment of all Air District Rule 12-12 reportable flaring events that have occurred at the Richmond Refinery since implementation of the Refinery Modernization Project, which shall include (i) an analysis of the primary cause and contributing factors of each flaring event and actions that could have been taken to prevent or minimize the event; and (ii) recommendations for potential projects that may prevent or minimize the recurrence of such events by improving the reliability of the hydrogen plants installed as part of the Refinery Modernization Project and the electrical reliability of the Refinery's electrical infrastructure. Chevron shall prepare a detailed written report of the assessment and submit it to the Air District upon completion of the assessment. To the extent that Chevron contends that any information in the report constitutes trade secret information protected from disclosure under the California Public Records Act, Chevron shall follow the procedures set forth in the Air District's Administrative Code regarding claims of trade secret, including (but not limited to) providing a redacted public copy of the written report. Chevron shall also post a public copy of the report with any such redactions on the public website required under Section 5 below.

5. Public Website on Flaring Events. Within four (4) months of the Effective Date of this Agreement, Chevron shall host a publicly available website to serve as an information hub for external flare reporting and air quality-related information and contain the information set forth in this Section 5. Chevron shall include a link to this public website in a conspicuous place on Chevron Richmond's public website. Chevron shall post the following available information on the website for each Air District Rule 12-12 flaring event that occurs at the Richmond Refinery: (i) the flare at which the flaring event occurred; (ii) the duration of the flaring event; (iii) the type and amount of emissions resulting from the flaring event; (iv) the primary cause of the flaring event; (v) whether the flaring event was the result of an emergency (as defined in Rule 12-12-201) to prevent an accident, hazard or release of vent gas to the atmosphere, and if so, an explanation of why; and (vi) any prevention measures that Chevron will take to avoid similar events in the future and the date by which Chevron will take them (or a statement that Chevron does not know when it will take them, if such date is not known), or if Chevron does not plan to take any such prevention measures, a statement that Chevron does not plan to take any such measures and the reasons why. Chevron shall post the information required by clauses (i)-(iii) of the preceding sentence on the public website within two (2) business days after it notifies the Air District of the flaring event pursuant to Air District Rule 12-12-405; and shall post the information required by clauses (iv)-(vi) of the preceding sentence on the public website within two (2) business days after the deadline for submission of the report required under Air District Rule 12-12-406 for the relevant flaring event. Chevron shall maintain this information for each flaring event on the website for no fewer than five years following each event and shall group the information for flaring events by calendar year (but maintain on the website a separate report for each event). Chevron shall also post on the website related flaring information, including links to Chevron's fenceline and other air monitoring data, links to Chevron's flaring report(s) for each flaring event, links to flaring educational materials, links to Chevron's Flare Management Plan, links to reports and other documents required to be posted under this Agreement, and contact information where community inquiries and complaints may be directed.

   For purposes of this Section 5, "emergency" as defined in Rule 12-12-201 means a condition at the Richmond Refinery beyond Chevron's reasonable control requiring immediate corrective action to restore normal and safe operation that is caused by a sudden, infrequent and not reasonably preventable equipment failure, natural disaster, act of war or terrorism or external power curtailment, excluding power curtailment due to an interruptible power service agreement from a utility.

6. Community Action Plan. Within four (4) months of the Effective Date of this Agreement, Chevron shall enter into an agreement with a community-based organization with ties to the Richmond community to prepare and implement, at Chevron's expense, a Community Action Plan that identifies opportunities for enhanced community engagement related to Chevron's efforts to minimize flaring and to ensure compliance with air-quality-related regulatory requirements at the Richmond Refinery. This Community Action Plan shall include, at a minimum, the following elements: (i) community meetings, scheduled for at least two (2) hours, with the Richmond community no fewer than twice a year (approximately every six (6) months) at which Chevron will

provide information and answer questions on any flaring events and air-quality-related Notices of Violation issued to the Richmond Refinery since the previous meeting (or in the case of the first meeting, within the previous twelve (12) months), and any actions Chevron has taken or plans to take to minimize or avoid further flaring events and to avoid occurrence of any incidents that resulted in air-quality-related Notices of Violation; (ii) a requirement for Chevron to take public comment at each community meeting; (iii) a requirement for Chevron to respond orally at the community meeting to the extent practicable and for Chevron to prepare a written summary of the public comments provided by community members, Chevron's responses, and related discussion at each community meeting; (iv) a requirement for Chevron to explore the relevant suggestions given by members of the community at these meetings and report back on them orally at the next community meeting, and to publish a written summary of the discussion, including a summary of all comments and suggestions made by members of the community and Chevron's responses, on the public website required under Section 5 above; and (v) a requirement for Chevron to provide written updates on its implementation of the Community Action Plan at least once every twelve (12) months, and for Chevron to submit such updates to the Air District and publish them on the public website required under Section 5 above. The Community Action Plan shall also include the following statement on the first page, in 12-point Times New Roman font: "This Community Action Plan is required by a settlement agreement with the Bay Area Air Quality Management District."

Within nine (9) months of the Effective Date of this Agreement, Chevron shall fund and begin implementing the Community Action Plan, including holding the first community meeting, and shall make the final Community Action Plan available to the public on the public website required under Section 5 above. The requirements in this Section 6 shall expire five (5) years from the date Chevron begins implementing the Community Action Plan.

ATTACHMENT B

Pursuant to Section 7.3 of the Agreement, the Air District shall not take further enforcement action regarding any claims that Chevron has violated Air District Rule 1-521 and related requirements of Volume V of the Air District Manual of Procedures ("MOP") with respect to the sources and pollutants identified in the Air District's letter to Chevron dated June 16, 2023, with the subject "Additional Continuous Emissions Monitors Required Pursuant to Regulation 1-521" (the "June 16, 2023, Letter"), and in Notices of Violation Nos. A52410, A52411, A52412, A52413, A52414, A52415, A56290, A56291, A56292, A56293, A56294, while the Parties are engaging in good-faith settlement discussions regarding the Air District's claims. The Parties shall engage in such good-faith settlement discussions according to the following schedule. The Parties agree that these good-faith settlement discussions shall be confidential settlement discussions protected from disclosure under California Evidence Code section 1152 and related law.

1. By no later than forty-five (45) days after the Effective Date, Chevron shall submit a detailed written Report to the Air District stating Chevron's position, for each source and pollutant identified in the June 16, 2023, Letter, regarding Chevron's compliance with Rule 1-521 and related requirements of Volume V of the MOP. The Report required by this Paragraph 1 shall include:

    a. Monitors Chevron Contends Are Not Subject To Rule 1-521. For each source and pollutant for which Chevron contends that Rule 1-521 does not require Chevron to re-range or install, maintain, and operate high span and/or dual span monitors, the Report shall explain in detail all of Chevron's reasons and analyses supporting its position, including but not limited to Chevron's analyses of instances in which emissions readings were recorded at the maximum range of the current monitor for the source and pollutant involved (a/k/a "pegging").

    b. Compliance Status for Monitors Chevron Does Not Dispute Are Required Pursuant to Rule 1-521. For each source and pollutant for which Chevron does not dispute that it must re-range or install, maintain, and operate high span and/or dual span monitors pursuant to Rule 1-521, the Report shall provide a summary of Chevron's compliance status (or for requirements for which the applicable deadline is in the future, projected compliance status) with all applicable requirements in Rule 1-521 and Volume V of the MOP, including but not limited to:

        (i) The requirement to respond within forty-five (45) days of receipt of the June 16, 2023, Letter, which response must include plans and specifications for monitor selection and placement, a descriptive brochure from the manufacturer containing performance specifications, and an engineering drawing depicting monitor placement, as required by Section 4.1 of MOP Volume V;

        (ii) The requirement to provide a copy of a purchase order for the monitoring equipment within forty-five (45) days of approval of

the plans and specifications, as required by Section 4.2 of MOP Volume V;

(iii) The requirement to complete installation and preliminary field calibration within one hundred eighty (180) days of submission of the purchase order, as required by Section 4.3 of MOP Volume V; and

(iv) The requirement to complete all required testing within forty-five (45) days of completion of installation, as required by Section 4.4 of MOP Volume V.

c. Schedule of Compliance with Rule 1-521 and MOP Volume V. For each of the foregoing requirements applicable to monitors identified in Section 1.b for which the deadline for compliance has elapsed as of the date of the Report, the Report shall state whether (i) Chevron fully complied with the requirement by the required deadline, (ii) Chevron did not fully comply by the required deadline but has subsequently complied (in which case Chevron shall identify the date of compliance), or (iii) Chevron has not fully complied with the requirement. For each of the foregoing requirements for which the deadline prescribed by MOP Volume V has not yet elapsed as of the date of the Report, the Report shall describe actions Chevron has taken to comply with such requirements, the applicable deadline for compliance under MOP Volume V, whether Chevron anticipates complying by the deadline, and, if not, the anticipated date of compliance. For those requirements for which Chevron has not complied or anticipates that it will not comply by the deadline prescribed by MOP Volume V, the Report shall include a detailed proposed schedule of compliance by which Chevron will comply with each such requirement, with appropriate increments of progress towards full compliance. The schedule of compliance shall include (at a minimum) an instrument and equipment purchase list, performance specifications for all listed instrument and equipment, and an anticipated schedule for purchase, delivery, installation, calibration, and testing of the instrumentation and equipment.

d. Civil Penalties for Failure to Comply. For the monitors identified in Section 1.b, the Report shall include proposed civil penalties for all instances of non-compliance with applicable requirements in Rule 1-521 and Volume V of the MOP, including (i) requirements that Chevron failed to comply with by the required deadline, but for which Chevron has now complied, and (ii) requirements that Chevron has not complied with by the required deadline, or expects that it will not comply with by the required deadline, but that Chevron will comply with pursuant to its proposed schedule of compliance. The proposed penalties for each requirement shall be based on the applicable penalty provisions in Health and Safety Code sections 42402-42403 and 42411, with the duration of the violation for violations addressed in the proposed schedule of compliance based on the projected compliance date specified in the schedule of compliance. For violations subject to the schedule of compliance, the proposed penalties shall also include an

escalating stipulated penalty schedule to apply if Chevron fails to meet the requirements of the schedule of compliance.

e. Supporting Documentation. The Report required by this Paragraph 1 shall include all supporting data, documentation and analyses that Chevron has relied on in preparing the Report.

2. By no later than forty-five (45) days after receipt of Chevron's Report pursuant to Paragraph 1 above, the Air District shall submit a Response to Chevron's Report. The Air District's Response required by this Paragraph 2 shall include:

a. Response on Monitors Chevron Contends Are Not Subject To Rule 1-521. For each source and pollutant for which Chevron contends that Rule 1-521 does not require Chevron to re-range or install, maintain, and operate high span and/or dual span monitors, the Response shall outline the Air District's assessment of Chevron's position and state whether the Air District agrees or disagrees, and the reasons why.

b. Response on Compliance Status for Monitors Chevron Does Not Dispute Are Required. For each source and pollutant for which Chevron does not dispute that it must re-range or install, maintain, and operate high span and/or dual span monitors pursuant to Rule 1-521, the Response shall outline the Air District's assessment of Chevron's Report on the compliance status with respect to applicable requirements in Rule 1-521 and related requirements of Volume V of the MOP. The Response shall identify any applicable requirements not identified in Chevron's Report for which the Air District has evidence that Chevron is not in compliance as of the date of the Response (not including requirements for which the required deadline has not yet passed).

c. Response on Schedule of Compliance. The Response shall outline the Air District's assessment of whether Chevron's proposed schedule of compliance and increments of progress are reasonable. For any areas where the Air District does not find Chevron's proposed schedule of compliance and increments of progress to be reasonable, the Air District shall identify an alternative proposed schedule of compliance with appropriate increments of progress.

d. Response on Civil Penalties for Failure to Comply. The Response shall indicate whether the Air District agrees with Chevron's proposed civil penalties, and the reasons why. If the Air District does not find Chevon's proposed civil penalties to be appropriate, it shall propose alternative civil penalties, which shall be based on the applicable penalty provisions in Health and Safety Code sections 42402-42403 and 42411.

e. Supporting Documentation. The Response required by this Paragraph 2 shall include all supporting data, documentation and analyses that the Air District has relied on in preparing the Response.

3. By no later than twenty-one (21) days after the Air District sends Chevron its Response, the Parties shall meet and confer in good faith to discuss an appropriate settlement and resolution of the Air District's claims that Chevron has violated Air District Rule 1-521 and related requirements of Volume V of the MOP with respect to the sources and pollutants identified in the June 16, 2023, Letter, including (but not limited to) claims asserted in Notices of Violation Nos. A52410, A52411, A52412, A52413, A52414, A52415, A56290, A56291, A56292, A56293, and A56294. The topics the Parties will address in this negotiation shall include (but shall not be limited to):

    (i) What monitors are subject to the requirements to re-range or install, maintain, and operate high span and/or dual span monitors;

    (ii) What applicable requirements of Rule 1-521 and MOP Volume V Chevron has violated as of the date of the meeting, if any;

    (iii) A schedule of compliance, including appropriate increments of progress, for all applicable requirements of Rule 1-521 and MOP Volume V that Chevron is not in compliance with, or (for requirements for which the required deadline has not yet elapsed) that Chevron expects it will not comply with by the required deadline;

    (iv) Civil penalties for all periods of past violations and a schedule of stipulated penalties for continued and future violations during implementation of the schedule of compliance; and

    (v) Language for a written agreement to memorialize the Parties' agreement on these issues in a legally binding and enforceable manner.

4. Should the parties fail to reach agreement after engaging in the good-faith settlement discussions under this Attachment B, the Air District shall retain all rights to pursue any and all claims and remedies available to it under the law for violations of its regulations and associated requirements, including but not limited to administrative remedies from the Air District's Hearing Board and judicial remedies from the California courts; and Chevron shall retain all rights to assert any and all defenses to such claims and remedies.

5. If Chevron fails to comply with any of its obligations under this Attachment B, such failure shall be deemed to be an end to good-faith negotiations under this Attachment B, and the Air District shall be entitled to take immediate action under Paragraph 4 above, notwithstanding any requirements in the Agreement to provide notice, to meet and confer, or to engage in mediation.

ATTACHMENT C

Any dispute(s) submitted to binding arbitration pursuant to Section 3.3.d and/or Section 3.11 of the Agreement shall be carried out as follows.

1. Either Party may submit the dispute to JAMS, which shall be managed pursuant to the JAMS Managed Arbitration Process out of JAMS's San Francisco office and using the JAMS Streamlined Arbitration Rules & Procedures that were effective as of June 1, 2021 ("JAMS Streamlined Rules"), as allowed pursuant to JAMS Streamlined Rule 3.

2. If the Parties do not agree on the selection of the arbitrator and therefore an arbitrator must be selected pursuant to JAMS Streamlined Rule 12, pursuant to JAMS Streamlined Rule 2(a) the Parties hereby augment and vary from JAMS Streamlined Rules 12(c), 12(d), and 12(e) as follows:

    a. JAMS shall send the Parties a list of at least six (6) arbitrator candidates;
    b. Each Party may strike up to two (2) names;
    c. Each person on JAMS's list of arbitrator candidates and any arbitrator selected must:
        i. be a retired judge or justice who served at least ten (10) years combined on any California Superior Court, any California Court of Appeal, and/or the California Supreme Court, or as a federal magistrate or District Court judge in California;
        ii. if the dispute arises under Section 3.3.d of the Agreement, or is otherwise related to construction, have substantial experience with construction disputes;
        iii. have been an arbitrator for at least five (5) years;
        iv. have no direct or indirect relationship with either Party or their counsel or any other ethical conflict that would preclude the arbitrator's objective and unbiased adjudication of the dispute(s); and
        v. have sufficient time available to achieve the deadlines set forth in Section 3.3.d and/or Section 3.11 of the Agreement, which sections require the arbitration to be completed within three (3) months.

3. Pursuant to JAMS Streamlined Rule 2(a), the JAMS Streamlined Rules shall be modified in the arbitrator's discretion, after considering the nature of the dispute(s) and the Parties' joint or separate recommendations, if necessary to achieve the deadlines set forth in Section 3.3.d and/or Section 3.11 of the Agreement, which sections require the arbitration to be completed—and a final arbitrator's award to be issued—within three (3) months of the commencement of the arbitration.

4. Pursuant to JAMS Streamlined Rule 2(a), and notwithstanding JAMS Streamlined Rules 6 and 14, any in-person hearings shall be conducted in JAMS's San Francisco office unless the Parties and the arbitrator otherwise agree.

5. As allowed by JAMS Streamlined Rule 26 and agreed to by the Parties in Section 3.3.d and Section 3.11 of the Agreement, JAMS's fees and expenses shall be borne entirely by Chevron.