

ChevronTexaco Corporation
6001 Bollinger Canyon Road
San Ramon, CA 94583
Tel 925 842 3232
Fax 925 842 1230
djoreilly@chevrontexaco.com

David J. O'Reilly
Chairman of the Board and
Chief Executive Officer

ChevronTexaco

August 25, 2003

The Honorable Hansford T. Johnson
Acting Secretary of the Navy
1000 Navy Pentagon
Washington, D.C. 20350-1000

Dear Acting Secretary Johnson:

I am writing regarding action the Navy is about to take that raises serious security and safety concerns at our petroleum refinery in Richmond, California. The action involves the proposed conveyance of the Naval Fuel Depot at Point Molate, a 400 acre site near the Richmond-San Rafael Bridge. The Navy is preparing to transfer title to that property to the City of Richmond for development. Our understanding is that there will be no security requirements and no security-related restrictions on the use of the property. Before any conveyance takes place, a thorough review of security issues should be completed and appropriate mitigating security measures undertaken.

Located on 2,900 acres 25 miles from San Francisco, our Richmond Refinery processes more crude oil than any other refinery in the Bay Area and ranks among the major refineries in the United States. It has a rated crude oil producing capacity of 240,000 barrels per day and produces primarily gasoline, jet, diesel fuels and lubricants. From the Richmond Refinery, we supply products to consumers and industrial customers in Northern and Central California, Nevada and the Pacific Northwest.

The Point Molate property is surrounded on three sides by our Richmond Refinery; the San Francisco Bay abuts the other. The Richmond Refinery has been designated by the U.S. Office of Homeland Security and the FBI as a key asset to the California economy. Additionally, California's Anti-Terrorism Critical Asset List ranks our Richmond Refinery as the most critical energy infrastructure in Northern California. Accordingly, we believe that appropriate security restrictions must be required before any sale of the property takes place.

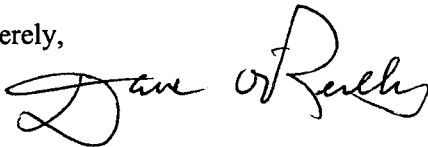
Since the tragedy of September 11, security reviews of our refinery have been conducted by the U.S. Coast Guard, the FBI and ChevronTexaco. These reviews raise serious security concerns in connection with any future use of the Point Molate property. However, the security concerns which these reviews have now identified were not considered by the Navy in its Final EIS or Record of Decision dated June 4, 2002. From recent conversations with the Navy's Base Closure Manager in San Diego, we understand that no security restrictions would be placed on the property if it is transferred to the City of Richmond.

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The City of Richmond is currently reviewing development proposals from interested developers. Among other uses, the developers propose using the property for a gambling casino, convention center and high-density residential. The Navy's Record of Decision identifies the preferred use as industrial and commercial with open space and recreational, and even though the Navy did not take into account the concerns raised in the recent security reviews, the proposals the City is considering are contrary to even the Navy's preferred uses. Moreover, these proposed uses fail to take into account the serious and immediate security risks development of the Point Molate property presents to the Bay Area, the local community and the Richmond Refinery. ChevronTexaco believes that any use of Point Molate must be compatible with the secure and safe continued operation of the Richmond Refinery, and requests the Navy to take all appropriate steps to ensure the security and operation of our refinery are not compromised in any respect.

I look forward to hearing from you or someone from your staff. For additional information regarding this situation, please contact Phil Cavanaugh (202-408-5800) in our Washington D.C. office. You should also feel free to contact Gary Fisher (510-242-3225) or Dean O'Hair (510-242-2400), who are at the Richmond Refinery and familiar with the situation.

Sincerely,



The Honorable Irma L. Anderson, Mayor of Richmond
The Honorable Nathaniel Bates, Richmond City Council
The Honorable Charles Belcher, Richmond City Council
✓ The Honorable Thomas Butt, Richmond City Council
The Honorable Christopher Cox, U.S. House of Representatives
The Honorable Dianne Feinstein, U.S. Senate
The Honorable John Gioia, Supervisor, Contra Costa County
The Honorable Richard Griffin, Richmond City Council
The Honorable George Miller, U.S. House of Representatives
The Honorable Mindell Lewis Penn, Vice-Mayor of Richmond
The Honorable Jim Rogers, Richmond City Council
The Honorable Isiah Turner, Richmond City Manager
The Honorable Maria Viramontes, Richmond City Council
Mr. Alan Lee, U.S. Navy