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EXXON MOBIL AGREES TO PAY $7 MILLION TO RESOLVE CLAIMS OF UNDERPAYMENT OF OIL ROYALTIES

WASHINGTON, D.C. - Exxon Mobil Corporation has agreed to pay $7 million to resolve claims under the False Claims Act and administrative claims that the corporation underpaid royalties due for oil produced on federal leases between 1988 and 1998, the Justice Department announced today.

Federal leases are administered by the Minerals Management Service of the United States Department of the Interior. Each month, Exxon Mobil is required to report the amount and value of oil produced on federal leases. The oil company pays royalties based upon the value of the oil they report.

"Today's settlement is an example of the Justice Department's continued efforts to ensure that the government is compensated for underpayment of oil royalties on federal leases," said David W. Ogden, Assistant Attorney General for the Civil Division.

Two relators, J. Benjamin Johnson, Jr., and John Martinek filed a complaint in District Court in Lufkin, Texas against the company on behalf of the United States under the qui tam provisions of the False Claims Act. The two will share more than $1 million from the proceeds of the settlement.

"This settlement brings us one step closer to restoring to the taxpayers of the United States the money due for production of oil on public lands," said Mike Bradford, U.S. Attorney for the Eastern District of Texas.

Including today's agreement with Exxon Mobil, the Justice Department has reached settlements of more than $282 million to resolve claims of underpayment of royalties with 10 other oil companies. Previously, the Department had reached agreements with Mobil Oil, $45 million; Oxy USA Inc., $7.3 million; Chevron, $95 million; Conoco, $26 million; BP Amoco, $32 million; Texaco, $43 million; Pennzoil, $11.9 million; UPRC, $2.7 million; Sun Oil Company, $200,000; and Kerr-McGee, $13 million.

The investigation and settlement were jointly handled by the Office of the United States Attorney for the Eastern District of Texas and the Civil Division of the Department of Justice, with the assistance of the Department of the Interior's Office of Inspector General and the Minerals Management Service.
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