



Department of Justice

FOR IMMEDIATE RELEASE
TUESDAY, AUGUST 5, 2003
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SHELL OIL COMPANY AGREES TO PAY UNITED STATES \$49 MILLION **FOR UNAUTHORIZED VENTING AND FLARING OF GAS**

WASHINGTON, D.C. - Shell Oil Company has agreed to pay \$49 million to settle claims under the False Claims Act and various administrative provisions relating to its unauthorized venting and flaring of gas in the Gulf of Mexico, the Justice Department announced today.

The settlement resolves a lawsuit filed by the Department alleging that Shell improperly vented and flared gas from various offshore federal leases. The suit also alleged that the energy company failed to properly report, or pay royalties on, the vented and flared gas.

Regulations issued by the Department of the Interior prohibit unauthorized venting and flaring of gas in excess of small volumes that are not economical to recover. The lawsuit charged that Shell vented and flared for extended periods large volumes of gas at its Auger platform, located about 150 miles off the coast of Louisiana, and other facilities in the Gulf of Mexico.

The government alleged that Shell's conduct violated the False Claims Act, as well as other administrative requirements. As part of the agreement settling the lawsuit, Shell acknowledged that it improperly vented and flared gas from its offshore leases, and failed to properly report or pay royalties on that gas.

"The Department of Justice is committed to preventing the waste of valuable resources, and to ensuring that the United States is fully compensated for assets removed from public lands," said Peter Keisler, Assistant Attorney General for the Civil Division.

This is the third case settled by Shell in the last four years alleging that it underpaid royalties owed to the United States. In 2000, Shell agreed to pay \$56 million to resolve claims that it undervalued gas produced from federal leases. In 2001, Shell paid \$110 million to resolve claims that it undervalued crude oil extracted from federal lands.

The current lawsuit and settlement were jointly handled by the U.S. Attorney for the Western District of Louisiana and the Justice Department's Civil Division, with the assistance of the Department of the Interior's Office of Inspector General and the Minerals Management Service.

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