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CHEVRON AGREES TO PAY $95 MILLION TO RESOLVE
CLAIMS OF UNDERPAYMENT OF OIL ROYALTIES

WASHINGTON, D.C. -- Chevron Corporation, based in Richmond, Calif., has agreed to pay $95 million to resolve claims under the False Claims Act and administrative claims that the corporation and certain affiliated companies underpaid royalties due for oil produced on federal and Indian leases since 1988.

David W. Ogden, Acting Assistant Attorney General for the Civil Division and Mike Bradford, U.S. Attorney for the Eastern District of Texas said the settlement resolves allegations that Chevron systematically underreported the value of oil they produced on federal and Indian leases between January 1, 1988, and December 31, 1998, and, consequently, that they paid less royalties than they owed.

Federal leases are administered by the Minerals Management Service of the U.S. Department of the Interior. Each month, Chevron is required to report the amount of oil produced and the value of the oil produced on Federal and Indian leases. Chevron pays royalties based upon the value of the oil it reports. The oil comes from land throughout the western United States and from the Gulf of Mexico.

The settlement agreement was signed by representatives of several Indian tribes, as well as the federal government and Chevron. Two relators, J. Benjamin Johnson, Jr., and John Martineck, who had filed a complaint in U.S. District Court in Lufkin, Texas, against Chevron on behalf of the U.S. under the qui tam provisions of the False Claims Act, will share in the proceeds of the settlement. The amount they will share is approximately $14.5 million.

The investigation and settlement were jointly handled by the Office of the U.S. 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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