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JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

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BP Amoco to Pay U.S. \$20.5 Million to Resolve Allegations of Royalty Underpayments from Indian and Federal Lands

WASHINGTON – BP Amoco Corp. (formerly Amoco Corp.), Amoco Production Company, BP Exploration & Oil Inc., BP America Inc., Atlantic Richfield Company and Vastar (the BP defendants) have agreed to pay the United States \$20.5 million to resolve claims that the companies violated the False Claims Act by knowingly underpaying royalties owed on natural gas produced from federal and Indian leases, the Justice Department announced today.

Congress has authorized federal and Indian lands to be leased for the production of natural gas in exchange for the payment of royalties on the value of the gas that is produced. Each month companies are required to report to the U.S. Department of the Interior the amount of royalty that is due. This settlement resolves claims that the BP defendants improperly deducted from the royalty values they reported the cost of boosting gas up to pipeline pressures improperly reported processed gas as unprocessed gas to reduce royalty payments on federal and Indian leases, and improperly failed to perform “dual accounting” on certain federal leases.

The settlement explicitly excludes, and does not resolve, any claims the United States or the BP defendants have related to the Deepwater Horizon oil spill.

“Natural gas royalties provide an important source of income for the United States, Native Americans, and various states, and help support critical programs from which we all benefit,” said Tony West, Assistant Attorney General for the Civil Division of the Department of Justice. “Through cases like this, we are keeping our commitment to protect public lands and to ensure that companies who take non-renewable resources from those lands pay their fair share of royalties.”

“We remain committed to ensuring that energy companies accurately report production and pay the required royalties,” said Rhea Suh, Department of the Interior Assistant Secretary for Policy, Management and Budget. “We will continue to pursue every dollar due to taxpayers and the Federal Government from energy production that occurs on Federal and American Indian lands.”

The settlement arises from a lawsuit filed by Harrold Wright under the False Claims Act. Under the *qui tam*, or whistleblower, provisions of the act, private citizens may file actions on behalf of the United States and share in any recovery. Because Mr. Wright is deceased, his heirs will receive \$5.3 million. The United States initially declined to intervene against the BP defendants, but intervened for the purpose of completing this settlement. Settlements in the case to date total approximately \$270 million.

The investigation and settlement of these matters was jointly handled by the Justice Department’s Civil Division and the U.S. Attorney’s Office for the Eastern District of Texas, with assistance from the Department of the Interior’s Office of Natural Resources Revenue Office of the Solicitor and Office of Inspector General.

The case is *U.S. ex rel. Wright v. Chevron USA, Inc. et al.*, 5:03-CV-264 (E.D. Tex.).

The Justice Department’s total recoveries in False Claims Act cases since January 2009 are more than \$7.5 billion.



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