

DEPARTMENT OF JUSTICE
NEWS RELEASE

John F. Walsh

United States Attorney, District of Colorado

For immediate release

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**OIL COMPANY SETTLES ALLEGATIONS THAT IT KNOWINGLY AVOIDED
PAYING FEDERAL ROYALTIES FOR SEVERAL YEARS**

DENVER – Big Sandy Oil Company, solely owned by James E. Cochran, has agreed to pay the United States \$73,500, plus interest, to settle allegations that it violated the False Claims Act by knowingly failing to pay oil revenues Big Sandy owed to the United States.

The Department of the Interior's Office of Natural Resources Revenue, which is primarily based in Lakewood, Colorado, is responsible for the collection, disbursement, and verification of oil and gas royalty payments to the government from companies that extract federal mineral resources across the country and in the Gulf of Mexico.

According to the United States, Big Sandy owes the United States a one-eighth share in revenues on oil it extracted from two parcels of land in the Allegheny National Forest in Warren County, Pennsylvania. After Big Sandy bought the parcels in 1990, the government informed Big Sandy multiple times about the government's interest in the revenues from oil produced on this land. From 1990 through 2005, however, Big Sandy only sporadically paid royalties due and owing to the United States. Beginning in 2005 and continuing through 2013, Big Sandy failed to remit to the government any royalties at all from the subject parcels. In 2009, the government contacted Big Sandy about its failure to pay, and Big Sandy responded with assurances that it would pay the royalties it owed. Despite these assurances, Big Sandy avoided its obligation to pay for another four years.

In conjunction with efforts by the Office of Natural Resources Revenue, the settlement was the result of investigative efforts by the Department of the Interior's Office of Inspector General and the Bureau of Land Management's Special Investigations Group.

Special Assistant U.S. Attorney Zeyen Wu and Assistant U.S. Attorney Amanda Rocque handled this matter on behalf of the government.

The settlement agreement is neither an admission of liability by Big Sandy Oil Company, nor a concession by the United States that its claims are not well founded.

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