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Interior's ONRR announces \$20.5 million settlement in BP Amoco Corp. False Claims Act case

WASHINGTON — BP Amoco Corp. and several affiliates 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 American Indian leases. The announcement was made today by the Department of the Interior's Office of Natural Resources Revenue (ONRR) and the U.S. Justice Department.

"We remain committed to ensuring that energy companies accurately report production and pay the required royalties," said Rhea Suh, Assistant Secretary for the Department of the Interior's Office of 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."

"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," added 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."

The settlement announced today is between the United States and BP Amoco Corp. (formerly Amoco Corp. and now BP Corporation North America Inc.); the Jicarilla Apache Nation; Amoco Production Company (now BP America Production Company); BP Exploration & Oil, Inc. (now BP Products North America, Inc.); BP America, Inc., Atlantic Richfield Company, and Vastar Resources Inc. (now BP American Production Company) in *United States of America ex rel. Harrold E. ("Gene") Wright v. AGIP Petroleum Co. et al.*, Civil Action No. 5:03CV264)

Under the agreement, the BP Defendants will pay \$20.5 million to resolve the portion of the *Wright* litigation applicable to the defendants. The agreement was negotiated for the period Aug. 2, 1986, through Dec. 31, 2008, for gas produced from all of the BP Defendants' Federal and Indian oil and gas leases.

The settlement resolves claims by the United States under the False Claims Act that the defendants improperly deducted from royalty values the cost of boosting natural gas up to pipeline pressures, and improperly reported processed gas as unprocessed gas to reduce their royalty payments. The settlement also resolves claims that the BP defendants failed to perform dual accounting on Federal onshore leases as required by ONRR regulations.

The settlement agreement arises from a lawsuit filed by Harrold Wright under the Federal False Claims Act. Under the *qui tam*, or whistleblower, provisions of the Act, private citizens may file actions on behalf of the United States Government and share in any recovery. Because Mr. Wright is deceased, his heirs will receive \$5.3 million as part of their share of the \$20.5 million settlement.

The settlement agreement was reached among the BP Defendants, the Jicarilla Apache Nation, the Department of the Interior through its Office of Natural Resources Revenue, and the Justice Department's Civil Division and the U.S. Attorney for the Eastern District of Texas, with assistance from the DOI's Office of Inspector General and the Office of the Solicitor.

According to Suh, the BP Amoco settlement follows numerous agreements with other energy companies in recent years that – including the BP settlement – have returned approximately \$270 million to the Federal Government.

The Office of Natural Resources Revenue, part of the DOI's Office of Policy, Management and Budget, is responsible for collecting and disbursing revenues from energy production that occurs onshore on Federal and American Indian lands, and offshore in the Outer Continental Shelf. During Fiscal Year 2010, the agency disbursed more than \$9.1 billion to states, American Indian Tribes and individual Indian mineral owners, and to various Federal accounts, including the U.S. Treasury, the Land and Water Conservation Fund, and the Reclamation Fund.

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