



# Department of Justice

FOR IMMEDIATE RELEASE  
TUESDAY, MARCH 22, 2011  
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## **OCCIDENTAL OIL COMPANIES TO PAY \$2.05 MILLION TO RESOLVE ALLEGATIONS OF ROYALTY UNDERPAYMENTS FROM FEDERAL LAND**

WASHINGTON – Occidental Petroleum Corporation, Occidental Oil and Gas Corporation, and OXY USA Inc. have agreed to pay the United States \$2.05 million plus interest to resolve claims that the companies violated the False Claims Act by knowingly underpaying royalties owed on natural gas produced from federal leases, the Department of Justice announced today. Occidental Petroleum Corporation is an international oil and gas exploration and production company headquartered in Los Angeles.

Congress has authorized federal land 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 Department of the Interior the amount of royalty that is due. This settlement resolves claims that the Occidental oil companies improperly deducted from the royalty values they reported the cost of boosting gas up to pipeline pressures, and failed to properly report and pay royalties related to a natural gas keep-whole agreement, pool pricing for gas and gas re-sold to affiliates.

“Natural gas royalties provide an important source of federal and state income that is essential to support education, critical infrastructure improvements, and natural disaster protection, among other things,” said Tony West, Assistant Attorney General for the Civil Division of the Department of Justice. “The Justice Department will protect public lands to ensure that when companies are given the opportunity to extract non-renewable resources from those lands, they pay their fair share of royalties.”

“We remain committed to ensuring that energy companies accurately report production and pay the required royalties,” said Chris Henderson, Acting 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.”

The settlement arises from a lawsuit filed by Harrold Wright under the False Claims Act against the Occidental oil companies as well as a number of other companies. 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 Harrold Wright is deceased, his heirs will

receive \$91,000, plus interest, as his share of the settlement. The United States initially declined to participate in this case, but was actively involved in the discussions that led to this settlement. The current settlement brings the total recovery in the case to approximately \$230 million.

The investigation and settlement of this matter were jointly handled by the Justice Department's Civil Division and the U.S. Attorney 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.

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