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News Release

Office of Natural Resources Revenue

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Shell to pay \$2.2 million settlement to resolve Federal False Claims case

WASHINGTON — Shell Oil Company, Shell Offshore Inc., Shell Frontier Oil & Gas Inc., and Shell Western Exploration and Production (Shell Defendants) have agreed to pay the United States \$2.2 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 the Interior (DOI) and the U.S. Department of Justice announced today.

The agreement was reached among the Shell Defendants, the Department of the Interior through its Office of Natural Resources Revenue (ONRR), and the Department of Justice. The total payment, including interest, is \$2,287,145.74.

“We are required to ensure that energy companies accurately report production and pay the required royalties,” said Chris Henderson, Acting Assistant Secretary for the DOI’s Office of Policy, Management and Budget. “We will continue to pursue any case where companies do not follow the rules.”

“Natural gas is a non-renewable resource. When the United States allows companies to remove gas from public lands that belong to all of us, we must require those companies to pay all of the royalties they owe, because those funds support important federal 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 the valuable resources they contain.”

The Office of Natural Resources Revenue, part of the DOI's Office of Policy, Management and Budget (PMB), is responsible for collecting and disbursing royalties from energy production that occurs onshore on Federal and American Indian lands, and offshore in the Outer Continental Shelf. Each month, companies are required to report to ONRR the value of the natural gas produced from the Federal leases and to pay a percentage of the reported value as royalties.

The settlement announced today resolves claims that Shell underpaid royalties for natural gas production on Federal leases.

The settlement with Shell 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 and share in any recovery. Because Mr. Wright is deceased, his heirs will receive \$572,000 as part of their share of the \$2.2 million settlement.

According to Henderson, the Shell settlement follows several other agreements with other energy companies in recent years that have returned approximately \$230 million to the Federal Government.

The investigation and settlement of these matters were jointly handled by the Justice Department's Civil Division and the Department of the Interior's Office of Natural Resources Revenue, with assistance from the Department of the Interior's Office of Inspector General, and Office of the Solicitor.