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SHELL OIL TO PAY UNITED STATES \$110 MILLION
FOR UNDERPAYMENT OF OIL ROYALTIES

WASHINGTON, D.C. Shell Oil Company has agreed to pay \$110 million to resolve claims under the False Claims Act, and administrative claims that Shell underpaid royalties due for oil produced on federal leases from 1980 to December 31, 1998, the Justice Department announced today.

Federal leases are administered by the Minerals Management Service of the United States Department of the Interior. Each month, oil companies are required to report the amount of oil produced and the value of the oil produced on Federal and Indian leases. The companies pay royalties based upon the value of the oil they report.

J. Benjamin Johnson, Jr., and John Martinek filed a complaint in the United States District Court in Lufkin, Texas against the Shell on behalf of the United States under the qui tam or whistleblower provisions of the False Claims Act. The two will share in the proceeds of the settlement.

Including today's agreement with Shell, the Justice Department has reached settlements of more than \$392 million to resolve claims of underpayment of oil royalties. Previously, the Department had reached agreements with Mobil Oil, \$45 million; Oxy USA, Inc., \$7.3 million; Chevron, \$95 million; Conoco, \$26 million; BP Amoco, \$32 million; Texaco, \$43 million; Pennzoil, \$11.9 million; UPRC, \$2.7 million; Sun Oil Company, \$200,000; Kerr-McGee, \$13 million; and Exxon, \$7 million.

The investigation and settlement of the False Claims Act proceedings were jointly handled by the Office of the United States Attorney for the Eastern District of Texas and the Civil Division of the Department of Justice, with the assistance of the Department of the Interior's Office of Inspector General and the Minerals Management Service.

The case is entitled US ex rel. Johnson v. Shell Oil Co., Civil No. 9:96CV66

(E.D. Texas).

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