Department of Justice

FOR IMMEDIATE RELEASE
TUESDAY, APRIL 11, 2000
WWW.USDOJ.GOV

CIV
(202) 514-2007
TDD (202) 514-1888

BP AMOCO AGREES TO PAY $32 MILLION TO RESOLVE CLAIMS OF UNDERPAYMENT OF OIL ROYALTIES

WASHINGTON, D.C. – BP Amoco has agreed to pay $32 million to resolve claims under the False Claims Act and administrative claims that the corporation underpaid royalties due for oil produced on federal and Indian leases since 1988, the Justice Department announced today. BP Amoco, which is based in Chicago, was created in 1998 by the merger of Amoco Corporation of the United States and the British Petroleum Company p.l.c. of the United Kingdom.

"Today's settlement is an example of the Justice Department's determination to insure that the government is compensated for underpayment of oil royalties," said David W. Ogden, Acting Assistant Attorney General for the Civil Division.

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

"This settlement brings us one step closer to restoring to the taxpayers and Indian tribes of the United States the money due for production of oil on public lands,' said Mike Bradford, U.S. Attorney for the Eastern District of Texas. "We commend the companies for settling this matter in a way that avoids further litigation, and we will continue to press forward with the prosecution of

this False Claims Act lawsuit against other companies that have underpaid their royalty obligations."

The settlement agreements were signed by representatives of several Indian tribes, as well as the federal government and BP Amoco. Two relators, J. Benjamin Johnson, Jr., and John Martinek, who had filed a complaint in the United States District Court in Lufkin, Texas against BP and Amoco on behalf of the United States under the qui tam provisions of the False Claims Act will share in the proceeds of the settlement. The two will share more than $5.4 million.

The Department has already reached settlement agreements with several other oil companies for underpayment of royalties -- Mobil Oil, $45 million; Oxy USA, Inc., $7.3 million; Chevron, $95 million and Conoco, $26 million.

The investigation and settlement 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.

###

00-196