



U.S. Department of Justice

NEWS RELEASE

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UNITED STATES SETTLES WITH MOBIL FOR UNDERPAYMENT OF ROYALTIES

WASHINGTON, D.C.--Mobil Oil Corporation has paid \$45 million to resolve claims that it underpaid the government royalties for oil produced on Federal and Indian land in California, the Rocky Mountains and the Gulf of Mexico, under an agreement reached with the Department of Justice and representatives of two tribes.

Mike Bradford, U.S. Attorney in Beaumont, Texas, and Stuart Schiffer, Deputy Assistant Attorney General for the Department of Justice Civil Division, said the settlement resolves allegations that Mobil systematically underreported the value of oil it produced on Federal and Indian land. The government alleges that the company underreported the value of oil it produced on land in California from January 1, 1980, to December 31, 1997, and elsewhere from January 1, 1988, to December 31, 1997. As a result, Mobil paid less royalties than it owed.

Federal leases, which are administered by the Minerals Management Service of the U.S. Department of the Interior, require Mobil to report the amount and value of oil produced on Federal and Indian leases each month. Mobil pays royalties based upon the value of the oil it reports, subject to audit.

The settlement was signed by representatives of the Navajo Nation and the Jicarilla Apache tribe, as well as the United States and Mobil. The complaint was originally filed against Mobil by a group of individuals, called relators, on behalf of the United States under the qui tam provisions of the False Claims Act. As part of the Department of Justice settlement, the relators' complaint against Mobil was unsealed today in Lufkin, Texas, and dismissed.

Of the \$45 million, the relators received \$8.1 million of the settlement proceeds. The remaining \$36.9 million was distributed among the United States government, tribes that have leases with Mobil, and states in which the federal government has oil leases with Mobil, including: California, Colorado, Louisiana, Montana, North Dakota, New Mexico, Oklahoma, Texas, Utah, and Wyoming.

The investigation and settlement were jointly handled by the U.S. Attorney's Office and the Department of Justice Civil Division, with cooperation of the Department of the Interior's Office of Inspector General and the Minerals Management Service.

The relators who are parties to the settlement have filed a complaint in Lufkin against 15 other oil companies for oil royalty underpayments. The United States has joined in the litigation against five of the 15 companies. These cases are being jointly handled by the U.S. Attorney's Office and the Justice Department Civil Division.

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