

U.S. DEPARTMENT OF JUSTICE



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NEWS RELEASE

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YATES PETROLEUM PAYS \$416,000 TO RESOLVE ALLEGATIONS IT VIOLATED THE FALSE CLAIMS ACT

DENVER – John Walsh, the United States Attorney for the District of Colorado, today announced that Yates Petroleum Corporation has agreed to pay \$416,000.00 to resolve allegations that the company submitted false statements about the royalties the company owed for natural gas removed from federal leases in Wyoming.

According to the terms of the settlement, the United States contends that Yates made false statements to the Department of the Interior concerning the volume of natural gas that Yates produced from twelve leases in the Powder River Basin in Wyoming. Specifically, Yates used gas measurement devices that did not meet the gas measurement standards of the Bureau of Land Management (BLM) and were unapproved for field use. On January 20, 2009, the Buffalo Field Office of the BLM issued an Order stating that the measurement devices – also known as 1” V-Cone Meters – were not approved for use on federal leases. Yates submitted compliance plans indicating that the company would comply with the BLM’s Order. However, Yates continued to use 1” V-Cone Meters. From May 2009, to and until April 2012, Yates used the unapproved gas meters to measure gas produced from twelve leases and may have under-reported the volume of gas collected from and the royalties owed to the United States.

“When companies lease federal lands for oil and natural gas production they must accurately measure the oil and gas that they take from federal lands and pay the American taxpayer appropriately,” said United States Attorney John Walsh. “Companies face stiff penalties if they break the rules and fail to accurately measure the natural resources removed from federal lands.”

“This settlement demonstrates the benefits of the Office of Natural Resources Revenue’s (ONRR’s) continuing efforts to further strengthen its enforcement program to ensure that energy companies report and pay all the royalties that are due to the American public,” said Paul A. Mussenden, DOI’s Deputy Assistant Secretary for Natural Resources Revenue Management. “We will continue to pursue those companies who under report production and under pay their royalties to make certain that American taxpayer assets are protected.”

“This settlement, the result of collaboration and cooperation between the OIG, DOJ, ONRR and BLM, should send a clear message to deter companies from engaging in fraudulent and noncompliant activities,” said Mary Kendall, Deputy Inspector General for the Department of the Interior.

“This is a good example of how BLM Wyoming takes seriously our regulatory duties on behalf of the American public,” said Don Simpson, BLM Wyoming State Director.

The United States Attorney’s Office thanks the Department of the Interior, Office of the Inspector General, the Bureau of Land Management and the Office of Natural Resources Revenue (ONRR) for the hard work and cooperation that made this recovery possible. The claims settled by this agreement are allegations only. There has been no determination of liability.

Assistant United States Attorney J. Chris Larson handled this matter for the United States Attorney’s Office.

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