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GOVERNMENT REFORM COMMITTEE LEADERS ASK ATTORNEY GENERAL GONZALES TO EVALUATE THE ADMINISTRATION'S AUTHORITY TO RECOVER LOST OIL AND GAS ROYALTIES

WASHINGTON, DC — Today, Reps. Tom Davis, R-Va., Henry A. Waxman, D-Calif., Darrell Issa, R-Calif., and Diane E. Watson, D-Calif., wrote to U.S. Attorney General Alberto Gonzales to ask him to review a legal analysis concluding that the Administration has legal recourse to recover billions of dollars in lost revenue on defective oil and gas leases issued in 1998 and 1999.

The leases in question were issued without any requirement that the oil and gas companies pay royalties when certain price thresholds are exceeded. The Minerals Management Service (MMS) has stated that these leases were incorrectly drafted but that there is now little that can be done to recover lost taxpayer revenue. However, according to the legal analysis by Stephen Lowey of the law firm Lowey Dannenberg Bemporad & Selinger, MMS exceeded its authority in issuing the leases. The analysis concludes that the Administration has legal recourse to seek recovery of lost taxpayer revenues.

In the letter, Reps. Davis, Waxman, Issa, and Watson ask Attorney General Gonzales to evaluate the new legal analysis and inform the Government Reform Committee whether he agrees with the conclusion that the Administration has the ability to recover the taxpayers' lost revenues.