

Bobby Maxwell, fed whistleblower, earns \$7.5 million in oil company battle

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It took nine years of fighting for money the government insisted it wasn't owed. It probably cost him his job, too.

But last week, former federal auditor Bobby Maxwell and the Justice Department finally reached a \$26 million settlement with Anadarko Petroleum over underpaid royalties on oil leases in the Gulf of Mexico -- and Maxwell will get a \$7.5 million share of that money for sticking to his guns.

"I still can't believe it's over," Maxwell says. "After nine years and so many ups and downs, I'm still kind of numb."

A long-time auditor for the Minerals Management Service, a now-defunct agency in the Department of Interior responsible for collecting oil and gas royalties from energy companies drilling on federal lands and offshore, Maxwell began an audit a decade ago of oil giant Kerr-McGee (since taken over by Anadarko) over dubious royalty deductions that he believed were costing the government millions. When [his superiors blocked his investigation](#), Maxwell filed a lawsuit against Kerr-McGee under the [False Claims Act](#), a federal law that allows private citizens to file fraud claims on behalf of the federal government -- and keep a percentage of any money collected themselves.

Westword first reported on the case in 2005, shortly after Maxwell's complaint was unsealed -- and he was abruptly fired from MMS. His claims that the agency was deliberately doing fewer audits of energy companies eventually led to a [full-scale investigation of MMS](#) by Interior's inspector general, who found that employees at the Lakewood office had accepted gifts and been involved in sexual relationships with oil company executives and drug use. As part of his

efforts at an [ethical overhaul](#) of Interior, Secretary Ken Salazar [abolished](#) [MMS](#) in 2009, splitting its functions among three new agencies.

But Maxwell's crusade against Kerr-McGee and Anadarko was a lonely one until fairly recently. The Department of Justice declined to intervene in the case until after Maxwell won a \$7.5 million jury verdict against the company in 2007. U.S. District Judge Philp Figa set that verdict aside on jurisdictional issues, but it was reinstated by the Tenth Circuit Court of Appeals. Maxwell appeals attorney Sean Connelly says that DOJ attorneys "worked as silent partners" in supporting the verdict.

The False Claims Act allows for triple damages. Although Anadarko has admitted no wrongdoing in the case, the final settlement has the federal government recovering more than \$16 million -- more than twice the amount of the royalty deductions Maxwell claimed that the company improperly took over a four-year period. Maxwell receives a thirty percent share for pursuing the case -- \$7.5 million -- and another \$2.5 million was awarded in attorneys' fees.

Maxwell says that attorneys in Colorado's U.S. Attorney's Office told him early in the process "that this was a great case, but they weren't allowed to intervene. There was a lot of political pressure coming down from Washington to stay out of it. I think MMS misled everybody -- the Inspector General, even the Department of Justice."

For additional details on the Maxwell case and False Claims Act lawsuits against Big Oil, check out my 2006 feature "[Fighting Mad](#)" -- and next week's cover story, which explores the efforts of whistleblowers and government reformers to change the fraud-fraught federal system for collecting oil and gas royalties.