

CLIENT ALERT

Government Liable for \$99 Million in Indemnification Under Government Contracts

Jan.26.2017

In *Shell Oil Co. et al. v. U.S.* (Jan. 6, 2017), the Court of Federal Claims held that the U.S. Government was liable for over \$99 million in breach of contract damages when it “reneged on contractual promises” to indemnify several oil companies under a Taxes Clause for certain costs incurred as a result of environmental damage arising out of WWII-era contracts for the production of military aviation gas (see previous discussion [here](#) and [here](#)). The decision, which may encourage other contractors to pursue recovery under similar contract provisions such as “hold harmless” clauses in facilities contracts, and indemnification clauses authorized under [Public Law 85-804](#), admonished the Government that the damages included “\$30,991,111.02 in interest which the U.S. taxpayers could have avoided paying, if the Government had lived up to its obligations, instead of wasting years in litigation.”

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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