

CLIENT ALERT

US Liable for Environmental Remediation Costs Under Contract Clauses

November 4, 2011

On October 31, the Court of Federal Claims in *Exxon Mobil Corp. v. U.S.* held that the government was liable for environmental cleanup costs because it had breached the “Taxes” clause in three World War II-era contracts under which the government had agreed to pay “any new or additional . . . charges” required by federal, state, or local law “by reason of the production, manufacture, sale or delivery” of aviation gasoline. *Exxon* continues the trend of recovery of environmental remediation costs under government contracts and is consistent with ongoing efforts to recover environmental remediation costs and toxic tort litigation defense costs under Public Law 85-804 indemnification provisions in Cold War-era contracts being conducted for clients by C&M.

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

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