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News Release

Office of Natural Resources Revenue

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ONRR collects \$1.1 million civil penalty from Chevron

DENVER — The Department of the Interior’s Office of Natural Resources Revenue (ONRR) announced today it collected a \$1.1 million civil penalty from Chevron U.S.A. for improperly claiming transportation deductions on certain leases it holds in the Gulf of Mexico.

“It is imperative that companies report accurately and promptly pay all royalties due from energy production on Federal leases,” said Greg Gould, Acting Deputy Assistant Secretary for Natural Resources Revenue in the DOI’s Office of Policy, Management and Budget. “We intend to collect every dollar due,” he added.

Gould said ONRR cited Chevron for claiming transportation deductions for certain “Section 6” leases in the Gulf of Mexico when the leases specifically bar deductions for oil transportation. “Section 6” leases, originally issued by the State of Louisiana in the 1940s and later converted to Federal leases, retain the terms that bar deductions for oil transportation.

In April 2010, ONRR denied the transportation deductions claimed by Chevron. Chevron did not dispute the order and corrected and repaid the improper transportation deductions in May. However, Chevron again claimed such transportation deductions in later months, which prompted ONRR to issue the civil penalty.

On Thursday, July 14, 2011, Chevron paid the civil penalty totaling \$1,144,500. Chevron has also corrected the inaccurate reports it had previously submitted.

The Office of Natural Resources Revenue, part of the DOI’s Office of Policy, Management and Budget (PMB), is responsible for collecting and disbursing revenues from energy production that occurs onshore on Federal and American Indian lands, and offshore in the Outer Continental Shelf. During Fiscal Year 2010, the agency disbursed more than \$9.1 billion to states, American Indian Tribes and individual Indian mineral owners, and to various Federal accounts, including the U.S. Treasury, the Land and Water Conservation Fund, and the Reclamation Fund.

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