



July 21, 2014

Armand Southall
Regulatory Specialist, ONRR
PO Box 25165, MS 61030A
Denver, CO 80225

Dennis C. Cameron
Senior Vice President
and General Counsel
539.573.6846 Tel
539.573.5608 Fax
dennis.cameron@wpxenergy.com

Re: RIN 1012-AA05 Comments on Proposed Rule to Amend Civil Penalty Regulations

Submitted via : <http://www.regulations.gov> and US Mail

Dear Mr. Southall:

The following are WPX Energy's ("WPX") comments to the Office of Natural Resources Revenue's ("ONRR") Proposed Rule entitled "Amendments to Civil Penalty Regulations. See, 79 Fed. Reg. 28,862. One aspect of WPX's business involves the exploration and production of oil, gas and natural gas liquids from producing properties in a number of states including New Mexico, Colorado, Wyoming and North Dakota. A significant amount of WPX production is from Federal and Indian leases. By way of example only, during 2014, WPX has averaged paying approximately \$20,000,000.00 in royalty on Federal and Indian lands per month.

WPX adopts and incorporates by reference herein the Comments on Proposed Rule to Amend Civil Penalty Regulations dated July 21, 2014 submitted jointly in this same matter by the American Petroleum Institute and the Council of Petroleum Accountants Societies ("API"). API's detailed comments describe the numerous problems with the proposed rule. WPX concurs with API's conclusion that the proposed rule must be revised and re-proposed. WPX agrees that the issues presented by the proposed rule cannot be corrected through minor revisions.

Consistent with API's comments, WPX would advise further:

1. The proposed rule exceeds the agency's authority and is counter to the provisions of the Federal Oil and Gas Management Act, 30 U.S.C. 1701 et. seq.;

2. The proposed rule's stated intent to define the term "Knowing or Willful" as "the lowest possible standard" of behavior is invalid and ignores long standing legal precedent regarding the level of conduct that would warrant what is in effect criminal liability;
3. The proposed rule's attempts to redefine and recast the terms "Maintenance" and "Submission" are invalid and represent a significant departure from the logic and reasoning that led to the current rule;
4. The proposed rule's attempts to alter the procedural safeguards available to a company facing a civil penalty run afoul of every notion of fundamental fairness and due process. This pertains to the proposed rule's discussion of vicarious liability and notice of an alleged error;
5. Fundamental fairness and due process concerns also relate to the proposed rule's attempt to significantly restrict the nature of proceedings that seek to review a penalty. Specifically, the determination of whether an appeal has been properly perfected, the artificial limitations placed on the power of the Administrative Law Judge hearing the appeal to reduce penalty amounts, the issue of the ability to seek a stay of the accrual of penalties during the appeal and the "Summary Disposition" procedure all negatively impact an appellant's statutory right to a "hearing on the record". See, 30 U.S.C. 1719(e).

WPX understands the importance of compliance with royalty reporting and payment regulations. That said, the myriad issues that are inherent in attempting to comply with these very complex obligations have led, on occasion, to inadvertent errors by royalty payors and ONRR. The proposed rule's attempt to impose criminal liability on inadvertent errors in the manner presented is not only unwarranted, it is improper. Thank you for the opportunity to comment on the proposed rule. If you have any questions about these comments, please contact me.

Respectfully Submitted,



Dennis C. Cameron