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News Release

Office of Natural Resources Revenue

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Interior's ONRR collects \$25 million to resolve claims Shell Offshore underpaid royalties

DENVER – The Department of the Interior's Office of Natural Resources Revenue (ONRR) collected \$25 million from Shell Offshore Inc. in a settlement to resolve claims that the company underpaid royalties owed on oil and gas produced from federal leases.

“This resolution demonstrates ONRR's commitment to pursue all revenues due from energy production that occurs on federal onshore and offshore lands,” said Greg Gould, Acting Deputy Assistant Secretary for Natural Resources Revenue in the DOI's Office of Policy, Management and Budget.

The settlement agreement covers both royalty-in-value and royalty-in-kind production from Shell deepwater leases located in the Gulf of Mexico. Under the agreement, Shell Offshore paid \$25 million to resolve various oil and gas valuation issues.

The agreement covers the period from Sept. 1, 2000, to Dec. 31, 2008, for oil and July 1, 2000, to Dec. 31, 2008, for gas.

ONRR's Audit and Compliance Management team discovered the various valuation issues while conducting audits of Shell Offshore's leases.

According to Gould, “This settlement further demonstrates that ONRR's audit program is working diligently to collect every dollar due from energy companies operating on federal leases.”

The Office of Natural Resources Revenue, under the Assistant Secretary for Policy, Management and Budget, is responsible for collecting and disbursing revenues from energy production that occurs onshore on Federal and American Indian lands and offshore on the Outer Continental Shelf. ONRR makes disbursements on a monthly basis from royalties, rents and bonuses it collects from mineral companies.

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