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News Release

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Interior's ONRR issues \$1.7 million civil penalty to Merrion Oil and Gas for late royalty payments

DENVER — The Department of the Interior's Office of Natural Resources Revenue (ONRR) announced today it is assessing a \$1.7 million civil penalty against Merrion Oil and Gas Corporation for knowing or willful failure to make timely royalty payments.

ONRR issued the civil penalty notice to Merrion for failure to make timely royalty payments on 18 Federal oil and gas leases located within the State of Colorado.

"Merrion made a practice over a period of seven years of submitting late royalty payments on the 18 leases and -- for several months -- simply failed to make the required royalty payments at all," said Greg Gould, the Department of the Interior's Acting Deputy Assistant Secretary for Natural Resources Revenue. "The company is extracting precious natural resources owned by the American public, and it is unacceptable for that company to not make timely royalty payments."

He stressed that, "ONRR remains committed to collecting every dollar due from energy companies operating on Federal lands."

Gould noted that Merrion was well aware it was submitting royalty payments after the dates they were due and that its practice could lead to ONRR civil penalties. In 2006 Merrion paid civil penalties for the very same type of violation on American Indian tribal leases.

The civil penalty totals \$1,767,900 as of March 30, 2012, and will continue to accrue until payments are received for those months that are missing payments.

The company may request a hearing on the civil penalty.

The Office of Natural Resources Revenue, part of the DOI's Office of 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 in the Outer Continental Shelf. During Fiscal Year 2011, the agency disbursed more than \$11.2 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.

ONRR