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Interior's ONRR issues \$1.9 million civil penalty to Cabot Oil & Gas for maintaining inaccurate reports

DENVER — The Department of the Interior's Office of Natural Resources Revenue (ONRR) announced today it is assessing a \$1.9 million civil penalty against Cabot Oil & Gas Corporation for knowing or willful maintenance of false, inaccurate, or misleading information on ONRR's database.

"We simply will not tolerate submission and maintenance of inaccurate reports," said Greg Gould, the Department of the Interior's Acting Deputy Assistant Secretary for Natural Resources Revenue. "Cabot's improper reporting in ONRR's Financial System wastes ONRR's audit resources and distorts mineral volume information used by the public and other government agencies."

Gould added that "accurate reporting is essential for ONRR to ensure that proper royalties are paid for the extraction of Native American and publicly owned energy resources. There can be no exceptions."

ONRR auditors initially discovered numerous errors in Cabot's royalty reports in 2008 while examining a multi-year period. The auditors also asked Cabot several times to correct the inaccurate reports. Cabot acknowledged that widespread volume and value errors remain in ONRR's database and agreed to correct the inaccurate reports. It worked to correct the inaccurate reports for the audit period, but failed to effectively do so for the post-audit period which also contained inaccurate reports.

The civil penalty totals \$1,934,400 as of March 31, 2012, and will continue to accrue until Cabot corrects its inaccurate reports. 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 nearly \$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.

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