



U.S. Department of the Interior

News Release

Office of Natural Resources Revenue

www.onrr.gov

Office of Public Affairs

For Immediate Release
July 18, 2012

News Media Contact:

Patrick Etchart, 303-231-3162

BP America pays \$5.2 million civil penalty for inaccurate reporting on energy production on Tribal lands

DENVER – The Department of the Interior’s Office of Natural Resources Revenue (ONRR) announced today that BP America Inc. paid a \$5.2 million civil penalty for submitting false, inaccurate, or misleading reports for energy production that occurred on Southern Ute Indian Tribal lands in southwestern Colorado.

“This civil penalty demonstrates the expertise, skill and tenacity of the Tribal auditors and ONRR enforcement team members who discovered and pursued this repeated misreporting of royalty and production information, and underscores the value of our partnership with Tribal and State auditors under our cooperative agreements,” said Paul A. Mussenden, Deputy Assistant Secretary for Natural Resources Revenue Management. “ONRR remains committed to collecting every dollar due from energy production that occurs on Federal and American Indian lands, and rigorous enforcement of our regulations requiring accurate reporting is crucial to that effort.”

ONRR’s Office of Enforcement originally issued the civil penalty in June 2010. Although BP America initially requested a hearing on the civil penalty, it decided to pay the penalty instead. ONRR received payment on July 17.

Mussenden praised the work of Southern Ute Tribal auditors who initially discovered the errors. The Tribe’s audit was conducted as part of a cooperative agreement with ONRR.

The Southern Ute Tribal auditors and ONRR found that BP reported incorrect “product codes” and “sales type codes” resulting in their use of incorrect royalty rates and prices for royalty reporting purposes. BP also reported well production to the wrong leases.

After receiving audit issue letters and an order, the company agreed with the auditors’ concerns and repeatedly promised to correct the problems, which they attributed to errors in their automated files. However, ONRR and the Tribal auditors found the same errors in later reviews, prompting ONRR to issue the civil penalty. BP America has now corrected the reporting errors.

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.

-- ONRR --