



U.S. Department of the Interior

# News Release

## Office of Natural Resources Revenue

[www.onrr.gov](http://www.onrr.gov)

**Office of Public Affairs**

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**News Media Contact:**

Patrick Etchart, 303-231-3162

### **ONRR Issues Two Civil Penalties to Quinex Energy Company Assessed \$2.2 Million for ‘Knowing or Willful’ Maintenance of False, Inaccurate Royalty Information**

**DENVER** – The Department of the Interior’s Office of Natural Resources Revenue (ONRR) announced today that it has assessed Quinex Energy Corporation two civil penalties totaling \$2,226,550 for “knowing or willful” maintenance of false, inaccurate, or misleading royalty information in ONRR’s Financial System.

ONRR issued one civil penalty to Quinex Energy totaling \$1,297,750 for “knowing or willful” maintenance of false royalty information covering Allotted Indian oil and gas leases in Utah, and a second civil penalty of \$928,800 for the same violations covering Northern Ute Tribal leases.

"Accurate reporting is indispensable to proper royalty collection and is one of the first lines of defense in ensuring that ONRR collects every dollar due to the American taxpayer," said Paul A. Mussenden, Interior’s Deputy Assistant Secretary for Natural Resources Revenue Management. "In addition to our data mining and audit and compliance enhancement efforts, our enforcement team's increased focus on accurate reporting will continue to play a pivotal role in carrying out ONRR's core revenue collection mission."

Mussenden added, "I am proud of the enforcement team's ongoing efforts in this area and encourage Quinex and other companies to take a harder look and commit the necessary resources to shoulder their responsibility in ensuring accurate royalty and production data are reported to the government."

The civil penalties follow various audit and compliance notices issued in 2011 and 2012 which required Quinex to correct erroneous gas prices reflected in its royalty reports. While Quinex paid the required royalties, it failed to adequately correct the reporting errors. Although ONRR personnel repeatedly advised the company of the reporting errors, the company failed to make the required corrections, constituting “knowing or willful” maintenance of false, incorrect or misleading data in ONRR’s Financial System.

The civil penalties will continue to accrue until Quinex corrects the inaccurate information. Quinex may request an administrative hearing on the civil penalties.

The Office of Natural Resources Revenue, part of the Department’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 2012, the agency disbursed more than \$12.15 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**