



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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### **ONRR Issues \$2.7 million Civil Penalty to Apache Corp. *Company Cited for Submission of False Information***

**DENVER** – The Department of the Interior’s Office of Natural Resources Revenue (ONRR) announced today that it has assessed Apache Corporation a \$2,719,000 civil penalty for “knowing or willful” submission of false information.

The civil penalty stems from an ONRR audit that found Apache was improperly deducting transportation costs on its Outer Continental Shelf Lands Act Section 6 leases in the Gulf of Mexico. The Section 6 leases at issue do not allow transportation deductions from royalty payments.

“This civil penalty supports ONRR’s continuing efforts to enforce correct reporting and accurate royalty payments,” said Paul A. Mussenden, Interior’s Deputy Assistant Secretary for Natural Resources Revenue Management. “Accurate reporting is essential for proper royalty collection and a first line of defense in ensuring that ONRR collects every dollar due to the American taxpayer.”

ONRR auditors ordered Apache in May 2010 to stop claiming the transportation deductions on its Section 6 leases and to pay back the deductions. While Apache complied and paid the additional royalties, in August 2010 it again began deducting transportation costs from its royalty payments on those same Section 6 leases. In July 2011, ONRR’s Audit and Compliance Management Program referred the matter to the Office of Enforcement, which issued the civil penalty in late September after concluding its investigation.

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**