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ONRR Issues \$780,300 Civil Penalty to Dynamic Offshore *Company cited for maintenance of inaccurate royalty reports*

DENVER – The Department of the Interior’s Office of Natural Resources Revenue (ONRR) announced today that it has assessed Dynamic Offshore Resources, LLC, a \$780,300 civil penalty for “knowing or willful maintenance of inaccurate gas volume information” in its royalty reports.

ONRR first alerted Dynamic to the incorrect information on Oct. 17, 2011, in an Order to Report and Pay Additional Royalties, identifying misreported gas volumes and underpaid royalties of \$298,374.29 for three offshore leases from October 2006 through December 2010. The Order required correction of the data and remittance of the underpaid royalties by Nov. 21, 2011. Despite a two-month extension, Dynamic failed to resolve the underpayment until ONRR referred it to the U.S. Department of the Treasury for collection in July 2012.

“We are fully committed to collecting every dollar due to the American taxpayer for the development of our domestic energy resources,” said ONRR Director Greg Gould. “While Dynamic made the required payment, it took no action to correct the inaccurate data in ONRR’s database and that is unacceptable.”

Gould added that Dynamic employees told ONRR auditors that “system integration” issues were causing the delay in correcting the erroneous data. The company promised to submit corrections by Sept. 30, 2012, but again failed to comply. Compliance was achieved Nov. 21, 2012, only after ONRR Office of Enforcement investigators addressed additional inquiries to Dynamic.

The \$780,300 civil penalty accrued from Oct. 1 through Nov. 20, 2012, for knowingly or willfully maintaining incorrect royalty reports. The company – headquartered in Houston, Texas – may request a hearing on the civil penalty.

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