



U.S. Department of Interior

Office of Natural Resources Revenue (ONRR)

ONRR Enforcement Updates

Michael Marchetti, OE Program Manager

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Industry Compliance



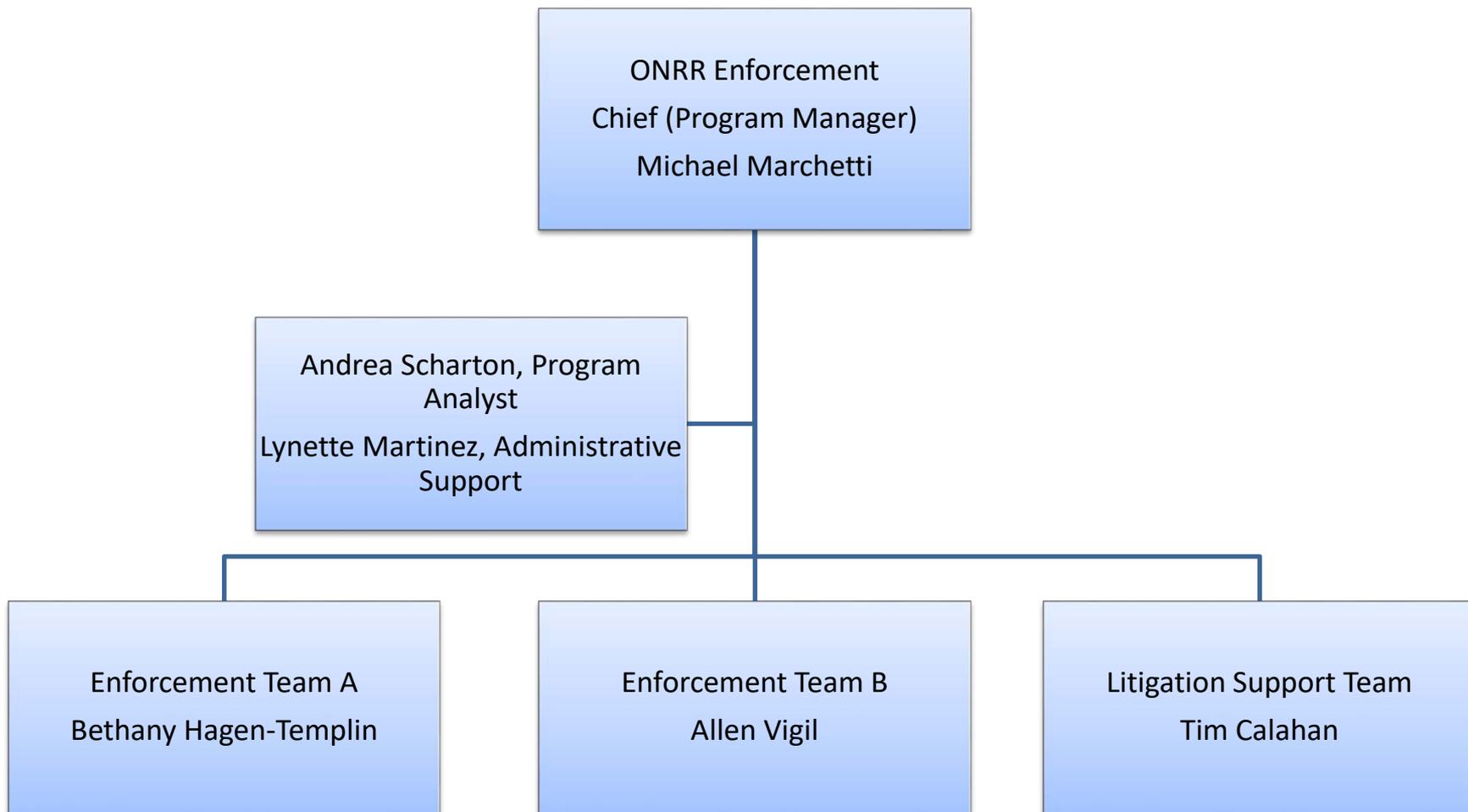
Accurate Revenues & Data



Professionalism & Integrity



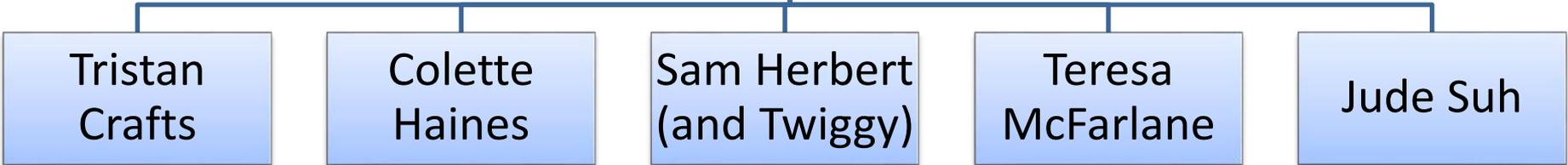
ONRR ENFORCEMENT





ONRR ENFORCEMENT

Enforcement Team A
Bethany Hagen-Templin, Supervisor





ONRR ENFORCEMENT

Enforcement Team B
Allen Vigil, Supervisor

Brian
Bencivengo

Tiffany
Duval

Curtis Link

Chris
Overbey

Nicole
Sweeney



ONRR ENFORCEMENT

Litigation Support
Tim Calahan, Supervisor

Cindy Hergenreder,
Bankruptcy
Specialist

Kristian Lee

Nicole Nagler



Enforcement Teams

Curable Violations

(Violation of statute, regulation, order, or lease term)

- **Reporting failures** (*failures to submit or correct monthly reports*)
- **Unresolved variances** (*failures to resolve unacceptable discrepancies in reported volumes and values with other reports or standards*)
- **Non-audit information refusal** (*failure to provide requested information for compliance reviews, data mining, OE investigations, unbundling, etc.*)
- **Non-Royalty payment violations** (*late paid, unpaid, or underpaid amounts owed*)
- **Other regulatory violations** (*short-term failure to comply with orders, non-electronic payments, failure to post sureties, etc.*)

Civil penalties assessed up to \$1,251 per violation per day, up to \$12,519 if not corrected within 40 days (depending on duration of violation)





Enforcement Teams

Immediate Liability Violations

- **Royalty payment violations** (*knowing or willful failure to make royalty payments by date required by statute, regulation, order, or lease term*)
- **Failure to permit audit** (*company fails or refuses to provide requested information necessary for audit, including refusal to keep or maintain documents*)



Civil penalties assessed up to \$25,037 per violation per day, possible criminal penalty of \$250,000 fine plus 5 years imprisonment under 18 U.S.C. § 1516 for obstructing a Federal audit.

- **Maintenance of inaccurate information** (*violator knows or should have known that OGOR, 2014, or other submitted information is inaccurate, but fails to correct*)
- **False, inaccurate, or misleading information** (*knowingly or willfully prepared or submitted in reports or other written information*)



Civil penalties assessed up to \$62,595 per violation per day, possible criminal penalty of \$125,190 plus two years imprisonment under 30 U.S.C. § 1720, and possible \$250,000 fine plus 5 years imprisonment under 18 U.S.C. § 1001 for fraud and false statements.



Enforcement Teams

Functions

- Investigate alleged violations of mineral revenue laws and regulations
- Issue Notices of Noncompliance and civil penalties to compel compliance
- Publish civil penalties assessed and paid on our website to deter future noncompliance
- Refers cases to, and works with, other law enforcement and regulatory groups that have enforcement authority related to violations of mineral revenue laws and regulations
- Testify in full evidentiary hearings
- Train ONRR employees to identify potential violations and instruct them in the referral process



Enforcement Teams

Case Intake and Investigation

- Learns of potential violations from ONRR employees, outside parties, or through our own initiatives
- Refers apparent crimes and false claims to DOI-OIG
- Investigates to:
 - confirm the violations
 - identify the responsible parties
 - determine why the violations occurred
 - document pertinent facts
- Decides which enforcement action is most appropriate based on facts, circumstances, and alleged intent



Enforcement Teams

Enforcement Actions

- Issue Notice of Noncompliance for “curable” violations and issue civil penalties when those violations are not cured within prescribed period of time
- Issue immediate liability civil penalties for failure to permit an audit, knowing or willful violations—including failure to pay royalties and submission or maintenance of false or incorrect information. Civil penalties may range from \$1,251 up to \$62,595 per violation, per day, depending on the type and duration of violation



Enforcement Teams

Collaborative Relationship with OIG and DOJ:

- Enforcement refers any case that may involve a crime or violation of the False Claims Act to the OIG Energy Investigative Unit
- Enforcement and the OIG Energy Investigative Unit regularly meet to discuss issues and coordinate efforts
- Enforcement and the OIG Energy Investigative Unit work on various aspects of cases and may further refer them to the Assistant U.S. Attorney for prosecution



Litigation Support Team

Administrative Records and Enforcement Hearings

Litigation Support works within ONRR, the Solicitor's Office, and the Department of Justice to prepare ONRR administrative records, assist with Enforcement hearings, and make determinations of Company ability to pay civil penalties.

- **Administrative Records:**

- Litigation support prepares the administration record for appeals of ONRR Director's decisions to the IBLA and Federal Courts

- **Enforcement Hearings:**

- When a company requests a hearing on a Notice of Noncompliance or civil penalty, Litigation Support tracks the case and assists with the discovery process



Litigation Support Team (cont.)

Ability to Pay Determinations

- **Determination of Ability to Pay Penalties**
 - When a company claims it is unable to pay a civil penalty, Litigation Support reviews its financial statements, bank statements, and tax returns to determine whether a reduction is justified.



Litigation Support Team

Bankruptcies

- Litigation Support coordinates all ONRR bankruptcy activities and files proofs of claim
 - Gathers information from Audit and Compliance Management (ACM) and Financial Management (FM) on outstanding liabilities and interest due
 - Files a proof of claim to preserve ONRR's claim and assure that the Government is on the list of creditors
 - Provides support to the Solicitor's Office and Department of Justice for any bankruptcy hearing
 - Collects on proofs of claim and negotiates full payment on all outstanding debts when a debtor opts to keep the lease



Enforcement Accomplishments Activities Through FY 2018

Enforcement Teams

- Opened 2970 cases and closed 2792 cases
- Collected \$57 million in penalties since inception

Litigation Support Team

- Filed 90 bankruptcy proofs of claim and collected \$21.7 million
- Filed 52 Administrative record packages for major litigation



Enforcement Accomplishments Activities Through 3rd Quarter, FY 2019

Enforcement Teams

- Opened 100 Federal Enforcement Actions
- Opened 89 Indian Enforcement Actions

Litigation Support Team

- Resolved 21 cases, including bankruptcy proofs of claim and administrative record packages for major litigation