Enforcement and Civil Penalties

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• To the extent it is inconsistent with statutes, regulations, lease terms, or case law, those resources control.
Where does ONRR get its authority?

Federal Oil and Gas Royalty Management Act (as amended)

30 U.S.C 1719
Failure to report and failure to timely correct reporting of production and royalties: 38% (231 cases)

Electronic fund transfer: 18% (109 cases)

Volume inconsistencies between production and royalty report: 14% (83 cases)

False Information: 10% (60 cases)

Non-payment or repeated late payments: 6%, 37 cases

Maintaining incorrect information on ONRR systems: 2%, 12 cases
Notice of Noncompliance

Civil Penalty

Hearing

Informal
• Court upheld rule
• One minor exception
Concerns?

- Sole gatekeeper for due process
- Motion for summary judgement presumption
- Limitation of administrative law judges authority to reduce civil penalty amounts
- Ban on notice of noncompliance extensions
So what changed?

• Codifies Office of Hearing and Appeals decisions

• Defines *knowing or willful* and new terms for enforcement actions

• Affirms that ONRR will not consider the royalty impact of violations in computing civil penalties

• Distinguishes *maintenance* of incorrect information from simple short-term failure to correct misreporting
Does **ONRR** pursue violations under the authority of the False Claims Act?

- **YES**
- **NO**
How does enforcement calculate a civil penalty?

- Severity of the violation
- Size of company
- History of noncompliance
Updated monetary amounts?

30 CFR § 1241.52(a)(2)
• $1,220 — max per violation, per day

30 CFR § 1241.52(b)
• $12,211 — max per violation, per day

30 CFR § 1241.60(b)(1)
• $24,421 — max per violation, per day

30 CFR § 1241.60(b)(2)
• $61,055 — max per violation, per day