



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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## **Chesapeake Energy Company Fined \$765,000** *ONRR issues civil penalty for misreporting royalty reports*

**DENVER** – The Department of the Interior’s Office of Natural Resources Revenue (ONRR) announced today that it has assessed Chesapeake Energy Company a \$765,000 civil penalty for “knowing or willful submission of inaccurate information” on its oil and gas royalty reports.

“We are fully committed to collecting every dollar due to the American taxpayer, and it is simply unacceptable for Chesapeake Energy to misreport sales volume information,” said ONRR Director Greg Gould. “Chesapeake Energy has been repeatedly warned about its inaccurate reporting on this oil and gas lease from May 2011 through July 2012.”

During an audit that began on Oct. 1, 2009, of an American Indian oil and gas lease held by Chesapeake Energy, ONRR directed Chesapeake to report additional volumes on its royalty reporting forms. Chesapeake failed to comply at that time.

The company eventually made the required corrections through April 2011. ONRR auditors, however, discovered that Chesapeake, during the very next month, resumed its practice of submitting inaccurate royalty reports. ONRR auditors warned Chesapeake of these continued violations in an order dated Oct. 6, 2011, and again on Sept. 4, 2012, following a separate review.

“Despite these repeated warnings, Chesapeake failed to take actions to prevent such incorrect reporting and continued to submit reports with the same inaccuracies,” said Gould.

As a result, ONRR concluded that Chesapeake’s behavior in submitting inaccurate information was “knowing or willful,” and issued the civil penalty on March 13, 2013. The company – headquartered in Oklahoma – 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**