

PUBLIC SUBMISSION

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Amendments to Civil Penalty Regulations

Comment On: ONRR-2012-0005-0001
Civil Penalties

Document: ONRR-2012-0005-0010
Comment from John Alexander [an independent oil and gas operator in New Mexico]

Submitter Information

Name: John Alexander

General Comment

July 17, 2014

Office Of Natural Resources Revenue
Proposed Change To Knowing And Willful Definition

Gentlemen:

The following comments are made from my perspective as an independent oil and gas operator in New Mexico.

The mission of the ONRR as presented in your web site is: "To collect, disburse, and verify Federal and Indian energy and other natural resource revenues on behalf of all Americans". The ONRR May 20, 2014 posting in the Federal Register entitled "Amendments to Civil Penalty Regulations" does nothing to accomplish this responsibility. It appears that its entire purpose is to make it simpler for ONRR to penalize individuals for errors both intentional and unintentionally made in preparation of royalty reports. The characterization of oil and gas company managers as individuals who have "failed to exercise even the care which a careless person would use" if they fail to be aware of unintentional accounting errors is insulting. If there are individuals who intentionally defraud the citizens of the United States by not paying correct royalties, they should be prosecuted for their actions. If federal mineral royalty payers make

unintentional errors in preparation of their submissions, they should be made aware of the error, correct it, and not make the same error in the future. The ONRR rules are complicated and open to interpretation in many parts. We have a small staff but recognize our responsibilities to comply with both accounting and lease operating regulations. Maintaining our integrity is important. There already exists an adversarial relationship between regulator and those regulated. This set of “clarifications” of existing regulations has the potential to aggravate that relationship. It will shift the agency focus from helping operators understand and correct their errors to one of using agency time and resources in litigation activities. This is an inefficient use of my tax dollars and yours too. The ONRR has adequate authority to penalize those who intentionally defraud our country of their lawful revenue for minerals resources. Your legal time should be used to draft methods that will decrease the amount of regulation needed to properly calculate mineral revenue. It is my opinion that a “revenue neutral” set of rules can be written to vastly simplify the process. This proposed change does not pass the “necessary” test that should be applied to all regulations. The change should be abandoned.

See attached file(s)