



U.S. Department of the Interior

News Release

Office of Natural Resources Revenue

www.onrr.gov

Office of Public Affairs

For Immediate Release

February 18, 2015

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ONRR Issues \$1.3 Million Civil Penalty to XTO Energy *Penalty cites company for failure to permit audit*

DENVER – The Department of the Interior’s Office of Natural Resources Revenue (ONRR) announced today that it assessed a \$1,334,000 civil penalty to XTO Energy, Inc. for “knowing or willful” failure to permit an audit involving several communitization agreements in North Dakota.

“It is imperative that companies provide information requested for an audit,” said Paul A. Mussenden, Interior’s Deputy Assistant Secretary for Natural Resources Revenue Management. “In this case, the company failed to provide information requested by ONRR’s North Dakota audit partner, which substantially delayed the audit completion and diverted ONRR’s resources to pursuing, rather than examining, the requested information.”

At issue in this instance was information related to Federal oil and gas leases included within several communitization agreements in North Dakota. Multiple leases may be combined under a communitization agreement if they are drawing from the same oil or gas reservoir.

The State of North Dakota originally sent an Audit Engagement Letter and Data Request to XTO in February 2013, requesting the information by April 1, 2013. North Dakota and ONRR sent numerous follow-up e-mails to XTO detailing the data necessary to complete the audit. The state also granted XTO an extended deadline for compliance to Aug. 30, 2013. However, the company did not fully comply until February 2014, preventing timely completion of North Dakota’s audit.

XTO Energy, Inc. has offices in Fort Worth, Texas.

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 2014, the agency disbursed more than \$13.4 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