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Office of Natural Resources Revenue

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News Media Contact:

Interior_Press@ios.doi.gov

Quinex Energy Assessed \$1.6 Million Civil Penalty *ONRR Cites Company for Maintenance of Inaccurate Information*

DENVER – The Department of the Interior’s Office of Natural Resources Revenue (ONRR) announced today that it assessed a \$1,658,075 civil penalty against Quinex Energy Corporation (Quinex) for its knowing or willful maintenance of inaccurate sales and royalty information for several American Indian leases in Utah.

ONRR initially pointed out the incorrect information to Quinex in September 2008 following an audit of its royalty reporting for 22 leases on Tribal and allotted lands of the Ute Indian Tribe of the Uintah & Ouray Reservation, Utah. The company was ordered to correct the inaccurate reports and pay additional royalties.

“In this case, the company failed to correct its royalty reports, even after ONRR sent a team of three auditors to Quinex offices in Utah to provide technical assistance,” said Paul A. Mussenden, Interior’s Deputy Assistant Secretary for Natural Resources Revenue Management. “The company agreed to correct its reporting, but to this day these royalty reports still contain numerous errors.”

Among the errors were negative sales volumes for Natural Gas Liquids (NGLs), which are inconsistent with applicable statutes and regulations; unallowable processing claims for residue gas; and incorrect reported heating values (expressed in MMBtu) for processed gas. The civil penalty will continue to accrue until the royalty reports are corrected.

“These violations are simply unacceptable,” Mussenden said, “particularly given ONRR’s extensive efforts to assist the company in correcting these errors with its on-site technical assistance.”

Quinex Energy Corporation has offices in Bountiful, Utah.

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 2015, the agency disbursed more than \$9.8 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