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MMS Energy Enforcement Efforts Recover \$157 Million

Underpayments, Penalties Collected in Calendar Year 2009

DENVER, CO – Aggressive enforcement actions taken by the Department of the Interior’s Minerals Management Service (MMS) netted American taxpayers, States, and American Indians more than \$157 million in additional royalties, interest, and civil penalties during Calendar Year 2009, Secretary of the Interior Ken Salazar and MMS Director Liz Birnbaum announced today.

“As we build a comprehensive energy plan that makes wise use of both conventional and renewable resources we must ensure that taxpayers are getting a fair return from their resources,” said Secretary Salazar. “We are strongly enforcing royalty regulations and working closely with companies to ensure they comply with their obligations.”

During Calendar Year 2009, MMS collected \$65 million through enforcement activities that include a comprehensive audit and compliance program; more than \$34 million through sophisticated automated detection systems, including collection of interest due on late payments; and more than \$58 million through follow-up enforcement actions including civil penalties, negotiated settlements, and other methods to collect any additional royalties that were due.

“We intend to collect every penny that is due to taxpayers, American Indians, and individual states from energy production occurring on Federal and American Indian lands,” Birnbaum said. “Our measures are designed to make compliance as easy and cost-effective as possible, but if we find an instance of an underpayment, we’ll aggressively engage in enforcement activities.”

Birnbaum noted that MMS has several tools available to enforce compliance with applicable laws, regulations and reporting requirements. MMS has authority to issue

civil penalties of up to \$25,000 a day per violation. “That certainly gives companies an incentive to follow the rules,” Birnbaum said. But in some cases, she added, “MMS may pursue settlements with companies to avoid the costs and uncertainty associated with litigation.” Settlements save taxpayers the cost of pursuing lengthy litigation, while still recovering underpaid royalties and interest.

Money collected for American Indian mineral leases is distributed to respective American Indian Tribes, individual American Indian mineral owners, States and the U.S. Treasury through the Office of the Special Trustee.

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