

Summary: Deepwater Royalty Relief Violation Self-Corrected

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Report Number: 17-0187

OIG investigated allegations that an oil and gas company improperly claimed royalty suspension under the Deepwater Royalty Relief Act of 1995, and failed to pay mineral royalties associated with an offshore Federal lease.

We determined the company was eligible for royalty relief but was required to pay royalties once it reached the royalty free production limit established for the Federal lease. We found the company failed to pay Federal royalties for a five-month period in 2015 after it exceeded its royalty suspension volume, but the company, without knowledge of our investigation or direction from the Office of Natural Resources Revenue (ONRR), self-corrected its royalty reporting and on February 6, 2017, paid approximately \$194,974 in late royalties and over \$8,000 in interest.

This is a summary of a report of investigation we issued to the Director of the Office of Natural Resources Revenue.

