

Summary: Investigation of Misreporting Production to Office of Natural Resources Revenue and Underpaying Royalties

Report Date: January 15, 2016

OIG investigated allegations that an oil and gas company operating tribal leases misreported oil and gas production to the Office of Natural Resources Revenue (ONRR) and underpaid royalties owed to the tribe.

To determine whether the company misreported production or underpaid royalties, we interviewed current and former company employees, and a tribal royalty auditor. We also reviewed royalty audit workpapers, a forensic audit of the company, and other documents related to the company's reporting to ONRR.

Our investigation substantiated that the company failed to accurately report production and to pay royalties. We also found that the failures could be attributed to decisions made by a former executive officer; however, under its current leadership, the company has taken affirmative steps to work with ONRR and bring its reporting status and royalty payments into compliance.

The United States Attorney's Office declined to pursue this matter.

This is a summary of an investigative report that was issued to ONRR for administrative action as deemed appropriate.

