

Summary: Investigation of False Reporting of Royalties, Rio Vista Operating, LLC

Report Date: April 1, 2015

OIG investigated allegations of possible false reporting of mineral royalties associated with Federal and Indian leases operated by Rio Vista Operating, LLC (Rio Vista). The complaint specifically alleged that Rio Vista reported vented gas instead of gas sales on its Oil and Gas Operations Reports, which may have reduced royalties owed to Tribes or the Federal Government. We initiated this investigation based on information received from the Western Audit and Compliance Management office, Office of Natural Resources Revenue (ONRR).

Our interviews of ONRR and Bureau of Land Management (BLM) staff, and our analysis of several documents, indicated there was no evidence of a loss to the Government for the leases and associated wells. Interviews and document analyses conducted during the investigation indicated that Rio Vista's royalty obligation was not impacted due to the incorrectly reported gas production. In addition, our review revealed that Rio Vista did correct the reports to indicate the its actual gas sales. Contact with BLM staff confirmed that there was no evidence that Rio Vista was venting its production instead of selling it.

This matter was discussed with the U.S. Attorney's Office, but based on a lack of evidence indicating a potential loss or impact to the amount of royalties reported and paid by Rio Vista, this matter was declined for further consideration. ONRR was made aware of the investigative results and it confirmed that Rio Vista's production reporting had been corrected. As a result, no referral is required and this case file is closed with no further investigative activity anticipated.

This is a summary of an investigative report that was issued internally to the U.S. Department of the Interior. This summary was posted to the web on August 20, 2015.

