

# **Summary: Company Failed to Report Oil and Gas Royalties from Mineral Production on an Indian Lease in Oklahoma**

**Report Date: April 12, 2023**

**Report Number: 20-0253**

The U.S. Department of the Interior Office of Inspector General investigated an allegation that an oil and gas company failed to report production and pay royalties for oil and gas produced from an Indian Lease associated with a Communitization Agreement in Creek County, Oklahoma. As an Indian mineral lease holder, the company is required to comply with Federal regulations—in particular, it is required to account for its mineral production, report those results to the Office of Natural Resources Revenue (ONRR), and properly calculate and pay mineral royalties to ONRR, which collects the royalties on behalf of the mineral interest owners.

We found the company intermittently failed to submit royalty and/or production reports as well as required payments from January 2014 to April 2020. In particular, it did not document its production and royalty calculations and failed to make timely responses to ONRR's requests for mineral production and royalty payment documentation. It also failed to properly maintain records in accordance with Federal regulations and requirements. In addition, ONRR's subject matter experts determined that the company owed the mineral interest owner \$14,969.13 for unpaid oil royalties from January 2014 to April 2020 and \$67,262.88 for unpaid gas royalties from January 2014 to December 2020.

The company's mineral reporting could not be assessed, and the total amount of unpaid mineral royalties could not be determined because of the company's incomplete documentation.

This is a summary of an investigative report we provided to the Directors of ONRR, the Bureau of Land Management, and the Bureau of Indian Affairs.

