

Summary: Oil and Gas Company Pays \$1.9 Million to Resolve Unpaid Royalties

Report Date: January 5, 2022

Report Number: 17-0188

We investigated allegations that Statoil Gulf of Mexico, LLC, Houston, TX (now operating as Equinor, US Operations, LLC), failed to pay mineral royalties to the Office of Natural Resources Revenue (ONRR) beginning in September 2014 for oil and gas produced from a Federal offshore lease. This alleged failure to pay royalties occurred after ONRR notified Statoil that it exceeded the royalty suspension volume authorized under the Deepwater Royalty Relief Act of 1995.

We substantiated the allegations and found that Statoil failed to pay \$740,548 in Federal mineral royalties during 29 months in the period from September 2014 through and including January 2017. Our investigation also discovered that, as a result of reporting errors in August 2014 and February 2015, Statoil incorrectly reduced its Federal mineral royalty obligation and payments by \$1,093,114. Based on information obtained through our investigation, ONRR conducted a targeted audit and found that Statoil also incorrectly reported gas plant fuel and claimed incorrect transportation allowances, improperly reducing its Federal mineral reporting and royalty payments by more than \$69,000. Using our investigative findings and the results of its follow-on audit, ONRR recovered a total of \$1,903,261. We referred this matter to the U.S. Attorney's Office for the District of Colorado, which declined to take further action.

This is a summary of an investigative report we issued to the ONRR Director.

