

Summary: Great Western Drilling Underpaid Federal Royalties

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The OIG investigated allegations that Great Western Drilling Corporation (GWD) misreported mineral royalty data to the Office of Natural Resources Revenue (ONRR) and underpaid Federal mineral royalties.

We substantiated the allegations and found that for more than 6 years, the GWD violated Federal regulations and ONRR rules when they deducted their costs incurred transporting and processing natural gas and associated natural gas liquids into marketable condition from its royalty obligations to the ONRR. Because of these violations, the GWD underpaid Federal royalties to the ONRR.

The United States Attorney's Office for the District of Colorado entered into a civil settlement agreement with the GWD for \$600,000 to resolve this case.

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

