

Summary: Gas Company Failed to Report Federal Mineral Production or Royalties

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The OIG investigated allegations after the Bureau of Land Management (BLM), Vernal Field Office, provided information that a gas company produced Federal minerals from wells in Uintah County, Utah, but failed to report mineral production or royalties. According to BLM, Alberta Gas Company (Alberta) reported production to the State of Utah but not to the Office of Natural Resources Revenue (ONRR). We substantiated the allegations.

Our investigation found that the owner of the company was the assigned operator of the wells from 2005 through the present. Between September 2020 and April 2023, Alberta produced and sold \$515,975.72 of oil from the wells but did not report this production or pay royalties it owed to ONRR. ONRR determined Alberta owed \$30,088.07 in unpaid royalties and issued the gas company an Order to Report and Pay on September 10, 2025. The owner, on behalf of Alberta, did not acknowledge, pay, or appeal ONRR's Order to Report and Pay. Between 2018 and 2024, ONRR and BLM issued Alberta over 10 instances of noncompliance (INCs) and Notices of Noncompliance (NONCs) in an attempt to bring the gas company and its wells into compliance with Federal regulations. In August 2020, BLM's Vernal Field Office conducted a bond adequacy review¹ due to the number of INCs and NONCs and determined there was a need to increase the bond from \$25,000 to \$155,000 to cover the risk associated with the owner's continued operation of the wells.

We presented our findings to the U.S. Attorney's Office for the District of Utah, which declined to prosecute the matter, and instead, referred our findings to the Utah Attorney General's (AG's) Office for its consideration of potential State law violations.² The Utah AG's office in turn referred the matter to the Uintah County Prosecutor's Office. Both the Utah Attorney General's Office and the Uintah County Prosecutor's Office also declined to prosecute the matter.

This is a summary of a report we provided to the Acting Directors of ONRR and BLM for any action deemed appropriate.

¹ 43 C.F.R. § 3104.10 requires "a surety or a personal bond" to ensure compliance with the law, including "complete and timely plugging of the well(s), reclamation of the lease area(s), and the restoration of any lands or surface waters adversely affected by lease operations after the abandonment or cessation of oil and gas operations on the lease(s)."

² At issue were potential violations of Utah Criminal Code § 76-6-404, Theft – Elements (Theft of Property over \$5,000), and § 76-8-403, Failure to Keep and Pay Over Public Money.