

# **Summary: Investigation of Refund Requests Results in Referral for Further Assessment**

**Report Date: December 6, 2017**

OIG investigated allegations that a third-party consulting company falsely requested royalty refunds worth over \$50 million on behalf of nine separate companies operating Federal offshore oil and gas leases. The refund requests appeared to be based on unallowable transportation and processing allowances, which decreased previously paid royalty obligations and resulted in refunds owed to the nine companies.

We learned the consulting company's refund requests were based on their application of oil and gas regulations after they consulted with the Office of Natural Resources Revenue (ONRR), the agency responsible for overseeing the collection and disbursement of Federal oil and gas royalties. Because the company consulted with ONRR before requesting the refunds, we determined ONRR should assess the requests to better understand the basis for the claims. We made no determination regarding the validity of the claims and we concluded our investigation pending ONRR's assessment.

This is a summary of a report of investigation we issued to the Director of ONRR for any action deemed appropriate.

