

Summary: Allegations of Unpaid Royalties Determined To Be a Reporting Error

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The OIG investigated allegations that an oil and gas production company failed to properly account for oil produced from Federal leases in the Bakersfield, CA area, resulting in a loss of mineral royalties owed to the Federal Government. The company was required to account for and report its oil production to the U.S. Department of the Interior.

We determined that the Bureau of Land Management (BLM) discovered that the company's recordkeeping contributed to a production reporting error of 400 barrels of oil, but an audit of the company's operations did not disclose a loss of royalties. We found the company's reported oil production volumes coincided with its recorded oil sales.

This is a summary of an investigative report we issued to the BLM Acting Director and the Office of Natural Resources Revenue Director.

