

# Summary: Alleged Fraudulent Refund Requests by Offshore Oil and Gas Production Company

**Report Date: May 10, 2021**

**Case Number: 20-0026**

We investigated allegations that an oil and gas production company claimed improper allowances for offshore Federal mineral leases in the Pacific Ocean. The company submitted royalty refund requests to the Office of Natural Resources Revenue (ONRR) for previously unclaimed oil and gas transportation allowances and gas processing allowances. The royalty refund requests raised suspicion at ONRR because the company had not claimed such allowances previously and because the royalty refund requests covered the regulatory maximum allowable period of 6 years.

We found the company's royalty refund requests were incorrect and poorly documented; however, we found no evidence the company intended to deceive or defraud ONRR. We found the company submitted claims on incorrect forms, improperly designated expenses associated with a pipeline it owned, and failed to provide ONRR with source documents that fully supported its royalty refund requests.

We also found that the company owes unpaid mineral royalties to ONRR. The company reduced current Federal mineral royalty payments submitted to ONRR in an attempt to recoup funds included in its prior requests in anticipation that ONRR would eventually approve its claims for payment. As of April 2021, ONRR had denied the company's royalty refund requests pending further review, and ONRR is continuing to work with the company to either approve the refund claims or recover any unpaid Federal mineral royalties.

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

