

Summary: Failure to Pay Federal Coal Royalties

Report Date: September 14, 2023

Report Number: 19-0371

The OIG investigated allegations that a coal operator and its associated companies failed to pay mineral royalties owed to the Federal Government on coal produced from Federal leases in Wyoming and Kentucky.

We found that the subject company and its affiliates knowingly failed to pay the Office of Natural Resources (ONRR) approximately \$52 million in Federal royalties. ONRR representatives confirmed that the company regularly submitted Solid Minerals Production and Royalty Reports, and we confirmed that it repeatedly failed to make royalty payments associated with this reported production. Additionally, the company's chief executive officer and chief financial officer admitted that they knew the company owed royalty payments but failed to fulfill its royalty obligation to ONRR. We referred this matter to various State and Federal prosecutorial authorities, all of which declined to prosecute. We have also referred this matter to our Administrative Remedies Division for possible debarment.

This is a summary of an investigative report we issued to the Directors of ONRR and the Bureau of Land Management for any action deemed appropriate.

