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New Legislation Would Help Ensure Taxpayers Get Their Fair Share of Oil Royalties

*Rep. Maloney and colleagues focus on accuracy of royalties
collections*

WASHINGTON, DC – New legislation in Congress would help ensure that the federal government uses the most accurate methods to collect royalties on natural resources taken from taxpayer-owned land by oil and gas companies. Rep. Carolyn Maloney (NY-14) introduced the bill (H.R. 6368), which would direct the National Academy of Engineering to conduct a study analyzing methods that could greatly improve the accuracy of collection of royalties on the production of oil, condensate and natural gas under leases of Federal onshore and offshore lands and onshore Indian Tribal lands.

“Currently, there are piles of money owed to taxpayers and Indian Tribes that are being left on the table because we don’t accurately collect royalties,” said Maloney, a long-time critic of the manner in which oil and gas companies pay royalties to the government. “The valuable resources extracted from these lands are owned by the American people, including Indian Tribes, who should be fairly and accurately compensated. I believe that this study would prove invaluable in accomplishing this important goal and will tell us if there is a problem with the collection of royalties from public lands and Indian Tribal lands.”

On May 7, 2006, *The Washington Post* (“Firms Harvesting Energy from Public Lands May Owe U.S.”) reported allegations that American taxpayers are being shortchanged by oil and gas companies in the royalties they pay to the federal government. Lawsuits have been filed alleging that energy companies are underpaying billions of dollars in natural gas and oil royalties to the Federal government and Tribes because the process for determining the value of oil and natural gas products in the United States may be subject to manipulation. With the completion of the study mandated by this new legislation, Congress, the Minerals Management Service, and the Bureau of Land Management would have a better understanding of changes that must be made to make the process more accurate and transparent.

The original co-sponsors of the *Study of Ways to Improve the Accuracy of the Collection of Federal Oil, Condensate, and Natural Gas Royalties Act* are Reps. Maurice Hinchey (D-NY), Raul Grijalva (D-AZ), and John Conyers (D-MI).

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