TO: State Mineral and Energy Board Members
FROM: Rachel Boudreaux Newman, CPA
       Audit Director
       Mineral Income Division
DATE: July 13, 2022

AUDIT REPORT

As of June 30, 2022, field audit collections totaled $3,255,139.98, which includes
$196,959.14 in royalty exceptions, $3,031,228.12 in interest, and $26,952.72 in penalties.
During the month of June 2022, two audits were engaged and 2 audits were closed. The
current number of open royalty audits is 45.

Royalties collected in June 2022 totaled $21,992,202.89. Fiscal Year to Date totaled
$190,982,058.48, as compared to last year's Fiscal Year to Date Royalties of

Monthly state royalty reports submitted in June totaled 248, which include 90 SR1s for
oil, 129 SR2s for gas, and 29 SR5s for plant products.

Items on the report are as follows:

1. A penalty waiver request from Hilcorp Energy Company, for a penalty in the
   amount of $1,666,318.73, which was billed for audit exceptions.

2. Staff report to the Board that the election for July 2022 gas royalty is to be paid on
   a processed basis at the Discovery Plant at Larose and the Sea Robin Plant at Henry
   per the terms of the State Texaco Global Settlement Agreement.