TO: State Mineral and Energy Board Members
FROM: Rachel Boudreaux Newman, CPA
       Audit Director
       Mineral Income Division
DATE: August 10, 2022

AUDIT REPORT

As of July 31, 2022, field audit collections totaled $39,026.75, which includes $33,406.30 in interest and $5,620.45 in penalties. During the month of July 2022, 1 audit was engaged and 1 audit was closed. The current number of open royalty audits is 45.

Royalties collected in July 2022 and Fiscal Year to Date totaled $25,192,973.44, as compared to last year’s Fiscal Year to Date Royalties of $11,598,154.74 as of July 31, 2021.

Monthly state royalty reports submitted in June totaled 258, which include 96 SR1s for oil, 136 SR2s for gas, and 26 SR5s for plant products.

Items on the report are as follows:

1. A recoupment request from Hilcorp Energy Company for an overpayment in the amount of $33,955.84.

2. A recoupment request from Hilcorp Energy Company for an overpayment in the amount of $31,302.92.

3. A recoupment request from Hilcorp Energy Company for an overpayment in the amount of $134,571.04.
4. A recoupment request from Hilcorp Energy Company for an overpayment in the amount of $190,190.22.

5. A recoupment request from Hilcorp Energy Company for an overpayment in the amount of $69,412.84.

6. A recoupment request from Hilcorp Energy Company for an overpayment in the amount of $36,042.00.

7. A recoupment request from Hilcorp Energy Company for an overpayment in the amount of $172,587.20.

8. A recoupment request from Hilcorp Energy Company for an overpayment in the amount of $32,858.89.

9. A recoupment request from Hilcorp Energy Company for an overpayment in the amount of $36,908.11.

10. A recoupment request from Hilcorp Energy Company for an overpayment in the amount of $27,275.43.

11. A penalty waiver request from Hilcorp Energy Company for a penalty in the amount of $26,002.65, which was billed for the late payment of royalty.

12. A penalty waiver request from Hilcorp Energy Company for a penalty in the amount of $122,303.15, which was billed for the late payment of royalty.

13. A penalty waiver request from Hilcorp Energy Company for a penalty in the amount of $372,907.08, which was billed for the late payment of royalty.

14. A penalty waiver request from Hilcorp Energy Company for a penalty in the amount of $97,570.80, which was billed for the late payment of royalty.

15. A penalty waiver request from Hilcorp Energy Company for a penalty in the amount of $120,974.78, which was billed for the late payment of royalty.

16. A penalty waiver request from Hilcorp Energy Company for a penalty in the amount of $97,979.82, which was billed for the late payment of royalty.

17. A penalty waiver request from Hilcorp Energy Company for a penalty in the amount of $274,783.37, which was billed for the late payment of royalty.

18. Staff report to the Board that the election for August 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.