

U.S. House of Representatives
Committee on Natural Resources
Washington, DC 20515

January 30, 2024

Howard Cantor
Director
Office of Natural Resources Revenue
PO Box 25165
Denver, CO 80225-0165

Dear Director Cantor:

The House Committee on Natural Resources (Committee) is continuing to investigate the Department of the Interior (DOI)'s Office of Natural Resources Revenue (ONRR) regarding ONRR's methodology for calculating federal royalties from energy production on federal lands and waters.

As you know, in May 2019 the U.S. Government Accountability Office (GAO) issued a report detailing alarming issues with ONRR's royalty compliance efforts.¹ Then, last year, the Committee received information regarding a potential lack of internal controls at ONRR. As a result, on December 20, 2023, the Committee sent you an oversight letter expressing concern over your office's management of federal royalty rates and revenue (Committee Letter).² The Committee Letter requested information, documents, and records critical to our ongoing oversight efforts. On January 12, 2024, staff from DOI, on behalf of ONRR, confirmed receipt of the Committee Letter.³ However, the deadline for the information, documents, and records requested in the Committee Letter was on January 5, 2024. To date, the Committee has yet to receive a substantive reply or production responsive to our requests.

To assist the Committee with oversight of federal royalty rates and revenue, we look forward to working with you and your staff to ensure the Committee receives a fully responsive production. For reference, below are the specific requests from the Committee Letter. We expect to receive the following records, documents, and communications, in electronic format, as soon as possible, but no later than February 15, 2024:

¹ U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-19-410, *Federal Oil and Gas Royalties: Additional Actions Could Improve ONRR's Ability to Assess Its Collection Efforts* (May 2019), <https://www.gao.gov/products/gao-19-410>.

² Letter from Rep. Bruce Westerman, Chairman, H. Comm. on Natural Resources, Rep. Paul A. Gosar, Chairman, Subcomm. on Oversight and Investigations, H. Comm. on Natural Resources, Rep. Pete Stauber, Chairman, Subcomm. on Energy and Mineral Resources, H. Comm. on Natural Resources, to Howard Cantor, Office of Natural Resources Revenue (Dec. 20, 2023), https://naturalresources.house.gov/uploadedfiles/hnr_letter_to_onrr.pdf.

³ On file with Committee.

1. Documents sufficient to show the compliance goals of ONRR and whether ONRR met those goals.
2. Documents sufficient to show how ONRR's compliance employees were trained on ONRR's goals, whether ONRR's employees' own performance reviews were based in any part on meeting those goals, and the individual role each employee played in meeting such goals.
3. All documents and communications regarding any employee at ONRR who was promoted, received a bonus, or received other recognition based on the amount the employee assessed or collected.
4. Documents sufficient to show that ONRR adopted a policy, or communicated as such, that ONRR refused to accept identified overpayments on form CMP-2014.
5. Documents sufficient to show how many overpayments made by payors were identified by auditors during audits, including the total amounts of overpayments, by payor.
6. Documents sufficient to show how many civil penalties or orders to perform restructured accounting or orders to pay were issued by ONRR to payors for failure to follow guidance. This includes, but is not limited to, guidance from Dear Reporter letters.
7. Documents sufficient to show how guidance is developed, including how ONRR responds to payors' requests for assistance.
8. A written description on whether ONRR allows for the re-auditing of the same location for the same periods and all documents sufficient to show ONRR's adopted policy on re-audits.

As you are aware, the Supreme Court has long recognized that Congressional oversight power is broad and far-reaching. *Barenblatt v. United States*, 360 U.S. 109 (1959). The Supreme Court has also established that Congress has a duty "to look diligently into every affair of government" and "use every means of acquainting itself with the acts and the disposition of the administrative agents of the government." *Doe v. McMillan*, 412 U.S. 306 (1973). Hence, a "legislative inquiry may be as broad, as searching, and as exhaustive as is necessary." *Townsend v. United States*, 95 F.2d 352, 361 (D.C. Cir. 1938). Moreover, under House Rule X, the Committee on Natural Resources has "general oversight" of any matter relating to its jurisdiction, including the management of federal royalties from energy produced on federal lands.

Your silence and lack of response to the Committee Letter suggest that ONRR is deliberately engaging in obstruction to frustrate the oversight power of Congress. This is unacceptable. The American public deserves transparency, the Committee will use every tool at its

disposal to administer effective oversight and fulfill the Committee's responsibility to the American people.

An attachment to this letter provides additional instructions for responding to the requests from the Committee on Natural Resources. Please contact the Majority staff for the Oversight and Investigations Subcommittee at (202) 225-2761 or HNRR.Oversight@mail.house.gov with any questions. We look forward to your cooperation.

Sincerely,



Bruce Westerman
Chairman
Committee on Natural Resources



Paul A. Gosar, D.D.S.
Chairman
Subcommittee on Oversight and Investigations



Pete Stauber
Chairman
Subcommittee on Energy and Mineral Resources

Enclosure