FREE CHECKLIST · FOR ROYALTY, MINERAL AND WORKING-INTEREST OWNERS

Audit Checklist: Finding Errors, Recouping Overbilled Costs, and Collecting Missing Revenue

This is a high-level starting point for reviewing oil and gas revenue statements and joint interest billings. It covers the areas where money is most often lost. It is not the working program used on a Verita engagement.

Organized by topic. Items marked ★ typically carry the biggest dollars.

1 Interest and Decimal Verification (foundation for everything else)

★ **Working and net revenue interests:** Confirm the decimals on your statements match what you actually own, well by well and month by month.

★ **Interests that don't line up:** When net revenue interest doesn't follow from working interest and known burdens, something may be missing or misapplied.

Decimal changes: Payout, reversion, a back-in, title work, or an assignment can change a decimal. The effective date should match the agreement.

Revenue vs. cost decimals: They are not always the same. Differences should be supported by the agreement.

Missing wells: Any well you own that is producing but does not appear on a revenue statement deserves a close look.

2 Revenue Statement Review

★ **Volumes:** What you were paid on should tie to production.

★ **Production with no payment, or payments that lag:** Including money sitting in suspense.

★ **Prices that look out of line:** Compared with the market, or with nearby wells on the same system.

★ **Gas deducts and other post-production costs:** Gathering, compression, transportation, processing, and similar charges.

Taxes, adjustments, and missing months: Watch for unexplained prior-period adjustments and months that are missing or duplicated.

3 Joint Interest Billings (costs billed to you)

★ **The interest used on each charge:** Especially where a well has more than one decimal.

★ **Costs on wells you don't own:** Or on units and AFEs you don't participate in.

★ **Duplicate charges:** The same cost showing up twice, or on two months or two wells.

★ **Capital items billed as expense, or the reverse:** Including work that should have had an AFE.

Spending against an AFE: Overruns, missing notices, and charges that never had an AFE.

Overhead and operator charges: Overhead rates, and direct charges for operator personnel or equipment.

Affiliate charges and saltwater disposal: And credits that should have come back to the account (salvage, refunds, insurance, settlements).

This checklist is general information, not legal or tax advice.

4 Cross-Checks Between JIBs and Revenue

- ★ **Costs billed on wells with no production**
- **The same kind of charge appearing as both a JIB cost and a revenue deduct**
- **Payout or reversion timing, and revenue withheld or netted against costs**

5 Production and Allocation

- **How production is split among wells, tracts, or formations**
- **Volumes on your statement versus what was reported to the state**
- **Unexplained gaps or drops in production**

6 Contracts and Land

- **What the operating agreement allows to be charged, and your audit rights**
- **Division orders, assignments, and title**
- **Burdens, royalty clauses, pooling, and non-consent**

Signs worth a closer look

What you might notice	Why it matters
Gas deducts that wipe out the sale	Post-production charges or allocation may be off
Interests that look inconsistent from well to well	Burdens, or an error in the decimal
Prices consistently below nearby wells	A marketing or affiliate-sale issue
A sudden jump in monthly operating costs	A coding problem, or a capital item in expense
The same charge appearing more than once	Duplicate billing
A well that went quiet on the statement, with no explanation	Lost production or missed revenue
Production reported to the state but no revenue on your statement	Suspense, or a missing owner record
Overhead that changes with no obvious reason	A rate or escalation issue

Want a full review?
The detailed working checklist is used on client engagements

Book a free call: **calendly.com/veritaaudit/30min**
www.veritaaudit.com · info@veritaaudit.com

This checklist is general information, not legal or tax advice.