

What Can Go Wrong in Oil & Gas

1. A Terminal Manager, Trucking Company, and two accountants colluded to remove product from terminals and sell it independently at below market rates. The accountants masked the variances on internal reports, and the theft exceeded \$2 million.
2. An Executive in charge of drilling operations placed third-party Engineers on site from a consulting company he controlled on the side. Because he approved the invoices to his employer, he consistently raised the rates for the field engineers supplied by his company, claiming "rate increases are due to market conditions." In a year, the Executive's side company received \$1.7 million in revenues from his own employer.
3. Over 9 years, the CFO maintained a false vendor scheme in which he embezzled more than \$77 million through bogus invoices and wire transfers he approved.
4. During flowback, water trucks left the site filled only to half capacity so they could charge for more trips.
5. An employee alerted a family member about planned drill-sites, so the family member could acquire land ahead of the drilling schedule and lease the land to the company at above-market rates.
6. Five contractor employees generated false vouchers and were paid for work not performed. The individuals admitted to using the money for illegal drugs and personal hotel stays.
7. A vendor substituted materials they claimed were "just as good," as those specified in the contract. To avoid detection, they manufactured labels to appear the same as those specified.
8. Engineers regularly and intentionally inflated AFE's by \$300-500k in order to come in under budget and thereby achieve incentive compensation targets.
9. A field supervisor approved overtime never worked in exchange for 40% of the overtime pay.
10. Employees filled up company cars at the plant gas tanks maintained for company vehicles. They also stopped by on weekends and filled up family cars, campers, recreational vehicles, boats on trailers, and 55-gallon drums.

11. In exchange for a kickback from the vendor, a field engineer acquired refurbished separators and tanks from the vendor for new equipment prices.
12. More than 20 employees who claimed shift differential pay never worked the night shift, as required for such pay. When challenged by a new supervisor they said, "It's a perk!"
13. In order to achieve production objectives for a \$½ million bonus, a production manager included flared gas in his production reports for his oil wells.
14. An employee used Company equipment to dig a personal pool and trench in his backyard.
15. Various parts dealers salted their deliveries to the wellsites with counterfeit parts, including valves, circuit breakers, piping, tubing, sealants, structural metal, relays, gears, and fire-protection equipment.
16. Rusted, inoperable trucks were billed to projects as 'stand-by' vehicles.
17. In exchange for winning contracts, the vendor took senior purchasing officials on extravagant fishing trips, which included drugs and prostitutes.
18. The vendor created a shell company, through which they submitted cover bids on projects that the legitimate vendor also bid on.
19. Excess material was intentionally delivered and billed to the job, and laborers were allowed to sell the excess as scrap.
20. The vendor hired undocumented immigrants to perform work at the wellsite, then refused to pay the workers, knowing the workers would have little recourse. The vendor still billed the owner for the laborers.
21. Procurement officials allowed a favored vendor to fill in the details on the RFP. The vendor included specifications that only their products and services could fulfill.
22. A vendor was awarded "no-bid" status, and this status was confirmed via contract. For future contracts, the vendor could be awarded work without having to submit bids against competitors.
23. Executives paid off local officials and inspectors to overlook environmental hazards.
24. A vendor employed a convicted criminal who had regular access to the wellsites, and the criminal assaulted a female engineer.