

## Tax Assessments

The government is authorized and required to make inquiries, determinations, and assessments of all taxes that have not been duly paid. Unpaid assessments result from taxpayers filing returns without sufficient payment, as well as enforcement programs such as examination, under-reporter, substitute for return, and combined annual wage reporting. Under federal accounting standards, unpaid assessments are categorized as taxes receivable if taxpayers agree or a court has determined the assessments are owed. If neither of these conditions are met, the unpaid assessments are categorized as compliance assessments. Assessments with little or no future collection potential are called write-offs. Although compliance assessments and write-offs are not considered receivables under federal accounting standards, they represent legally enforceable claims of the government. There is, however, a significant difference in the collection potential between compliance assessments and receivables.

Compliance assessments are \$94.9 billion and \$94.6 billion for fiscal years ending 2025 and 2024, respectively. The amount of allowance for uncollectible amounts pertaining to compliance assessments cannot be reasonably estimated, and thus the net realizable value of the pre-assessment work-in-process cannot be determined. The amount of assessments that entities have statutory authority to collect at the end of the period but that have been written off and excluded from accounts receivable are \$93.3 billion and \$86.4 billion for fiscal years ending 2025 and 2024, respectively.

## Federal Oil and Gas Resources

The DOI is responsible for managing the nation's oil and natural gas resources and the mineral revenues on federal lands, both onshore and on the Outer Continental Shelf. This management process can be broken down into six essential analysis components: pre-leasing; post-leasing and pre-production; production and post-production; revenue collection; fund disbursement; and compliance.

(In billions of dollars)	Offshore		Onshore		Total	
	2025	2024	2025	2024	2025	2024
Oil and lease condensate	29.8	35.0	27.7	30.8	57.5	65.8
Natural gas, wet after lease separation	1.7	1.8	16.1	13.0	17.8	14.8
Total	<u>31.5</u>	<u>36.8</u>	<u>43.8</u>	<u>43.8</u>	<u>75.3</u>	<u>80.6</u>

The above table presents the estimated PV of future federal royalty receipts on estimated proved reserves<sup>17</sup> as of September 30, 2025, and 2024. The federal government's estimated petroleum royalties have as their basis the DOE's Energy Information Administration (EIA) estimates of proved reserves. The EIA provides such estimates directly for federal offshore areas and they are adjusted to extract the federal subset of onshore proved reserves. The federal proved reserves were then further adjusted to correspond with the effective date of the actual production for calendar year 2023, the most recently published EIA proved reserves report and then are projected, separately for oil and natural gas, over time to simulate a schedule of when the reserves would be produced. Future royalties are then calculated from these production streams by applying future price estimates by the OMB, production growth estimates from the EIA's 2023 Annual Energy Outlook, and effective royalty rates. The valuation method used for gas captures royalties from three products—dry gas, wet gas, and natural gas liquids—which collectively are reported as natural gas, wet after lease separation. The PV of these royalties are then

<sup>17</sup> Per the EIA, lease condensate is a mixture consisting primarily of pentanes and heavier hydrocarbons which is recovered as a liquid from natural gas in lease separation facilities. This category excludes natural gas plant liquids, such as butane and propane, which are recovered at downstream natural gas processing plants or facilities. Also, per the EIA, natural gas, wet after lease separation, is the volume of natural gas remaining after removal of lease condensate in lease and/or field separation facilities, if any, and after exclusion of nonhydrocarbon gases where they occur in sufficient quantity to render the gas unmarketable. Natural gas liquids may be recovered from volume of natural gas, wet after lease separation, and at natural gas processing plants ([https://www.eia.gov/dnav/ng/TblDefs/ng\\_prod\\_deep\\_tbldef2.asp](https://www.eia.gov/dnav/ng/TblDefs/ng_prod_deep_tbldef2.asp)).