

SUPPORTING STATEMENT FOR THE  
ENERGY INFORMATION ADMINISTRATION'S (EIA)  
OIL AND GAS RESERVES SYSTEM (OGRS) SURVEYS  
(OMB NUMBER 1905-0057)

## SUPPORTING STATEMENT FOR EIA's OIL AND GAS RESERVES SYSTEM SURVEYS

Request is made for approval through December 31, 2006, of the Energy Information Administration's (EIA) Oil and Gas Reserves System (OGRS) surveys (OMB No. 1905-0057). The OGRS surveys are:

- EIA-23, "Annual Survey of Domestic Oil and Gas Reserves,"
- and
- EIA-64A, "Annual Report of the Origin of Natural Gas Liquids Production."

Forms EIA-23, and EIA-64A will be extended without modification to the information that should be reported. EIA proposes to discontinue EIA-23P because EIA uses other means to collect the information regarding new operators and non-operators (e.g., trade journals, Internet and State agencies).

The information collection proposed in this supporting statement has been reviewed in light of applicable information quality guidelines. It has been determined that the information will be collected, maintained, and used in a manner consistent with the OMB, DOE, and EIA information quality guidelines.

### A. Justification

#### 1. Legal Authority

The authority for these mandatory data collection is provided by the following provisions:

- (a) Section 13(b), 15 U.S.C. 772(b), of the Federal Energy Administration Act of 1974 (FEA Act), Public Law 93-275, states:

"All persons owning or operating facilities or business premises who are engaged in any phase of energy supply or major energy consumption shall make available to the (Secretary) such information and periodic reports, records, documents, and other data, relating to the purposes of this Act, including full identification of all data and projections as to source, time and methodology of development; as the (Secretary) may prescribe by regulation or order as necessary or appropriate for the proper exercise of functions under this Act."

- (b) Section 5(b), 15 U.S.C. 764(b), of the FEA Act, states that to the extent authorized by Section 5(a), the (Secretary) shall:

- "(2) Assess the adequacy of energy resources to meet demands in the immediate and longer range future for all sectors of the economy and for the general public;...
  - (9) collect, evaluate, assemble, and analyze energy information on reserves, production, demand, and related economic data;...
  - (12) perform such other functions as may be prescribed by law."
- (c) As the authority for invoking Section 5(b) above, Section 5(a), 15 U.S.C. 764(a), of the FEA Act in turn states:
- "Subject to the provisions and procedures set forth in this Act, the (Secretary) shall be responsible for such actions as are taken to assure that adequate provision is made to meet the energy needs of the Nation. To that end, he shall make such plans and direct and conduct such programs related to the production, conservation, use, control, distribution, rationing, and allocation of all forms of energy as are appropriate in connection with only those authorities or functions...
- (a) specifically transferred to or vested in him by or pursuant to this Act;...
  - (c) otherwise specifically vested in the (Secretary) by the Congress."
- (d) Authority for invoking Section 5(a) of the FEA Act is provided by Section 52, 15 U.S.C. 790a, of the FEA Act which states that the Administrator of the EIA:
- "... (Shall) establish a National Energy Information System which shall ... contain such information as is required to provide a description of and facilitate analysis of energy supply and consumption...
- "(b)...the System shall contain such energy information as is necessary to carry out the Administration's statistical and forecasting activities, ..., such energy information as is required to define and permit analysis of -
- (1) the institutional structure of the energy supply system including patterns of ownership and control of mineral fuel and nonmineral energy resources and the production, distribution, and marketing of mineral fuels and electricity;
  - (2) the consumption of mineral fuels, nonmineral energy resources, and electricity by such classes, sectors, and regions as may be appropriate for the purposes of this Act;...

(5) industrial, labor, and regional impacts of changes in patterns of energy supply and consumption."

## 2. Uses of the Data

The information is used by the Department of Energy:

(a) As input into the following publications issued by EIA:

- *U.S. Crude Oil, Natural Gas and Natural Gas Liquids Reserves Annual Report*, [http://www.eia.doe.gov/oil\\_gas/natural\\_gas/data\\_publications/crude\\_oil\\_natural\\_gas\\_reserves/cr.html](http://www.eia.doe.gov/oil_gas/natural_gas/data_publications/crude_oil_natural_gas_reserves/cr.html)
- *Annual Energy Review*, <http://www.eia.doe.gov/emeu/aer/contents.html>
- *Annual Report to Congress*.

Form EIA-23 provides credible, verifiable, national and regional data on the proved reserves of crude oil, natural gas, and natural gas liquids. The data include proved reserves and production data for crude oil, lease condensate, and natural gas by State or subdivision.

Form EIA-64A provides data that are used to estimate natural gas liquids production and reserves by State and area. Data collected are plant and respondent identification, origin of natural gas received and natural gas liquids produced, plant fuel use, and gas shrinkage resulting from natural gas liquids extracted.

Both EIA-23 and EIA-64A are used by EIA in many reports and analysis that discuss crude oil and natural gas reserves and production. An example of the use of EIA-64A data is for generating estimates of marketed natural gas production. The estimate for production of total natural gas liquids (NGL) that is generated from the EIA-64A data is used by EIA to calculate the extraction loss from wet natural gas production so that EIA may accurately estimate marketed natural gas production. All EIA publications are available on EIA's Internet site ([www.eia.doe.gov](http://www.eia.doe.gov)). EIA-23 data were relied upon in a recent EIA report to Congress in July, 2006, *United States Producing and Nonproducing Crude Oil and Natural Gas Reserves From 1985 – 2004*, available at <http://www.eia.doe.gov/oiaf/analysispaper/congr/index.html>.

The Minerals Management Service uses EIA-23 data for data quality comparisons of reserve estimates for large producing fields in the Gulf of Mexico. Both the EIA-23 and EIA-64A data series are also widely used in

the petroleum industry by consultants and the trade press. Every year the Oil and Gas Journal, available at <http://www.ogj.com/index.cfm>, publishes the reserves estimates from the EIA-23 as the official reserve estimates for the U.S. as part of their coverage of international crude oil reserves.

The data series from the EIA-23 and EIA-64A surveys provide additional benefits such as:

- (b) To fulfill EIA's mission to provide credible, reliable, and timely energy information.
- (c) As a data base for use in forecasting, policy making, planning and analysis activities.
- (d) As an official data bank available to Congress and other government agencies on the proved reserves of crude oil, natural gas, and natural gas liquids in the United States.
- (e) As a source of data for other government agencies, business firms, trade associations, and private research and consulting organizations for analysis, projections, and monitoring purposes.

### 3. Technological Considerations

In an effort to reduce respondent burden, multiple reporting options are provided.

- For large and intermediate size well operators that provide field level data, an electronic version of the Form EIA-23 is provided on diskette. This electronic system is called Reserves Information Gathering System (RIGS). Operators may complete the form using the diskette and return the diskette to EIA. Over 80% of the large and intermediate size operators choose this reporting option.
- EIA provides PDF versions of all the OGRS survey forms and instructions on its web site. Respondents may print the materials, complete them, and mail or fax them to EIA.
- EIA provides spreadsheet versions of the EIA-23 (summary form) as well as the EIA-64 on its web site. Survey respondents may download these versions, complete them, and return them to EIA by mail, fax, or e-mail.

### 4. Efforts to Reduce Duplication

A check of EIA's Data Resources Directory revealed no unnecessary duplication with other information collected by EIA. Also, EIA survey staff is very familiar with U.S. oil and natural gas proved reserves data and there are no independent, reliable, and accurate data that would substitute for the information collected on the OGRS surveys.

Information from State/Federal or commercial listings of oil and gas well operators has failed to provide the needed information. No State agency collects proved reserves information from oil and/or gas well operators. EIA has determined that other sources cannot replace or approximate the information provided because of differences in classification, inconsistency, incompleteness, infrequency, unavailability, or lack of universe estimation. There is also no other source on natural gas liquids production collected on Form EIA-64A.

#### 5. Provisions for Reducing Burden on Small Businesses and Entities

Some respondents to the survey forms will be small businesses. However, because the respondents are not required to perform a detailed record search for information which should be readily available, there should be little additional burden on these respondents. EIA has designed Form EIA-23 with the small businesses in mind. Form EIA-23 has both a long (field level) version, Form EIA-23L, and short (summary) version, Form EIA-23S. The long form (field level) is required to be filed by all large (Category I and Category II) operators. (In addition, smaller Category II operators that do not have proved reserves estimates only report production.) A sample of small operators (i.e., operators whose production of crude oil is less than 400 thousands barrels annually or operators whose with production of natural gas is less than 2 billion cubic feet annually) is only required to file the Summary report. The Summary report requests data at a state or geographic subdivision level rather than the more detailed field-by-field level required of large and intermediate operators. The number of small operators surveyed is reduced by surveying only 6 percent of them each year. EIA also uses information available from State and private sources to help minimize the number of small operators sampled. Also, EIA uses commercial sources of information, when available, to estimate for small operators in selected states and thus is able to further reduce the number of operators surveyed.

#### 6. Consequence of Less Frequent Reporting

Less frequent reporting would not enable EIA to meet its mandate of providing timely, reliable information on oil and gas reserves.

#### 7. Special Circumstances

The data are being collected consistent with the guidelines in 5 C.F.R. 1320.6.

#### 8. Summary of Consultations Outside the Agency

On August 18, 2006, EIA published a Federal Register Notice (volume 71, number 160 page 47793) inviting public comments on the proposed extension with a minor modification of the OGRS survey forms. In addition, a copy of the notice was placed on EIA's web site.

No comments were received.

9. Decision to Provide Any Payment or Gift to Respondents

EIA will not provide any payment or gift to respondents.

10. Provisions for Confidentiality of Information

The confidentiality provisions for the OGRS surveys are:

**Form EIA-23** - The calendar year production of crude oil and natural gas data reported on Form EIA-23 are not considered as confidential because the information are typically publicly available from other sources (e.g., State government agencies). All other information reported on Form EIA will be kept confidential and not disclosed to the public to the extent that it satisfies the criteria for exemption under the Freedom of Information Act (FOIA), 5 U.S.C. §552, the DOE regulations, 10 C.F.R. §1004.11, implementing the FOIA, and the Trade Secrets Act, 18 U.S.C. §1905. The information may be used by the Federal government for official uses which may include nonstatistical uses.

Instructions to the EIA-23 will include the following:

The calendar year production of crude oil and natural gas data reported on Form EIA-23 are not considered as confidential and may be publicly released in identifiable form. In addition to the use of the information by EIA for statistical purposes, the information may be used for any nonstatistical purposes such as administrative, regulatory, law enforcement, or adjudicatory purposes.

All other information reported on Form EIA-23 will be kept confidential and not disclosed to the public to the extent that it satisfies the criteria for exemption under the Freedom of Information Act (FOIA), 5 U.S.C. §552, the DOE regulations, 10 C.F.R. §1004.11, implementing the FOIA, and the Trade Secrets Act, 18 U.S.C. §1905. The Energy Information Administration (EIA) will protect your information in accordance with its confidentiality and security policies and procedures.

The Federal Energy Administration Act requires the EIA to provide company-specific data to other Federal agencies when requested for official use. The information reported on this form may also be made available, upon request, to another component of the Department of Energy (DOE); to any Committee of Congress, the General Accounting Office, or other Federal agencies authorized by law to receive such information. A court of competent jurisdiction may obtain this information in response to an order. The information may be used for any nonstatistical purposes such as administrative, regulatory, law enforcement, or adjudicatory purposes.

Disclosure limitation procedures are applied to the statistical data published from EIA-23

survey information to ensure that the risk of disclosure of identifiable information is very small.

Confidential information collected on Form EIA-23 will be provided to United States Department of Interior offices (the Mineral Management Service and the United States Geological Survey) for statistical purposes only, in conducting their resource estimation activities. In addition, company-specific data considered as critical infrastructure information may be provided to other Federal agencies for emergency planning and response.

**Form EIA-64A** – The data reported on these forms will be kept confidential and not disclosed to the public to the extent that it satisfies the criteria for exemption under the Freedom of Information Act (FOIA), 5 U.S.C. §552, the DOE regulations, 10 C.F.R. §1004.11, implementing the FOIA, and the Trade Secrets Act, 18 U.S.C. §1905. The information may be used by the Federal government for official uses which may include nonstatistical uses.

Instructions to the EIA-64A will include the following:

The information reported on EIA-64A) will be kept confidential and not disclosed to the public to the extent that it satisfies the criteria for exemption under the Freedom of Information Act (FOIA), 5 U.S.C. §552, the DOE regulations, 10 C.F.R. §1004.11, implementing the FOIA, and the Trade Secrets Act, 18 U.S.C. §1905. The Energy Information Administration (EIA) will protect your information in accordance with its confidentiality and security policies and procedures.

The Federal Energy Administration Act requires the EIA to provide company-specific data to other Federal agencies when requested for official use. The information reported on this form may also be made available, upon request, to another component of the Department of Energy (DOE); to any Committee of Congress, the General Accountability Office, or other Federal agencies authorized by law to receive such information. A court of competent jurisdiction may obtain this information in response to an order. The information may be used for any nonstatistical purposes such as administrative, regulatory, law enforcement, or adjudicatory purposes.

Disclosure limitation procedures are applied to the statistical data published from EIA-64A) survey information to ensure that the risk of disclosure of identifiable information is very small.

Confidential identifiable information collected on Form EIA-64A will be provided to United States Department of Interior offices (the Mineral Management Service and the United States Geological Survey) for statistical purposes only, in conducting their resource estimation activities. In addition, company-specific data considered as critical infrastructure information may be provided to other Federal agencies for emergency planning and response.



## 11. Justification for Sensitive Questions

There are no questions of a sensitive nature.

## 12. Burden to Respondents

The overall annual burden for this package is estimated to be 49,120 hours. The estimated total cost of the burden hours is \$2,898,080 (49,120 hours x \$59 per hour).

An average per hour cost of \$59 is used because that is the average loaded (salary plus benefits) cost for an EIA employee. EIA assumes that the survey respondent workforce completing surveys for EIA is comparable with the EIA workforce.

### BURDEN HOURS

	Number of Respondents	Average Hours	Total Hours
Form EIA-23			
Category I (Schedule A, Field)	164	120	19,680
Category II (Schedule A, Field)	532	40	21,280
Category III (Summary)	645	8	5,160
Total	1,341		46,120
Form EIA-64A	500	6	3,000
Totals	1,841		49,120

## 13. Costs to Respondents

EIA does not believe that respondents incur any additional start-up or operational costs in connection with the OGRS surveys other than the costs associated with the burden hours.

#### 14. Estimated Cost to the Federal Government

The OGRS surveys are included in the Annual Operating Plans for the Reserves and Production Division of EIA in Dallas. The annual costs, including personnel, for development/maintenance, collection, processing, analysis and publication are \$1,200,000.

#### 15. Summary of Changes in Burden

There are reductions to the average burden for the OGRS surveys. The total burden has decreased by 29,904 hours primarily because of a decrease in the number of respondents in Category I and Category III oil and gas well operators for Form EIA-23 and the elimination of Form EIA-23P. Another reason for reduction in the burden hours is improvement in the RIGS system.

#### 16. Time Schedule for Information Collection and Publication

Plans to tabulate and publish data collected by the OGRS surveys are as follows:

Item	Time frame
Form mail out:	
EIA-64A	February
EIA-23S (Summary version)	March
EIA-23L (Field-level version)	February
Due date for response:	
EIA-23S (Summary version)	April 15
EIA-64A	April 01
EIA-23L (Field-level version)	April 01
Final data for tabulation	June 30 (EIA-64A) August 31 (EIA-23)
Advance Summary	September 30
Annual Reserves Report	November 30

#### 17. Display of Expiration Date on Form

The OMB approval expiration date will be displayed on the Forms EIA-23, and 64A.

## 18. Exceptions to Certification Statement

No exceptions are made to the certification statement.