

SUPPORTING STATEMENT

Form EIA-914

“Monthly Natural Gas Production Report”

OMB No.1905-0205

Introduction

The Energy Information Administration (EIA) of the Department of Energy (DOE) requests a three- year extension from the Office of Management and Budget (OMB) to continue Form EIA-914, “Monthly Natural Gas Production Report.”

The purpose of the survey is to collect monthly data on the production of natural gas in seven geographical areas as follows: Texas (including State Offshore), Louisiana (including State Offshore), Oklahoma, New Mexico, Wyoming, Gulf of Mexico Federal Offshore, and Other States (defined as all remaining States, excluding Alaska).

Form EIA-914 survey respondents are a cut-off sample of well operators selected annually from current commercially available natural gas production information and operators who report on Form EIA-23, “Annual Survey of Domestic Oil and Gas Reserves” (OMB No. 1905-0057).

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

A. Justification

Al. Legal Authority

The following provisions provide the authority for this data collection:

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 exercise of functions under the Act.”

The functions of the FEA Act are set forth in Section 5(b), 15 U.S.C. §764(b) of the Act, which States that the Secretary shall, to the extent he is authorized by Section 5(a) of the FEA Act,

“(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; ...

(4) develop plans and programs for dealing with energy production shortages;

(5) promote stability in energy prices to the consumer, promote free and open competition in all aspects of the energy field, prevent unreasonable profits within the various segments of the energy industry, and promote free enterprise;

(6) assure that energy programs are designed and implemented in a fair and efficient manner so as to minimize hardship and inequity while assuring that the priority needs of the Nation are met; ...

“(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.”

As the authority for invoking Section 5(b) above, Section 5(a) 15 U.S.C. §764(a) of the FEA Act 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...

“(1) specifically transferred to or vested in him by or pursuant to this Act:
...

“(3) otherwise specifically vested in the [Secretary] by the Congress.”

Authority for invoking Section 5(a) of the FEA Act is provided in turn 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 ... and 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;...

“(3) the sensitivity of energy resource reserves, exploration, development, production, transportation, and consumption to economic factors, environmental constraints, technological improvements, and substitutability of alternate energy sources; ...

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

A2. Needs and Uses of Data

The purpose of the Form EIA-914 is to collect and disseminate data on natural gas production in the Lower-48 States on a timely basis in order to meet EIA's mandate and energy data users' needs. Timely and accurate information on monthly natural gas production data in the United States is necessary to discern critical monthly production levels, variations and trends, information that is crucial for informed decision and policy making before and during peak demand periods. The information collected through this survey is used by Federal and State agencies, industry analysts and the general public to monitor natural gas supplies, and by the Congress for legislative debate.

Using information reported on Form EIA-914, EIA publishes monthly natural gas production estimates for Total Lower-48 States, Texas (including State Offshore), Louisiana (including State Offshore), New Mexico, Oklahoma, Wyoming, Gulf of Mexico Federal Offshore, and Other States (defined as all remaining States, excluding Alaska, in which natural gas was produced during the report month). Estimates based on the data reported on Form EIA-914 are published directly on EIA's Website, used as the official basis for the marketed and dry natural gas production published in the Natural Gas Monthly, Monthly Energy Review, Annual Energy Review, and Natural Gas Annual, and used in the production of numerous other EIA information products. The data from the EIA-914 are also used:

- to develop and make available to the Congress, the States, and the public a timely and accurate quantified assessment of monthly natural gas

- production,
- as input to other EIA statistical information products,
 - to provide natural gas production data to EIA forecasting models, such as the Short-Term Energy Outlook (STEO) and the National Energy Modeling System (NEMS), and
 - to respond to Congressional and internal Departmental requests for analysis of natural gas policy and regulatory issues.

EIA's natural gas production estimates are also published in papers, trade journals, and technical reports as well as cited and republished in reports by consulting firms and financial institutions. A number of State agencies in Florida, Indiana, Iowa, New Hampshire, New Mexico, South Dakota, Tennessee, Utah, Washington, and Wyoming republish EIA data in their reports for the public.

Description of Form EIA-914, "Monthly Natural Gas Production Report"

The data collected consist of natural gas gross withdrawals and natural gas lease production. Respondents would provide these data for Texas (including State Offshore), Louisiana (including State Offshore), Oklahoma, New Mexico, Wyoming, Gulf of Mexico Federal Offshore and Other States (defined as all remaining States, excluding Alaska, in which the operator produced natural gas during the report month) - a total of 14 data elements. Since EIA's main goal is to have timely overall production information, the agency has not proposed to collect information on gas used for repressuring and reinjection, gas vented and flared, fuel used on the lease, or nonhydrocarbon gases removed on the lease.

EIA requests approval of the collection of the following data on the Form EIA-914:

1. Respondent identification data
2. For the areas of Texas (including State Offshore), Louisiana (including State Offshore), Oklahoma, New Mexico, Wyoming, Gulf of Mexico Federal Offshore, and Other States (defined as all remaining States, excluding Alaska, in which the operator produced natural gas during the report month):
 - a. Natural gas gross withdrawals
 - b. Natural gas lease production
3. Quantities would be published in million cubic feet (MMCF).
4. Pressure base at which all volumes are reported is 14.73 per square inch absolute (psia) at 60 degrees Fahrenheit.
5. Comments.

EIA provides Form-914 respondents detailed instructions, reporting requirements, and definitions of all elements in the form. The form and instructions (shown in Appendix A) are designed to allow their efficient use while the respondent is completing a filing and to lessen respondent burden.

Respondents are expected to complete the EIA-914 survey each month and submit revisions for prior months if required. Completed EIA-914 surveys are due 40 days after the conclusion of the report month. Data are submitted by e-mail, facsimile, or the secure file transfer (SFT) system used by EIA. Currently about 97% of responses are received electronically.

A3. Technological Considerations to Reduce Burden

Although a pdf version may be printed, completed, and mailed or faxed to EIA, the survey form may be completed using an MS Excel spreadsheet and emailed to EIA.

A4. Efforts to Identify Duplication and Analysis of Similar Existing Information

Data similar to the monthly natural gas production information collected on the Form EIA-914 have been gathered monthly by EIA from States (some of which report to EIA on a voluntary basis using Form EIA-895, “Monthly and Annual Quantity and Value of Natural Gas Production Report,”) and the Minerals Management Service (MMS) in the Department of Interior (for the Gulf of Mexico Federal Offshore). The States and MMS gather natural gas production information for various reasons, often for revenue, taxing, or conservation purposes. Well operators report annual natural gas production to EIA using Form EIA-23, “Annual Survey of Domestic Oil and Gas Reserves.” EIA has terminated collection of the monthly Form EIA-895 with the final December 2006 report month. The annual schedule of Form EIA-895 will continue to be collected.

Before data from Form EIA-914 became available, EIA published estimates of natural gas production in the United States monthly and annually using data from Form EIA-895 and MMS. While some of the reporters provided sufficient timely data, most reported data were not complete or timely enough for direct dissemination by EIA. Form EIA-914 was created to replace these data with more timely and more accurate data; that goal has been met.

A5. Impacts on Small Businesses or Other Small Entities

The natural gas well operators in the survey are not small businesses or other small entities. EIA conducts the survey using a cut-off sample of operators to help ensure that the impact, if any, on smaller entities is minimized.

A6. Consequences of Less Frequent Reporting

EIA’s goal in creating Form EIA-914 was to reduce the former 120-day time lag in publication of natural gas monthly production information to about 60 days; that goal has been achieved. If the collection is not conducted monthly, EIA

would not be able to meet this goal, and couldn't provide essential natural gas production information needed in advance of and during the winter heating season and other periods of high demand. Less frequent reporting would prohibit EIA from meeting its mandate of providing timely and reliable energy information.

A7. Special Circumstances

Form EIA-914 is collected in a manner consistent with 5 CFR 1320.5 except for the requirement to report information more often than quarterly. As discussed in section A2, monthly data on natural gas production are required to meet the information needs of the public and private sectors.

A8. Summary of Consultation outside the Agency

A request for comments from interested persons was published in the Federal Register / Vol. 71, No. 241 / Friday, December 15, 2006 / Notices / pp.75518 - 75520. In that Notice, EIA proposed increasing the seven areas covered by the survey to include: Alaska, California, Colorado, Kansas, Montana, North Dakota, and the Pacific Federal Offshore. The Notice, proposed form, and instructions were posted on EIA's website. Interested trade and industry associations were contacted to inform them and their members about the Federal Register Notice, proposed form, and instructions. In addition, the trade press wrote about the notice, proposed form, and instructions.

Two responses from the public were received from the following organizations.

1. Industry Coalition (American Petroleum Institute, Domestic Petroleum Council, Independent Petroleum Association of America, National Ocean Industries Association, Natural Gas Supply Association, U.S. Oil and Gas Association)
2. Independent Petroleum Association of America (IPAA)

The Industry Coalition urged EIA not to expand the current survey to include 6 more States and the Federal Pacific Offshore and not to eliminate the monthly EIA-895 survey of States and MMS. The IPAA thought the EIA proposal to collect natural gas production data from new areas was a possible prelude to collection of oil production data. The IPAA urged EIA that, were this to occur, survey respondents should include only those producers with both oil and gas production. Responses to specific comments are as follows:

Comment: Current reporting already provides high degree of accuracy.

EIA Response: EIA agrees that current reporting provides a high degree of accuracy in estimating monthly natural gas production.

Comment: The addition of new States adds little value.

EIA Response: EIA agrees that it is not necessary at this time to add new States to Form EIA-914.

Comment: EIA should not eliminate the monthly state reporting.

EIA Response: As of the December 2006 report month, EIA terminated the monthly Form EIA-895, “Monthly and Annual Quantity and Value of Natural Gas Production Report,” because more reliable data are now available from Form EIA-914. While some Form EIA-895 reporters provided timely monthly data, most reported EIA-895 monthly data were not complete or timely enough for direct dissemination by EIA. The annual EIA-895 survey has been retained.

Comment: Continue coordinating with producing States and the MMS.

EIA Response: EIA will continue coordinating with producing States and the MMS to improve the quality of natural gas production information.

Comment: If EIA adds crude oil production to Form EIA-914, then EIA should involve only those producers with both oil and gas production.

EIA Response: This forms clearance request does not propose to collect monthly crude oil production information.

On May 30, 2007, a Federal Register notice was published (72 FR 103) announcing the submission of this information collection request to the Office of Management and Budget.

A9. Payments or Gifts

No payments or gifts are made to the survey respondents.

A10. Provisions for Confidentiality

Form EIA-914 information is collected in accordance with the Confidential Information Protection provisions of Title 5, Subtitle A, Public Law 107-347. It will be treated as confidential and used for exclusively statistical purposes unless the survey respondents provide informed consent for nonstatistical uses. The pledge made to survey respondents is as follows:

“The information you provide will be used for statistical purposes only. In accordance with the Confidential Information Protection provisions of Title 5, Subtitle A, Public Law 107-347 and other applicable Federal laws, your responses will be kept confidential and will not be disclosed in identifiable form to anyone other than employees or agents without your consent. By law, every EIA employee as well as every agent has taken an oath and is subject to a jail term, a fine, or both if he or she makes public ANY identifiable information about you.”

A11. Justification for Questions of a Sensitive Nature

The form contains no questions of a sensitive nature.

A12. Estimates of Respondent Burden (Hours and Cost of Hours)

Currently there are 220 filers of Form EIA-914. Each filer is estimated to spend 3 hours per month to report. For a respondent group of 220 operators, the overall annual respondent burden is estimated to be 7,920 hours per year for 220 monthly reports. The estimated cost to respondents for the burden hours is estimated to be \$467,280, i.e., 7,920 hours times \$59 per hour. (An average cost per hour of \$59 is used because that is the average salary plus benefits for an equivalent EIA employee. EIA assumes that the survey respondent workforce completing surveys for EIA is comparable to the EIA workforce).

Yearly Burden:

220 respondents responding monthly x 12 responses per year x 3 = 7,920 hours per year

A13. Estimate of Cost Burden to Respondents - Capital/Start-up Costs and Operation/

Maintenance/Purchases of Services

There are no additional costs to respondents other than those accounted for in the burden hours. No capital expenditures, maintenance, or purchases of services should be required.

A14. Annual Cost to the Government

The average costs including personnel, systems development and maintenance, data collection, processing, estimation, and dissemination is \$425,000 per year.

A15. Changes in Burden or Costs to Respondents

The current burden is 15,517 hours per year. The proposed burden for this request is estimated at 7,920 hours per year. The decrease in burden is due to a decrease in respondents from 350 (currently) to 220 respondents ($350 - 220 = 130$). $130 \times 12 \times 3 = 4,680$ hours (adjustment). Since this is no longer a new survey, there is a decrease in hours because no startup hours are needed: $350 \times 25/3 = 2,917$ hours (program change). The total burden has **decreased by 7,597 hours** ($4,680 + 2,917$).

A16. Data Collection and Publication

Because of the vital need for timely data, respondents are expected to submit their survey responses 40 days after the end of the report month. Data gathered monthly on the Form EIA-914 is reviewed, verified, and aggregated for dissemination on the EIA Website and in the *Natural Gas Monthly* and the *Monthly Energy Review*. In addition, data from the Form EIA-914 is used in the *Short-Term Energy Outlook* and in EIA analytical reports.

Individual company reports are checked for reasonableness by comparing current reports with prior responses. Mathematical calculations are checked for accuracy and all data are checked for internal consistency. Respondents are required to refile reports containing any inconsistencies or errors and to submit revisions when the value for natural gas lease production changes by more than one percent for any of the specified geographical areas.

A typical time schedule for the monthly EIA-914 data collection, processing, and publication is shown below, using data month July 2007 as an example.

- Natural gas production data for July 2007 due to EIA by September 10, 2007.
- Gross natural gas production estimates for July 2007 are normally ready on September 20, 2007, although operator follow-up and data revisions continue.
- Gross natural gas production estimates for July 2007 are posted on EIA Website September 28, 2007 (last working day of the month).

A17. Display of Expiration Date

The expiration date is displayed on all form schedules.

A18. Exceptions to Certification

EIA takes no exception to the certification statement.