

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

## Background

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

- EIA-23L Annual Survey of Domestic Oil and Gas Reserves
- EIA-23S Annual Survey of Domestic Oil and Gas Reserves
- EIA-64A Annual Report of the Origin of Natural Gas Liquids Production

Forms EIA-23L, EIA-23S, and EIA-64A will be extended without modification to the information that should be reported.

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 web products issued by EIA:

- *United States 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)
- *Natural Gas Monthly*
- *Annual Energy Review*, <http://www.eia.doe.gov/emeu/aer/contents.html>

Forms EIA-23L and EIA-23S provide 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 for crude oil, lease condensate, and natural gas by State and Federal Offshore.

Form EIA-64A provides data that are used to estimate natural gas plant liquids production and reserves by State and Federal Offshore. 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.

The data are used by EIA in many reports and analysis that discuss crude oil and natural gas reserves and production. The EIA-64A data is used for generating estimates of EIA's dry natural gas production. The estimate for production of total natural gas plant liquids (NGL) 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 dry natural gas production. All EIA publications are available on EIA's Internet site ([www.eia.doe.gov](http://www.eia.doe.gov)).

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 (<http://www.ogj.com/index.cfm>), publishes the reserves estimates from the EIA-23 as the official reserve estimates for the United States as part of their coverage of international crude oil reserves.

Recent articles citing OGRS data:

*The Bakken Formation Helps Increase United States Proved Reserves of Oil* (March 4, 2009)

<http://tonto.eia.doe.gov/oog/info/twip/twiparch/090304/twipprint.html>

*Large Production Increases in Store for the Gulf of Mexico* (December 17, 2008)

<http://tonto.eia.doe.gov/oog/info/twip/twiparch/081217/twipprint.html>

*Domestic Proved Reserves Increase, Especially for Natural Gas* (October 22, 2008)

<http://tonto.eia.doe.gov/oog/info/twip/twiparch/081022/twipprint.html>

*Is United States natural gas production increasing?* (June 11, 2008)

[http://tonto.eia.doe.gov/energy\\_in\\_brief/natural\\_gas\\_production.cfm](http://tonto.eia.doe.gov/energy_in_brief/natural_gas_production.cfm)

*United States Offshore Oil Production Matters* (November 19, 2008)

<http://tonto.eia.doe.gov/oog/info/twip/twiparch/081119/twipprint.html>



The data series from these 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 CD. This electronic system is called Reserves Information Gathering System (RIGS). Operators may complete the form using the RIGS CD. Over 85% 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 Secure File Transfer, email, fax, or mail.

### 4. Efforts to Reduce Duplication

There is no unnecessary duplication with other information collected by EIA. Also, EIA survey staff is very familiar with United States 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 large operators (field level) version, Form EIA-23L, and the summary version, Form EIA-23S for the smaller sampled operators. Form EIA-23L 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 400,000 barrels annually or operators whose production of natural gas is less than 2 billion cubic feet annually) are required to file the EIA-23S Summary report. The EIA-23S requests data at a state or geographic subdivision level rather than the more detailed EIA-23L field level report required of large and intermediate operators. The number of small operators surveyed is reduced by surveying only 3 percent of them each year. EIA uses information available from State and private sources to help minimize the number of small operators sampled. EIA also 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. Compliance with 5 C.F.R. 1320.6

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

8. Summary of Consultations Outside the Agency

On July 15, 2009, EIA published a Federal Register Notice (Volume 74, Number 134, page 34318) 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. Payments or Gifts

No payments or gifts will be provided to respondents.

10. Provisions for Confidentiality of Information

The confidentiality provisions for Form EIA-23S and Form EIA-23L are the same.

The annual production of crude oil, lease condensate, and natural gas reported on Form EIA-23 are considered public information. These data elements may be released in company-identifiable form and will not be protected from disclosure in identifiable form when releasing statistical aggregate information. All other information reported on Form EIA-23 will be protected 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 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 Government 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 protected 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.

Form EIA-64A - The data reported on these forms will be protected 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 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 Government 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.

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 46,366 hours. The estimated total cost of the burden hours is \$2,897,875 (46,366 hours x \$62.50 per hour). An average per hour cost of \$62.50 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. In total, there are 1701 respondents to the forms, with an average burden of 27.26 hours per respondent.

Burden to Respondent

	<u>Number of Respondents</u>	<u>Average Hours</u>	<u>Total Hours</u>
Form EIA-23L, Field Level			
Category I	163	120	19,560
Category II	485	40	19,400
Form EIA-23S, Summary Level			
Category III	544	8	4,352
Total	1,192		43,312
Form EIA-64A	509	6	3,054
Totals	1,701	27.26	46,366

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 \$1,400,000.

15. Summary of Changes in Burden

There are small reductions to the average burden for the OGRS surveys. The burden for Category II and Category III respondents has decreased by 2,754 hours because of a decrease in the number of oil and gas well operators sampled. Another reason for reduction in the burden hours is continued improvement of 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:

<u>Item</u>	<u>Approximate Time frame</u>
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 (EIA-64A)	June 30
Final data for tabulation (EIA-23)	August 31
Reserves Report	September 30
Supporting materials	November 30

17. Display of Expiration Date on Form

The OMB approval expiration date will be displayed on all of the OGRS Forms (EIA-23L, EIA-23S, and EIA-64A).

18. Exceptions to Certification Statement

No exceptions are made to the certification statement.