

## **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 monthly from current commercially available natural gas production information and supplemented with operators who report on Form EIA-23, “Annual Survey of Domestic Oil and Gas Reserves” (OMB No. 1905-0057).

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**

#### **Al. 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 exercise of functions under the 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; ...

(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.”

(c) 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...

(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 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. Uses of the 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 on the website [\*Monthly Natural Gas Gross Production Report\*](#) estimates for Texas (including State Offshore), Louisiana (including State Offshore), Oklahoma, New Mexico, Wyoming, Gulf of Mexico Federal Offshore, and Other States excluding Alaska. These estimates are 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)

- 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.

#### **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 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) for 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 pounds 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 all revisions for prior months when known. Completed EIA-914 surveys are due 40 days after the conclusion of the report month. Data are submitted by secure file transfer (SFT) system used by EIA, e-mail or facsimile. Currently about 98% of responses are received electronically.

### **A3. Technological Considerations to Reduce Burden**

Form EIA-914 is an MS Excel spreadsheet to be downloaded to the respondent's computer, completed, and emailed to EIA. Alternatively, a pdf version of the form may be printed, completed, and faxed or mailed 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 which report to EIA on a voluntary basis ([Form EIA-895 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](#). 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. 75, No. 46 / Wednesday, March 10, 2010 / Notices/ pp.11148 - 111500.

One comment was received from an Industry Coalition consisting of the American Exploration & Production Council (AXPC), the American Petroleum Institute (API), the National Ocean Industries Association (NOIA), and the Natural Gas Supply Association (NGSA).

Comment:

The Industry Coalition asked that EIA retain the plus or minus four percent threshold for resubmissions. The Coalition is concerned that the elimination of this threshold will cause additional cost and burden on operators by requiring all revisions, no matter how small or insignificant, for long periods of time, to be reported to the EIA.

EIA Response:

Some analysts have inferred that EIA's gas production estimates are in error because of the 4 percent threshold. For the larger operators in each State or area, 4 percent is a significant volume and can affect the production estimates for the State or area. Therefore, a 4 percent threshold is not acceptable for the larger operators. EIA understands the concerns stated by the Industry Coalition and therefore changes the 4 percent resubmission threshold to a volume change of 5 million cubic feet per day for the previous 2 months. If the change in reported production is more than 5 million cubic feet per day, plus or minus, for any State or area, for either or both of the previous 2 months, the operator must submit a revised EIA-914 form. This change reduces the burden on the smaller operators while ensuring reasonable accuracy of the total reported volumes. It has the added feature of being easier to calculate than the percentage.

If at any time an operator has questions concerning the reporting of production revisions, the operator can call the EIA-914 hotline for help (1-877-434-2914). EIA has, and will continue to work with all operators to minimize their reporting burden.

#### **A9. Payments or Gifts**

No payments or gifts are made to the survey respondents.

#### **A10. Provisions Regarding Confidentiality of Information**

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 243 filers of Form EIA-914. Each filer is estimated to spend 3 hours per month to report. The overall annual respondent burden is estimated to be 8,748 hours per year for 2916 monthly reports. The estimated cost to respondents for the burden hours is estimated to be \$584,891 (8,748 hours times \$66.86 per hour). An average cost per hour of \$66.86 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:

243 respondents responding monthly x 12 responses per year x 3 = 8,748 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 7,920 hours per year. The proposed burden for this request is estimated at 8,748 hours per year. The increase in burden is due to an increase in respondents from 220 to 243 ( $243 - 220 = 23$ ).  $23 \times 12 \times 3 = 828$  hours (adjustment). Since this is no longer a new survey, no startup hours are needed: The total burden has **increased by 828 hours** ( $8,748 - 7,920$ ).

### **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 published in the [Natural Gas Monthly](#), [Monthly Energy Review](#), [Annual Energy Review](#), and [Natural Gas Annual](#). 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 and with data reported to the States and MMS. 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 amount of the revision yields a significant change in the recent production estimates for any State/area.

A typical time schedule for the monthly EIA-914 data collection, processing, and publication is shown below, using data month July 2010 as an example.

- Natural gas production data for July 2010 is due to EIA by September 10, 2010
- Gross natural gas production estimates for July 2010 are normally ready on September 20, 2010, although operator follow-up and data revisions continue
- Gross natural gas production estimates for July 2010 are posted on EIA Website September 30, 2010 (usually last working day of the month but



can be earlier).

**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.