

Supporting Statement A

Measurement of Oil (43 CFR Parts 3160 and 3170)

OMB Control Number 1004-XXXX

Terms of Clearance: None. This is a new collection of information.

General Instructions

A completed Supporting Statement A must accompany each request for approval of a collection of information. The Supporting Statement must be prepared in the format described below, and must contain the information specified below. If an item is not applicable, provide a brief explanation. When the question "Does this ICR contain surveys, censuses, or employ statistical methods?" is checked "Yes," then a Supporting Statement B must be completed. OMB reserves the right to require the submission of additional information with respect to any request for approval.

Specific Instructions

Justification

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.**

The Bureau of Land Management (BLM) is proposing a rule that would replace Onshore Oil and Gas Order Number 4, Measurement of Oil (Order 4) with new regulations that would be codified in the Code of Federal Regulations (CFR). Order 4 establishes minimum standards for the measurement of oil produced from Federal and Indian (except Osage Tribe) leases to ensure that production is accurately measured and properly accounted for. Order 4 was issued in 1989. The proposed rule would strengthen BLM's production accountability by updating its minimum standards for oil measurement to reflect the considerable changes in technology and industry practices that have occurred since Order 4 was issued.

The Secretary of the Interior has the authority under various Federal and Indian mineral leasing laws to manage oil and gas operations on Federal and Indian (except Osage Tribe) lands, including:

- The Mineral Leasing Act, 30 U.S.C. 181 et seq.;
- The Mineral Leasing Act for Acquired Lands, 30 U.S.C. 351 et seq.;
- The Indian Mineral Leasing Act, 25 U.S.C. 396a et seq.;
- The Act of March 3, 1909, 25 U.S.C. 396; and
- The Indian Mineral Development Act, 25 U.S.C. 2101 et seq.

- 2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information**

received from the current collection. Be specific. If this collection is a form or a questionnaire, every question needs to be justified.

Tank Calibration Tables

Proposed section 3174.5(c) would require submission of tank calibration tables to the BLM within 30 days after calibration. This provision would ensure that BLM personnel would have the latest charts when conducting inspections or audits.

Notification of LACT System Failure

Proposed section 3174.7(e)(1) would require the operator to notify the BLM within 24 hours of any lease automatic custody transfer (LACT) system failures or equipment malfunctions which may have resulted in measurement error. As defined at proposed section 3174.1, a LACT system consists of components designed to provide for the unattended custody transfer of oil produced from a lease, unit Participating Area (PA), or Communitized Area (CA) to the transporting carrier while providing a proper and accurate means for determining the net standard volume and quality, and fail-safe and tamper-proof operations. This information collection requirement would enable the BLM to verify that operators account for all oil volumes.

Notification of Changes to Internal Meter Calibration Factors

Proposed section 3174.10(d) would require the operator to notify the BLM within 24 hours of any changes to any Coriolis meter internal calibration factors. As defined at proposed section 3174.1, a Coriolis meter is a device that measures oil volume and density. This information collection requirement would assist the BLM in ensuring real-time, on-line measurement of oil.

Requirements for Coriolis Measurement Systems

Proposed section 3174.10(i), (j), and (k) would establish minimum requirements for the information about Coriolis Measurement Systems (CMSs) that the operator would need to maintain on-site, information that must be retained for an audit trail, and requirements for protecting the retained data in the CMS unit's memory. This information is necessary for the BLM to ensure compliance with these regulations and to conduct production audits.

Meter Prover Calibration Certification Documentation

Proposed section 3174.11(c) would require the operator to have available on-site, for review by the BLM, a valid certificate of calibration for the meter prover (i.e., a device that verifies the accuracy of a meter) that is used to determine the meter factor (which corrects for ambient conditions such as liquid temperature change and pressure shrinkage). As defined at proposed section 3174.1, a certificate of calibration is a document stating the base prover volume and other physical data required for the calibration of flow meters. The BLM would use the information to verify that the operator calibrated the prover.

Meter Proving Reports

Proposed 3174.11(j) would require the operator to provide a meter proving report no later than 14 days after a meter proving. The following information would be required:

- All meter-proving and volume adjustments after any LACT system or CMS malfunction;
- FMP number;
- Lease number, CA number, or unit PA number;
- The temperature from the test thermometer and the temperature from the temperature averager or tertiary device;
- For CMS, the pressure applied by the pressure test device and the pressure reading from the tertiary device at the three points required under paragraph (h)(3) of this section; and
- The “as left” fluid flow rate and fluid pressure, if the back-pressure valve is adjusted after proving.

Oil Measurement by Other Methods

Proposed 3174.13 would require prior BLM approval for any method of oil measurement other than manual tank gauging, LACT system, or CMS at a Facility Measurement Point (FMP). Any operator requesting approval to use alternate oil measurement equipment would be required to submit to the BLM:

- Performance data;
- Actual field test results;
- Laboratory test data; or
- Any other supporting data or evidence that demonstrates that the proposed alternate oil measurement equipment would meet or exceed the objectives of the applicable minimum requirements at proposed subpart 3174 and would not affect royalty income or production accountability.

A new Production Measurement Team (PMT), consisting of a panel of BLM employees who are oil and gas measurement experts, would review and make recommendations in response to requests to use alternate oil measurement equipment. This information collection requirement would enable the BLM to consider approving new technologies not yet addressed in its regulations.

- 3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden and specifically how this collection meets GPEA requirements.**

Proposed section 3174.12 would allow the submission of electronic run tickets in lieu of paper run tickets. This provision would modify an existing information collection activity authorized under control number 1004-0137.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

No duplication of information occurs in the information that would be collected. The information that would be collected under the proposed rule is unique to each respondent and lease and would not be available from any other data source. No similar information is available or able to be modified.

5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.

A preponderance of firms involved in developing oil and gas resources are small entities as defined by the Small Business Administration. All respondents, regardless of size, would be required to comply with the proposed information collection requirements. The information we would require from all respondents is limited to the minimum necessary to authorize and regulate oil measurement.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

If we did not collect the information, or collected it less frequently, oil and gas leasing activities and operations could not occur on Federal or Indian trust leases in compliance with pertinent statutes.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

- * **requiring respondents to report information to the agency more often than quarterly;**
- * **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
- * **requiring respondents to submit more than an original and two copies of any document;**
- * **requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three years;**
- * **in connection with a statistical survey that is not designed to produce valid and reliable results that can be generalized to the universe of study;**
- * **requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**
- * **that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**
- * **requiring respondents to submit proprietary trade secrets, or other confidential information, unless the agency can demonstrate that it has instituted procedures to**

protect the information's confidentiality to the extent permitted by law.

There are no special circumstances that require the collection to be conducted in a manner inconsistent with the guidelines in 5 CFR 1320.5.

- 8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and in response to the PRA statement associated with the collection over the past three years, and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.**

Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every three years — even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

On April 24 and 25, 2013, the BLM held a series of public meetings to discuss draft proposed revisions to Orders 3, 4, and 5. The meetings were webcast so tribal members, industry, and the public across the country could participate and ask questions either in person or over the Internet. Following the forum, the BLM opened a 36-day informal comment period, during which 13 comment letters were submitted. None of the comments were related to collection of information activities. The preamble to the proposed rule solicits public comments on the information collection.

- 9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.**

We would not provide payments or gifts to the respondents.

- 10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.**

The proposed rule would provide no assurance of confidentiality to respondents.

- 11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the**

explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

We would not require respondents to answer questions of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information. The statement should:

- * Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.**
- * If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens.**
- * Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here.**

The following table shows the BLM’s estimate of the hourly cost burdens for respondents. The mean hourly wages were determined using national Bureau of Labor Statistics data at: http://www.bls.gov/oes/current/oes_nat.htm. The benefits multiplier of 1.4 is supported by information at <http://www.bls.gov/news.r/ecec.nr0.htm>.

**Table 12-1
Estimated Weighted Average Hourly Costs**

A. Position	B. Mean Hourly Pay Rate	C. Hourly Rate with Benefits (Column B x 1.4)	D. Percent of Collection Time	E. Weighted Average Hourly Cost (Column C x Column D)
General Office Clerk (43-9061)	\$14.82	\$20.75	10%	\$2.08
Engineer (17-2199)	\$46.32	\$64.85	80%	\$51.88
Engineering Manager (11-9041)	\$66.69	\$93.37	10%	\$9.34
Totals			100%	\$63.30

Hour and cost burdens to respondents include time spent for researching, preparing, and submitting information. The weighted average hourly wage associated with these information collections is shown at Table 12-1, above. The frequency of response for each of the information collections is “on occasion.”

Table 12-2 itemizes the estimated hour and cost burdens for the proposed information collection activities.

Table 12-2
Estimates of Hour and Cost Burdens for Proposed Information Collection Activities

A. Type of Response	B. Number of Responses	C. Hours Per Response	D. Total Hours	E. Total Wage Cost (Column D x \$63.30)
Tank Calibration Tables (43 CFR 3174.5(c))	22,000	0.5	11,000	\$696,300
Notification of LACT System Failure (43 CFR 3174.7(e)(1))	100	1	100	\$6,330
Notification of Changes to Internal Meter Calibration Factors (43 CFR 3174.10(d))	10	1	10	\$633
Requirements for Coriolis Measurement Systems (43 CFR 3174.10(i), (j), and (k))	2,200	1	2,200	\$139,260
Meter Prover Calibration Certification Documentation (43 CFR 3174.11(c))	985	0.5	493	\$31,207
Meter Proving Reports (43 CFR 3174.11(j))	985	0.5	493	\$31,207
Oil Measurement by Other Methods (43 CFR 3174.13)	10	40	400	\$25,320
Totals	26,290		14,696	\$930,257

13. Provide an estimate of the total annual non-hour cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden already reflected in item 12.)

- * **The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life) and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information (including filing fees paid for form processing). Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.**
- * **If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.**
- * **Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.**

No filing fees are associated with the proposed rule. Respondents would incur no annual capital or start-up costs to prepare for or respond to the proposed information collection activities. Respondents would not need to purchase any computer software or hardware to comply with this information collection.

14. Provide estimates of annualized cost to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information.

The following table shows the BLM's estimate of the hourly cost burdens to the Federal government. The hourly cost to the Federal Government is based on the U.S. Office of Personnel Management Salary Table 2015-RUS at http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/15Tables/html/RUS_h.aspx. The benefits multiplier of 1.5 is implied by information at <http://www.bls.gov/news.release/ecec.nr0.htm>.

**Table 14-1
Estimated Federal Hourly Cost**

A. Position	B. Pay Grade	C. Hourly Pay Rate (\$/hour)	D. Hourly Rate with Benefits (Column C x 1.5)	E. Percent of the Information Collection Completed by Each Occupation	F. Weighted Avg. (\$/hour) (Column D x Column E)
Clerical	GS-5, step 5	\$17.35	\$26.03	10%	\$2.60
Professional	GS-9, step 5	\$26.28	\$39.42	80%	\$31.54
Managerial	GS-13, step 5	\$45.33	\$68.00	10%	\$6.80
Weighted Average Hourly Pay Rate (\$/hour): \$40.94					

A. Type of Response	B. Number of Responses	C. Hours Per Response	D. Total Hours	E. Total Wage Cost (Column D x \$40.94)
Tank Calibration Tables (43 CFR 3174.5(c))	22,000	0.5	11,000	\$450,340
Notification of LACT System Failure (43 CFR 3174.7(e)(1))	100	1	100	\$4094
Notification of Changes to Internal Meter Calibration Factors (43 CFR 3174.10(d))	10	1	10	\$409
Requirements for Coriolis Measurement Systems (43 CFR 3174.10(i), (j), and (k))	2,200	1	2,200	\$90,068
Meter Prover Calibration Certification Documentation (43 CFR 3174.11(c))	985	0.5	493	\$20,183
Meter Proving Reports (43 CFR 3174.11(j))	985	0.5	493	\$20,183
Oil Measurement by Other Methods (43 CFR 3174.13)	10	40	400	\$16,376

A. Type of Response	B. Number of Responses	C. Hours Per Response	D. Total Hours	E. Total Wage Cost (Column D x \$40.94)
Totals	26,290		14,696	\$601,653

15. Explain the reasons for any program changes or adjustments in hour or cost burden.

The proposed rule would result in program changes to 1004-0137 due to the addition of new requirements that are necessary in order to update the BLM's regulations on measurement of oil.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

The BLM would not publish the results of this collection.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

The BLM would display the expiration date of the OMB approval.

18. Explain each exception to the topics of the certification statement identified in "Certification for Paperwork Reduction Act Submissions."

There are no exceptions to the certification statement.