



U.S. Energy Information Administration
Office of Energy Statistics
Office of Oil, Gas, and Coal Supply Statistics

Supporting Statement for Survey Clearance

U.S. Energy Information Administration's (EIA) Financial Reporting System:

Form EIA-28

OMB No. 1905-0149

Part A:
Background and Proposal

March 2013

SUPPORTING STATEMENT

Financial Reporting System

Form EIA-28

OMB No. 1905-0149

Table of Contents

A. Justification.....4

1. Collection of Information.....4

 2. The Purpose of Data Collection.....7

 3. Use of Improved Technology.....7

 4. Efforts to Identify Duplication.....8

 5. Collection of Information Involving Small Establishments.....8

 6. Consequences of Less Frequent Data Collection.....8

 7. Special Circumstances.....9

 8. Federal Register and Consultation Outside of EIA.....9

 9. Payment or Gift to Respondents.....10

 10. Confidentiality and Privacy Concerns.....10

 11. Questions of a Sensitive Nature.....10

 12. Burden of the Collection of Information.....11

 Table 1. Annualized Burden, by Research Method.....11

 Table 2. Total Burden, Three years.....11

 13. Estimate of Total Annual Cost.....12

 14. Annualized Cost to the Federal Government.....12

 15. Program Changes or Adjustments.....12

 16. Schedule of Data Collection and Publication.....12

 17. OMB Approval Expiration Date.....12

 18. Exceptions to the Certification Statement.....12

SUPPORTING STATEMENT

Financial Reporting System

Form EIA-28

OMB No. 1905-0149

A. Justification

1. Collection of Information

The U.S. Energy Information Administration (EIA) requests a three-year approval from the Office of Management and Budget (OMB) to conduct a comprehensive evaluation of an existing data collection, the Financial Reporting System, Form EIA-28. This is not a request to collect data using the existing Financial Reporting System, Form EIA-28 or a redesigned EIA-28 form. The proposed evaluation of the existing Form EIA-28 will gather information used for future redesign of the EIA-28. At its outset (1977) Form EIA-28 was administered to U.S.-based companies and U.S. affiliates of foreign-based companies that filed with the U.S. Securities and Exchange Commission and produced enough crude oil or natural gas to be ranked in the top-50 for U.S. production. This resulted in 23 respondents, most of whom were vertically integrated (i.e., had both oil and natural gas production and petroleum refining operations). Over the years the criteria were changed, dropping the top-50 requirement and adding 1 percent, or more, of U.S. refining crude oil distillation capacity. In its existing form, the Form EIA-28 was last administered for the 2010 reporting year to 30 companies that were selected based on the particular company accounting for at least one percent of U.S. oil (i.e., crude oil and natural gas liquids (i.e., NGLs)) or natural gas production for the most recent calendar year, or U.S. crude oil distillation capacity.

In the future, the Form EIA-28 will be redesigned to measure oil and gas operating costs for exploration and production operations of U.S. companies' foreign and domestic operations. In order to successfully inform those redesigning, EIA will assess the feasibility of collecting and measuring upstream oil and gas costs for exploration and production for U.S. energy companies' foreign and domestic operations via interviews and some pilot questions. EIA will work to identify the policy goals and data needs of its stakeholders with respect to the collection and measurement of upstream oil and gas costs. EIA will also identify what cost information currently exists in the marketplace and evaluate the validity of that data.

The authority requested by this clearance package would allow EIA to conduct field testing, pilot questions/surveys, respondent debriefings, cognitive interviews, usability interviews, and focus groups in support of this evaluation. Through the use of these methods, EIA will improve the

quality of data being collected, reduce or minimize respondent burden, increase agency efficiency, and improve responsiveness to the public. Note that the use of any or all of these methods is dependent upon the availability of resources and all methods are voluntary.

The specific methods proposed for the coverage by this clearance are described below. Also outlined is the legal authority for these voluntary information gathering activities.

Proposed Methods:

Field Testing. Field testing of survey questions conducted under this clearance will generally be methodological studies of 120 respondents or less. A field test is used to clarify particular issues, rather than to replicate all components of a methodological design. Accordingly, field tests will not employ statistically representative samples, but rather a carefully selected list of experts and users of data in the area of crude oil and natural gas exploration and production from academia, crude oil and natural gas industries, finance industry, the media, etc

Pilot Surveys. Pilot surveys conducted under this clearance will generally be methodological studies involving 120 respondents or less. The pilot surveys will replicate all components of the methodological design, sampling procedures (where possible) and parts or all of the questionnaires of the full scale survey. Accordingly, pilot tests may employ statistically representative samples.

Respondent Debriefings. Respondent debriefings conducted under this clearance will generally be methodological studies of 120 cases or less. Respondent debriefings are usually conducted after the respondents have had time to read, fill out and comment on the pilot survey questions and are used to determine potential issues with data quality and to determine a more accurate respondent burden measure. Respondent debriefings can employ either statistically or non-statistically representative samples.

Cognitive Interviews. Cognitive interviews conducted under this clearance will generally number 150 or less. Cognitive interviews are used to identify problems of ambiguity or misunderstanding, or other difficulties respondents have answering questions, and reduce non-sampling errors in a survey. Cognitive interviews will not employ statistically representative samples.

Usability Interviews. Usability interviews conducted under this clearance will number 150 or less. Usability interviews are used to make sure that electronic questionnaires, websites and other associated materials are user-friendly, allowing respondents to easily and intuitively navigate the electronic item and find the information that they seek. Usability interviews will not employ statistically representative samples. A usability interview is a singular meeting with no more than two individuals representing the same organization.

Focus Groups. Focus groups conducted under this clearance will generally number 30 or less. Focus groups are used to identify and explore issues with populations of interest, e.g., from a specific group of stakeholders. Focus groups will not employ statistically representative samples.

Legal Authority. The authority for these voluntary information gathering activities is provided by the following provisions:

Section 13(b) of the Federal Energy Administration Act of 1974 (FEA Act) (P.L. 93-275) [15 U.S.C. '772(b)] 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."

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

(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;"

As the authority for invoking Section 5(b) above, Section 5(a) (15 U.S.C. '764(a)) 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---

(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 Sections 52(a), [15 U.S.C. '790a)] 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;

(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;

. . . (4) the comparability of energy information and statistics that are supplied by different sources; . . .

2. The Purpose of Data Collection

The information gathered will be used to inform a redesign of the Form EIA-28, the Financial Reporting System. This redesign will result in a Form EIA-28 that will measure upstream oil and gas costs for exploration and production for U.S. companies' foreign and domestic operations more comprehensively than in the past. In order to successfully gather information used for future redesign, EIA will assess the feasibility of collecting and measuring upstream oil and gas costs for exploration and production for U.S. energy companies' foreign and domestic operations. EIA will work to identify the policy goals and data needs of its stakeholders with respect to the collection and measurement of upstream oil and gas costs. EIA will also identify what cost information currently exists in the marketplace and will evaluate the validity of that data.

The end result will be the collection of data to redesign Form EIA-28, Financial Reporting System as described above, the reduction or minimization of respondent burden to future respondents of the redesigned EIA-28, and improved responsiveness to the stakeholders who use the data from the redesigned EIA-28. No substantive results of any studies conducted as part of this evaluation will be shared with anyone except those involved in the redesign of the actual form and with OMB as part of the packet for the revised EIA-28

3. Use of Improved Technology

The pretesting methods conducted under this clearance of the EIA-28 may employ web-based and/or automated data collection techniques. When a pretesting methodology employs these methods for its data collection, the research conducted under this clearance will also utilize web-based and/or automated data collection techniques.

4. Efforts to Identify Duplication

We are not aware of any other current evaluations of the existing EIA-28 for the purpose of redesigning the form to collect upstream oil and gas costs for exploration and production for U.S. energy companies' foreign and domestic operations. Nor are we aware of any investigations being conducted into the availability of third party data for purchase, or the evaluation of that data for validity. As a result, any research conducted as part of this clearance will not duplicate existing research efforts.

In 2001-2002 we conducted an evaluation of changes in the U.S. energy industry, particularly deregulation of natural gas and electric power and concluded that coverage of these areas should be incorporated in EIA-28. Consequently, income, operating cost, and sales and purchases of natural gas and electric power (additionally generation of electric power) were added to EIA-28 beginning with the 2003 reporting year. However, resources were insufficient to add companies focused on these activities. Instead, information on these activities was collected from the existing set of respondent companies, which were overwhelmingly petroleum companies. However, few respondent companies engaged in these operations and over time many of the collected data were aggregated to a high degree or were not reported to the public.

To the maximum extent possible, we will use existing information, reviewing results of the 2003 evaluation before attempting to design new questionnaires or protocols to evaluate the existing EIA-28. In addition, industry experts within EIA will be consulted.

5. Collection of Information Involving Small Establishments

One purpose of the research conducted as part of this evaluation is to gather information used for future redesign of the EIA-28 in a manner that will make it easier for small establishments to respond to, thus minimizing burden. In the course of evaluating the existing EIA-28, we may conduct research involving smaller establishments. The involvement of these small establishments is paramount in bettering EIA's understanding of the impact of economies of scale on the upstream oil and gas costs for exploration and production for U.S. companies' foreign and domestic operations. This research also will provide these smaller establishments with input on the data being collected on the redesigned EIA-28 with a minimum amount of burden.

6. Consequences of Less Frequent Data Collection

Not applicable. This clearance will be an ongoing effort over the next three years. As a result, it has the potential to have an immediate impact on the future collection of Form EIA-28, Financial Reporting System and on the stakeholders who consume the data produced on the Form EIA-28.

Its delay would hamper the benefits that both EIA and these stakeholders can expect to reap from an investigation designed to gather information used for future redesign of the existing Form EIA-28.

7. Special Circumstances

All the guidelines listed in the OMB guidelines are met. There are no special circumstances.

8. Federal Register and Consultation Outside of EIA

Federal Register. Three comments were received as a result of the Federal Register notice published in Volume 77 FR 57080 on 09/17/2012.

All of the comments were provided by the Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce. Specifically these comments were:

- 1) BEA supports the use of a sample in determining the respondent companies to the redesigned Form EIA-28 (Financial Reporting System (FRS)).

- 2) BEA's support is contingent upon the sample frame being constructed to represent the universe of petroleum, natural gas, electric power, and coal companies (if coal is added to the FRS) by including companies having those as their primary activities rather than merely collecting information from petroleum companies also engaged in these activities.

- 3) BEA would like to see several items retained by any future embodiments of the FRS. These include:
 - a) Dry hole expense, (Schedule 5131)

 - b) Depreciation, depletion, and amortization for several U.S. energy activities (chemical, coal, oil and gas exploration and production, refining, marketing, transportation, rate regulated pipeline – refined products, natural gas, and crude oil and liquids all separately), (Schedule 5120)

 - c) Pre-tax income for U.S. oil and gas exploration and production, refining/marketing, and pipelines (Schedule 5210)

 - d) Operating revenue for U.S. downstream natural gas marketing/trading operations (Schedule 5710),

e) Operating expense and natural gas purchases for U.S. downstream natural gas marketing/trading operations (Schedule 5711).

All of these comments will be strongly considered, but budgetary and staffing constraints will probably preclude the implementation of most of these in the redesigned Form EIA-28 (Financial Reporting System).

Non-Federal Register Posting. In addition the notice was posted on EIA's website, and disseminated to EIA representatives involved with data collection. No additional comments were received.

Outside Consultation. Efforts to consult with potential respondents to obtain their views on the availability of data, clarity of instructions, etc. will be undertaken as part of the testing conducted under this clearance. We will consult with other stakeholders such as staff from other Federal agencies, researchers, and others who use EIA-28 data to learn more about how they might use the data collected on the redesigned EIA-28 and to identify alternative sources of data.

9. Payment or Gift to Respondents

No payment or gifts will be made to respondents.

10. Confidentiality and Privacy Concerns

The data collected from respondents will be tabulated and analyzed only for the purpose of evaluating the EIA-28 form in support of the future redesign. Personally identifiable information for these respondents will not be incorporated into any final reports that may be used to gather information used for future redesign. All respondents who participate in research under this clearance will be informed that their participation is voluntary.

For studies and pretests where we obtain proprietary data, we will advise respondents, in writing, that their participation is voluntary and the following confidentiality provision will be made:

The information reported on the form 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 Department of Energy (DOE) regulations, 10 C.F.R. §1004.11, implementing the FOIA, and the Trade Secrets Act, 18 U.S.C. §1905.

11. Questions of a Sensitive Nature

Most of the questions being asked as part of this clearance will not be of a sensitive nature. However, it is possible that in exploring how data from the EIA-28 data are understood by respondents and used by stakeholders, potentially sensitive questions may be included. One of the purposes of these efforts is to identify such questions, determine sources of sensitivity, and alleviate them insofar as possible before the EIA-28 survey is redesigned.

12. Burden of the Collection of Information

The total estimated respondent burden is 1290 hours for the period of February 2013 through February 2016. A variety of forms will be used in conducting the research under this clearance, and the exact number of different forms, length of each form, and number of subject/respondents per form are unknown at this time. The allocation below provides our best estimate based on experience with past clearances.

Table 1. Annualized Burden, by Research Method

Research Method	Number of Respondents	Number of responses	Estimated number of hours per method	Burden Estimate, Annual
Field Testing	40	40	1.5	60
Pilot Surveys	40	40	1.5	60
Respondent Debriefings	40	40	1.5	60
Cognitive Interviews	50	50	1.5	75
Usability Interviews	50	50	1.5	75
Focus groups	100 ¹	100	1.0	100
Total, Annualized	320	320		430

Table 2. Total Burden, Three years

	Number of Respondents	Number of responses	Burden Estimate, Three years
Total burden			
Three years	960	960	1290

¹ This value represents 10 focus groups per year with 10 participants each. A participant may equal no more than two representatives from the same entity.

13. Estimate of Total Annual Cost

No additional capital, start-up, or operation and maintenance costs for respondents should be necessary for any data collections under this clearance.

14. Annualized Cost to the Federal Government

The estimated cost of the clearance for this evaluation of the existing EIA-28 is estimated to be \$232,160.00. This amount includes the cost of 1.5 FTEs at the estimated, average hourly rate for FY12 of \$67.74 per 1 FTE, for a total annual estimated cost of \$212,160. This amount also includes an annual estimate of \$20,000 for travel and to cover the cost of any web-based efforts that may be conducted during this clearance. Other expenses (equipment, overhead, and printing) will be incurred by EIA components as part of their normal operating budgets.

15. Program Changes or Adjustments

In the previous clearance for the EIA-28 we requested approval to collect data on an existing form. This clearance requests approval to collect data about the existing EIA-28 in order to inform a future redesign of the Form EIA-28. The burden hours requested for this clearance differ from the previous clearance because the nature of the collection is different.

16. Schedule of Data Collection and Publication

The information collected in this clearance will be used to inform a future redesign of an existing collection, the EIA-28. The results will not be published in EIA publications. Due to the nature of this clearance, there is no time schedule. Work will continue throughout the duration of the three-year clearance. Findings from this Information Collection Research will be submitted to OMB as part of the forms clearance process for the redesigned form.

17. OMB Approval Expiration Date

EIA will display the expiration date for OMB approval of the information collection.

18. Exceptions to the Certification Statement

No exceptions to the Certification Statement should be required.

