



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 Survey:

**FORM EIA-914, Monthly Crude Oil, Lease Condensate, and Natural Gas
Production Report**

OMB No. 1905-0205

**Part A:
Background and Proposal**

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INTRODUCTION

The U.S. Energy Information Administration (EIA) of the Department of Energy (DOE) requests a three- year extension from the Office of Management and Budget (OMB) to revise and continue the Form EIA-914, *Monthly Natural Gas Production Report*, to be retitled the *Monthly Crude Oil, Lease Condensate, and Natural Gas Production Report*.

The current Form EIA-914 survey collects monthly data on natural gas production (that is, natural gas gross withdrawals and natural gas lease production) 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). These states and areas were originally selected because they were the largest producers of natural gas in the U.S., and collecting data from these areas maximized production volume coverage while minimizing the size of the set of sampled producers.

The Form EIA-914 survey frame will remain a cut-off sample of well operators selected monthly from current commercially available crude oil, lease condensate, and natural gas production information supplemented with operators that report on the Form EIA-23L, *Annual Survey of Domestic Oil and Gas Reserves* (OMB No. 1905-0057). (The EIA-23L is an annual survey that focuses on crude oil and natural gas reserves, while the current EIA-914 is a monthly survey that focuses only on natural gas production.) The proposed expanded EIA-914 will add crude oil and lease condensate production and additional states and operators. Crude oil and lease condensate will be collected as a single volume.

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 OMB, DOE, and EIA information quality guidelines.

CHANGES

Changes in the industry and EIA data user requests dictate that EIA should expand Form EIA-914 to include crude oil and lease condensate production while retaining natural gas production. EIA survey data must reflect the growing significance of U.S. crude oil production, particularly from tight formations, and natural gas production, both associated (that is, natural gas that occurs in crude oil reservoirs either as free gas (associated) or as gas in solution with crude oil (dissolved gas)) and from shale formations.

Further, motivated in part by a desire to track changing crude oil quality and inform discussion of crude oil export policies, crude oil and lease condensate sales will be collected by API gravity. Additionally, EIA plans to increase the number of states for which production will be separately collected and reported to add the following states: Arkansas, California, Colorado, Kansas, Montana, North Dakota, Ohio, Pennsylvania, Utah, and West Virginia. This separation of reporting reduces the number of states that are included in the “Other States” reporting category.

Finally, the title of the survey will be changed to *Monthly Crude Oil, Lease Condensate, and Natural Gas Production Report*. EIA plans a six-month phase-in period for quality control (January through June 2015), during which new data elements being collected will be reviewed prior to being disseminated. Following this review, the new data elements reported for January through April 2015 are scheduled to be retroactively disseminated.

The proposed expansion of the survey is estimated to increase total annual burden hours for respondents by 20,052 hours, primarily as a result of increasing the number of states for which production data are collected separately, and secondarily as a result of adding the collection of crude oil and lease condensate production volumes. Ensuring a sample with sufficient coverage for these new data elements necessitates an increase the number of respondents.

A. JUSTIFICATION

A.1 Legal Authority

The authority for this 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; ...

(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 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 non-mineral energy resources and the production, distribution, and marketing of mineral fuels and electricity;
- (2) the consumption of mineral fuels, non-mineral energy resources, and electricity by such classes, sectors, and regions as may be appropriate for the purposes of this Act;
- (3) industrial, labor, and regional impacts of changes in patterns of energy supply and consumption.”

A.2 Needs for and Uses of the Data

The purpose of the proposed expansion of the Form EIA-914 is to collect and disseminate data on crude oil, lease condensate, and natural gas production in the lower 48 states on a timely basis in order to meet EIA’s mission to provide credible, reliable, and timely energy information and energy data users’ needs. Timely and accurate information on monthly crude oil, lease condensate, and natural gas production 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 from this survey is used to monitor crude oil, lease condensate, and natural gas supplies and to inform policy decisions. Federal and state agencies, Congress, industry analysts, educators, and the general public all rely on the impartial information EIA provides.

Further, collecting API gravity information for state-level production provides information about the quality and changing trends in the quality of domestic oil production, informing topics of increasing public interest, such as optimizing domestic refining capabilities and evaluating the potential export of U.S. crude oil.

The data series from this survey provide additional benefits, such as:

- Providing a database for use in forecasting, policy making, planning, and analysis.
- Serving as an official data bank available to Congress and other government agencies for crude oil, condensate, and natural gas production in the United States.

- Providing a source of data for other government agencies, business firms, trade associations, and private research and consulting organizations for analysis, projections, and monitoring purposes.

The data to be provided by the expanded Form EIA-914 will be used by EIA to generate robust estimates that will be the official EIA crude oil, lease condensate, and natural gas production figures, until complete figures based on wider state collection efforts become available. These estimates, in turn, will become inputs into the following EIA website products:

- *Monthly Crude Oil, Lease Condensate, and Natural Gas Production Report*, http://www.eia.doe.gov/oil_gas/natural_gas/data_publications/eia914/eia914.html
- *Natural Gas Monthly*, http://www.eia.doe.gov/oil_gas/natural_gas/data_publications/natural_gas_monthly/ngm.html
- *Petroleum Supply Monthly*, <http://www.eia.gov/petroleum/supply/monthly/>
- *Monthly Energy Review*, <http://www.eia.doe.gov/mer/>
- *Natural Gas Annual*, http://www.eia.doe.gov/natural_gas/data_publications/natural_gas_annual/nga.html
- *Petroleum Supply Annual, Volume 1*, <http://www.eia.gov/petroleum/supply/annual/volume1/>
- *Petroleum Supply Annual, Volume 2*, <http://www.eia.gov/petroleum/supply/annual/volume2/>
- *Annual Energy Outlook*, <http://www.eia.gov/forecasts/aeo/er/>
- *Short-Term Energy Outlook*, <http://www.eia.gov/forecasts/steo/>

Numerous other EIA information products will be affected by these production data and the estimates they support. All EIA publications are available on EIA's website (<http://www.eia.gov>).

The Form EIA-914 is used for many purposes, including the following:

- To develop and make available to the Congress, the states, and the public a timely, transparent, and accurate quantified assessment of monthly crude oil, lease condensate, and natural gas production.
- To generate and distribute national crude oil, lease condensate, and natural gas production and consumption balances in a timely manner.
- To improve state-level coverage of crude oil and lease condensate data collection.
- To provide crude oil, lease condensate, and 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 policy and regulatory issues associated with crude oil, lease condensate, and natural gas production (e.g., to inform the growing discussion about U.S. refining capacity and crude oil exports).

EIA's crude oil, lease condensate, and natural gas production estimates are also published in papers, trade journals, and technical reports, and are cited and republished in reports by consulting firms and financial institutions.

A.3 Use of Information Technology

EIA plans to use an Internet Data Collection (IDC) system for the Form EIA-914, depending on available EIA resources. An IDC system can reduce respondent burden for identifying and correcting potential

errors, as the system runs edit checks at the time of submission to EIA. An IDC system also eliminates the respondent processing steps associated with sending the paper forms back to EIA by U.S. Mail or email, as the respondent will use the IDC to complete the form online. In addition, an IDC system permits EIA to conduct timely communications with all respondents via automatic generation of e-mail messages.

EIA also plans to offer a secure file transfer option so that respondents may generate a specifically formatted file directly from their data systems and electronically transmit this file to EIA. This option will reduce data entry errors and the time to prepare a survey form for each submission.

A.4 Efforts to Reduce Duplication

Providing comprehensive detailed data in a convenient “one-stop shop” and in a standard format would provide users with timely and accurate information that is easy to use. EIA gathers similar data in a monthly or annual format from other sources, but the data from third parties are not validated for accuracy or completeness, are not provided to EIA on a consistent and timely basis, and, therefore, do not meet the needs of EIA’s data users.

The data similar to the monthly crude oil, lease condensate, and natural gas production information proposed for collection on the expanded Form EIA-914 have been gathered by EIA from the following sources:

- States that reported monthly to EIA on a voluntary basis (natural gas production only, on the now discontinued Form EIA-895, *Annual Quantity and Value of Natural Gas Production Report*).
- Bureau of Safety and Environmental Enforcement (BSEE) in the Department of Interior for the Federal Offshore Gulf of Mexico and Federal Offshore California.
- Manual downloads by EIA staff of data from state websites (for crude oil and lease condensate; each state has different reporting period aggregations and reports finalized data up to two years after the initially reported production period).
- Form EIA-23L, *Annual Survey of Domestic Oil and Gas Reserves* (aggregated annual reporting of crude oil, lease condensate, and natural gas production for the previous reporting year).

Before data from the Form EIA-914 became available, EIA published monthly and annual estimates of U.S. crude oil, lease condensate, and natural gas production using data from state websites, the Form EIA-895, and BSEE. While some of these sources provided sufficient and timely data, most reported data were incomplete or were not sufficiently timely for direct dissemination by EIA. Form EIA-914 was created and subsequently expanded to replace these data with more timely and more accurate data; that goal was met in the past, and is expected to be met in the future after the proposed expansion is approved and implemented. While EIA is aware of two private companies that provide these data for all states, their data are prohibitively expensive, similarly incomplete, and not sufficiently timely. Other companies provide state-level data, but coverage is limited and insufficient for our purposes.

A.5 Burden Reduction for Small Entities

The Form EIA-914 survey sample will comprise no more than 600 of the over 13,000 active operators of crude oil and natural gas wells in the United States. EIA conducts the survey using a cut-off sample of operators to help ensure that the impact, if any, on smaller entities is minimized.

A.6 Consequences of Less Frequent Data Collection

EIA reduced a 120-day publication lag for a reporting month for the Form EIA-914 to 60 days for natural gas and anticipates meeting this goal for overall crude oil and lease condensate at the outset of the proposed survey expansion. Given that respondents generally have less experience reporting crude oil and lease condensate by API gravity category, EIA anticipates a reduction in initial publication lags over time. Given the time required to collect and process data, if EIA were to receive less frequent reporting, EIA would not be able to provide essential crude oil, lease condensate, and natural gas production information needed in advance of and during the winter heating season, spring driving season, and other periods of high demand and would thus fail to meet its mandate of providing timely and reliable energy information.

A.7 Compliance with 5 CFR 1320.5

The proposed expanded Form EIA-914 data will be collected consistent with the guidelines in 5 C.F.R. 1320.5, to reduce the public's paperwork burden.

A.8 Summary of Consultations outside the Agency

A request for comments from interested persons was published in the Federal Register / Vol. 79, No. 87 / Tuesday, May 6, 2014 / Notices / pp. 25855 – 25857. Comments from over 50 parties were received in response to this Federal Register Notice. These comments, along with EIA's responses, are included as Appendix A to this document.

In addition, EIA consulted with relevant major industry and regulatory organizations in the development of the proposed expansion of the Form EIA-914 as follows:

- Spring 2013 and April 2014: American Statistical Association's Energy Committee.
- February 2014: National Association of Regulatory Utility Commissioners, Staff Subcommittee on Gas.
- March 2014: Representatives from the Texas Bureau of Economic Geology.
- April 2014: Multiple groups within Shell Oil Company.
- April 2014: Natural Gas Supply Association (NGSA), Independent Petroleum Association of America (IPAA), and the American Petroleum Institute (API).
- May 2014: A representative of the Congressional Research Service.
- May 2014: EIA notified all 247 current respondents to Form EIA-914 of the proposed expansion of the form and explained the different aspects of the proposed expansion.
- May 2014: EIA notified all 263 current respondents to Form EIA-23 who are not respondents to Form EIA-914 that they could be chosen as respondents of the proposed expanded form and explained the different aspects of the expansion.
- May 2014: EIA notified between 20,000 and 70,000 subscribers to the EIA natural gas and petroleum electronic publications of the proposed expansion and explained the different aspects of the expansion.

- May 2014: Monthly meeting of the National Capitol Area Chapter of the U.S. Association of Energy Economics.
- May 2014: EIA conducted cognitive interviews with crude oil, lease condensate, and natural gas producers in Houston, TX to understand their survey response processes and any barriers that may exist to survey form completion, including data availability and timing of the survey request. Cognitive interviews were conducted with companies of varying sizes and, as a result of these interviews, EIA enhanced the form to facilitate more timely and accurate completion.
- June 2014: The Energy and Natural Resources Committee of the U.S. Senate.
- June 2014: EIA answered questions about the proposed expansion of Form EIA-914 from the president of Chaparral Energy (also the president of the Oklahoma Oil and Gas Producers Association) and provided these answers to the Oklahoma Oil and Gas Producers Association.
- June 2014: EIA answered questions about the proposed expansion of Form EIA-914 received from a representative of the Marcellus Shale Coalition.
- July 2014: EIA's Administrator, senior managers, and EIA staff briefed American Petroleum Institute (API) staff concerning API's comments in response to the May 6 Federal Register Notice.
- July 2014: EIA conducted cognitive interviews about the enhanced form in Pittsburgh, PA and Morgantown, WV.
- July 2014: EIA's Administrator hosted a Web-based conference for representatives of IPAA, API, NGS, the Groundwater Protection Council, the Pennsylvania Independent Oil & Gas Association, the Ohio Oil and Gas Association, the states of Colorado, North Dakota, and Utah, oil and natural gas producers ConocoPhillips, Devon Energy, EOG Resources, Noble Energy, Occidental Petroleum, and Pioneer Natural Resources.
- July 2014: EIA held a conference call with IPAA staff during which several of the comments IPAA made in response to the May 6 Federal Register Notice were discussed.
- July 2014: EIA held a Web-based conference with API staff and member companies to extensively discuss API and member comments on the proposed survey expansion.
- July 2014: EIA held a Web-based conference with IPAA staff to address IPAA's concerns about the proposed survey expansion and to review EIA's research results of IPAA's suggested changes to the survey, including the manner in which EIA proposes to select respondent companies for the survey sample.

A.9 Remuneration

Payments or gifts will not be provided to respondents as incentives to report data to EIA.

A.10 Disclosure of Information

Form EIA-914 information is collected in accordance with the provisions of Title V of the E-Government Act, Confidential Information Protection and Statistical Efficiency Act, (Pub. L. 107-347). This information will be treated as confidential and used exclusively for statistical purposes. 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 discloses ANY identifiable information about you."

Statistical disclosure limitation techniques are applied to the statistical aggregates to preserve the confidentiality of the information.

A.11 Justification for Questions of a Sensitive Nature

The form contains no questions of a sensitive nature.

A.12 Estimates of Respondent Burden (Hours and Cost of Hours)

There are approximately 13,000 total well operators but this collection uses a cutoff sample of less than 600 filers. Each filer is estimated to spend 4 hours per month to report. EIA increased the current 3-hour response time burden to 4 hours after incorporating feedback from respondents to the current Form EIA-914, from cognitive testing of the proposed expanded form, and other feedback. The overall annual respondent burden is estimated to be 28,800 hours per year for a maximum of 7,200 monthly reports. The cost to respondents for the burden hours is estimated to be \$1,996,704 (28,800 hours times \$69.33 per hour). An average cost per hour of \$69.33 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.

Annual Burden:

600 respondents (responding monthly) x 12 responses per year x 4 hours = 28,800 hours per year

A.13 Estimate of Cost Burden to Respondents – Capital/Start-up Costs and Operation/Maintenance/Purchase of Services

No costs were estimated or included in the monthly burden estimates listed above in A.12.

A.14 Annual Cost to the Government

The average cost including personnel, systems development and maintenance, data collection, processing, estimation, and dissemination is \$875,000 per year.

- Personnel:
 - Contractors: \$600,000
 - Federal Employees: \$225,000
- Estimated Additional Costs (space, IT and IT support, etc.): \$50,000

Total: \$875,000

A.15 Reasons for Changes in Burden

The burden for respondents to the proposed expanded Form EIA-914 increases because the survey gathers additional important information. The expansion of the data collection adding ten additional

states and the inclusion of crude oil and condensate also results in an increase in the number of sampled companies, thereby increasing overall survey burden hours.

For the Form EIA-914, EIA creates a single cutoff sample for the lower 48 states/areas for which natural gas production data are collected. However, this method is not efficient when applied to the proposed expanded survey, so EIA instead proposes to create 16 samples for each of the states/areas, including “Other States,” based on natural gas production and 16 samples based on crude oil and lease condensate production.

	Old Number of Monthly Respondents	New Number of Monthly Respondents	Old Number of Responses Annually	New Number of Responses Annually	Change in Number of Responses Annually	Old Burden (Hours)	New Burden (Hours)	Change (Burden Hours)
Total	243	600	2,916	7,200	4,284	8,748	28,800	20,052

Table 2: EIA-914 Survey Change in Annual Burden

A.16 Schedule for Collecting and Publishing Data

- Data collection due date:** Forty calendar days after the end of the report month (e.g., March 12 for the reporting month of January).
- Publication schedule:** During normal survey operations, state-level crude oil, lease condensate, and natural gas production data are to be published at the end of the second month following the reporting month (e.g., January aggregate data are to be reported at the end of March). During an initial six-month phase-in period, EIA plans to publish only natural gas production for the seven regions currently surveyed on the Form EIA-914: The Gulf of Mexico Federal Offshore, Louisiana, New Mexico, Oklahoma, Texas, Wyoming, and “Other States.” This “phase-in” publication period is for the purpose of assembling a time series of data to begin to assess relative data quality. In June 2015, after the phase-in period, EIA plans to retroactively publish data for January through April, with the possible exception of the new API reporting categories, which may be withheld until December 2015.

A.17 OMB Number and Expiration Date

The OMB approval expiration date and OMB number will be displayed on the EIA-914 survey form.

A.18 Exceptions to Certification

EIA takes no exception to the certification statement.