

## Appendix A: Comments Received in Response to the Open Federal Register Notice (Federal Register/Vol. 79, No. 165) Published August 26, 2014

On August 26, 2014, EIA submitted supporting documentation for the proposed expansion of the Form EIA-914, "Monthly Natural Gas Production Report," to the Office of Management and Budget (OMB) for review and approval. The expansion will increase the collection of monthly natural gas production from seven geographical areas to twenty-one, and will add collection of crude oil and lease condensate (reported together) by API gravity. On August 26, 2014, a request for comments regarding this collection, to be submitted to the OMB's DOE Desk Officer, was solicited in the Federal Register (79 FR 50905).

OMB received comments (dated September 25, 2014) from an industry coalition ("Coalition") of oil and natural gas producers representing the six entities listed below. Additional and broadly similar comments (also dated September 25, 2014) were received from Vorys, Sater, Seymour, and Pease LLP, legal counsel representing the Ohio Oil and Gas Association (OOGA). Each set of comments and EIA's responses are summarized in this appendix.

Coalition Commenters	Abbreviation Used in Text (if any)
American Petroleum Institute	API
American Exploration & Production Council	AXPC
Independent Petroleum Association of America	IPAA
Natural Gas Supply Association	NGSA
US Oil & Gas Association	USOGA
Council of Petroleum Accountants Societies	COPAS

### Proposed Expansion of the Form EIA-914, Monthly Natural Gas Production Report

1. The expanded survey, as currently proposed by the EIA, imposes an undue burden on producers due to the proposed 40-day reporting deadline considering the expansion from seven to twenty-one geographic areas throughout the U.S., and the addition of detailed crude oil and lease condensate production data.

*Comment From: Coalition*

*EIA Response:* The purpose of the proposed expansion of the Form EIA-914 is to collect and disseminate data on crude oil and lease condensate (combined), and natural gas production in the lower 48 states on a timely basis in order to meet EIA's mission to collect, analyze, and disseminate independent and impartial energy information to promote sound policymaking, efficient markets, and public understanding of energy and its interaction with the economy and the environment ([http://www.eia.gov/about/mission\\_overview.cfm](http://www.eia.gov/about/mission_overview.cfm)). Timely and accurate information on monthly crude oil and 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 and 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 changing trends in the quantity and 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, including:

- Fulfilling EIA's mission to provide credible, reliable, and timely energy information;
- Providing a database for use in forecasting, policy analysis, planning, and market analysis;
- Serving as an official data bank available to Congress and other government agencies for crude oil and condensate, and natural gas production in the United States; and
- 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 Form EIA-914 will be used by EIA to generate robust production estimates that will be the official EIA crude oil and lease condensate, and natural gas production figures, until complete data based on wider state collection efforts eventually 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
- Natural Gas Monthly
- Petroleum Supply Monthly
- Monthly Energy Review
- Natural Gas Annual
- Petroleum Supply Annual, Volumes 1 and 2

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>).

In addition to supporting these web products, the data collected on Form EIA-914 will be used for other purposes, including:

- the development of timely, transparent, and accurate quantified assessment of monthly crude oil and lease condensate, and natural gas production, which will be made available to Congress, the states, and the public;
- the timely generation and distribution of national crude oil and lease condensate, and natural gas production and consumption balances;
- as inputs to other EIA statistical information and forecasting products, such as the Short-Term Energy Outlook, the National Energy Modeling System, and the Drilling Productivity Report;
- to respond to Congressional and internal Departmental requests for analysis of policy and regulatory issues associated with crude oil and lease condensate, and natural gas production (e.g., to inform the growing discussion about U.S. refining capacity and crude oil exports); and
- EIA-branded crude oil and 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, financial institutions, and the media.

Further, U.S. oil production increased almost 50 percent between 2008 and 2013, generating considerable public interest in both changes in U.S. oil production generally and changes in the oil production of individual states, neither of which EIA is currently well-equipped to track. However, the proposed expansion of EIA-914 directly addresses these shortcomings.

The source of natural gas production in the United States is shifting geographically. However, some of the states covered by the current Form EIA-914 have dwindling production, while states with the most growth cannot be separately reported based on the current survey. This supply shift is having an effect on prices, and consumers need to understand these changes. For example, the state with the largest volume and percentage increases in gas production in 2013, Pennsylvania, is not separately surveyed on the Form EIA-914. Production in the Marcellus region of Pennsylvania and West Virginia has grown so substantially that spot prices in the Northeast may remain below the spot price at the Henry Hub in Louisiana (the delivery point for the natural gas futures contract on the New York Mercantile Exchange). This trend reverses the premium that consumers in the northeast typically pay for natural gas, compared to the price at Henry Hub. Wyoming and the Federal Gulf of Mexico, two areas separately covered in the current Form EIA-914, are losing supply market share because of their declining natural gas production.

EIA performed two rounds of cognitive testing during the development of the proposed Form EIA-914. Testing found that the majority of companies were able to report the expanded data collection within the 40-day deadline. Companies in the existing Form EIA-914 sample respond by the survey due date about 75-80 percent of the time, and EIA typically gets a 100 percent response rate by publication time.

Most wells in the United States produce both oil and natural gas. About 17 percent of natural gas production comes from wells that produce mostly crude oil. This means that companies already need to access their oil well data in order to provide total natural gas production in a state. In expanding the EIA-914, EIA is asking companies to increase the number of individual state categories they tally and provide to EIA. For natural gas, this means that 14 of the states previously included in the “other states” category will be reported separately.

As discussed in several meetings with Coalition commenters, respondents may make estimates and submit revised data the next reporting month if the revision thresholds stated in the form instructions are exceeded. EIA’s customers need timely state-level production data to understand and analyze the supply-demand balance in the market and to anticipate possible trends.

EIA’s cognitive testing across a broad range of companies, including small producers, identified a minimal burden associated with expanding data collection regionally and including oil production and quality. This testing – and feedback from respondents – indicated that the previous burden estimate for the EIA-914, based on cognitive testing completed about ten years ago, was overstated. While EIA recognizes that more information will be collected in the expanded survey, testing revealed that the additional information is already collected as a matter of business routine. Production from oil wells, for example, is already collected and processed. Even with the expansion, EIA will sample fewer than 600 out of approximately 13,000 active U.S. operators. This means that the overwhelming majority of small producers will remain excluded.

Nevertheless, EIA has formulated and considered several options for reducing the initial burden on respondent companies to report EIA-914 data within 40 days after the end of the month. EIA proposes a three-month, gradually declining “grace period” (20 days, 15 days, 10 days) for new responders to the EIA-914. This option strikes a reasonable balance between the goals of reducing respondent burden and producing timely and reliable natural gas production estimates. One major advantage of this option is that there is no break in the data series for natural gas production (EIA has no alternative method for generating natural gas production estimates). The grace period will provide some burden relief to companies new to the survey. Clear communication and help-center guidance should alleviate potential confusion by companies unsure if they are current or new.

In addition, EIA has identified four states in which development of oil and natural gas resources is more likely to occur over a relatively longer period. EIA will exclude Alabama, Michigan, Mississippi, and New York from individual coverage, reducing the number of “new” states from 14 to ten. Each of these four states will continue to be sampled as part of the “Other States” group, however.

**2. Items 1.7 through 1.9 request information on recently acquired and divested properties as well as the names of subsidiary companies for the data that are reported in the monthly survey are not currently on the existing survey and are not readily available.**

*Comment From: Coalition*

*EIA Response:* The 60-day Federal Register Notice (FRN) version of the Form EIA-914 and the subsequently revised version, motivated by responses from the first round of cognitive testing, each included Items 1.7 and 1.8. Item 1.9 was added before the second round of cognitive testing to ensure that sample companies were properly identified and to avoid double-counting.

The information collected on Items 1.7 through 1.9 is necessary to ensure that EIA's estimation of state-level production from the sample data is done accurately. Without this information on mergers, acquisitions, divestitures, and property swaps, production may be double counted or under counted, depending on the reporting by the companies involved in the merger, acquisition, etc. Respondents will not be reporting any information about their transactions other than the counter-party in asset purchases and asset sales. Companies of all sizes track and record this information as a matter of business routine, making such information both readily available and easily reported.

Another reason for including Items 1.7 through 1.9 is to reduce the need for EIA to call respondent companies about month-to-month changes in reported data. EIA learned through cognitive testing that respondents want to avoid receiving phone calls from EIA with follow-up questions on the data submitted. Items 1.7 through 1.9 were added to reduce the need for follow-up phone calls for explanations of production changes. If both the divesting and acquiring companies identify each other in Items 1.7 and 1.8, then EIA has some assurance that the production volumes are accounted for properly.

In response to Coalition comments on the 30-day FRN, and to further reduce respondent burden, EIA proposes to require reporting in Items 1.7 through 1.8 only if the acquisition or divestiture would trigger a revision. The current revision threshold is a change of 150 million cubic feet of natural gas, or a change of 1,000 barrels of crude oil and lease condensate for either or both of the two previous months for any state or area. EIA will revise the instructions accompanying Items 1.7 and 1.8 to indicate that if net divestitures or net acquisitions are large enough to cause a revision, then the counterparty(ies) to transactions should be noted in Item 1.7 or 1.8.

**3. It is also not clear whether these items 1.7 through 1.9 were included in the EIA cognitive testing.**

*Comment From:* Coalition

*EIA Response:* These items were cognitively tested across a wide range of companies, from large operators producing in several states to much smaller, regionally-focused producers. Notably, EIA's cognitive testing included operators producing in one or more of the six current survey states and areas as well as at least 8 of the 14 new states identified in the expanded survey (one company interviewed operates in "Appalachia," but did not further indicate what state(s) it was including from among New York, Ohio, Pennsylvania, and West Virginia).

**4. Public dissemination of production reports based on ever-changing, estimated data could potentially send the wrong signals and diminish the reliability of the information to the marketplace.**

*Comment From:* Coalition

*EIA Response:* The reported and estimated data that EIA collects with the expanded survey represent a substantial improvement over the reported, estimated, incomplete, and missing state-reported data on which EIA currently relies for crude oil production estimates. In addition, the companies responding to the survey are more knowledgeable about their production operations and are in a better position, therefore, to estimate their production than is EIA staff. Further, EIA is willing to accept estimated data as a necessary and acceptable cost of gathering much more timely and accurate data. EIA expects revisions to estimates, particularly in the first several months after the survey is launched.

The revision rate for the current Form EIA-914 is about 4 percent of reported production volumes and varies by reporting month; revisions are usually a modest volume change to the amount previously reported. EIA expects a higher rate of revisions during the first few months after survey launch, until the respondents become familiar with the survey coverage and data collection process. EIA plans for a several-month phase-in period for the survey, during which data associated with the expanded coverage will not be released immediately. With the expanded data collection, EIA does not expect a reduction in the quality of production estimates; rather, EIA is confident that an expanded Form EIA-914 will provide more timely and accurate information to the marketplace.

As mentioned in EIA's response to Comment #1 above, the data collected on the expanded EIA-914 are important in a number of ways and to a number of entities. In particular, the data are important to EIA forecasting and analysis work, and important, desired information for local, state, and national legislators, private citizens, and business interests.

**5. EIA's proposal of three methods to report via EIA's new Data XChange Portal, requiring login credentials, could create confusion on how to file a response under the new system. We urge EIA to retain the current Secure File Transfer system as an option for electronic report submissions and clearly detail the reporting options in the survey instructions.**

*Comment From: Coalition*

*EIA Response:* EIA understands the Coalition's concerns and plans to work closely with respondent companies to gain their confidence in the new collection system. EIA is developing the Data XChange Portal to standardize operations, increase processing efficiency, and ultimately reduce the burden on respondents. Over time, EIA will transform each of its surveys to the Data XChange Portal. Once this transformation is complete, companies that report to EIA on multiple surveys will have a single common mechanism for reporting, eliminating the need for submitting under different formats and systems for each survey.

EIA is developing a communications plan for the Form EIA-914, which will include documentation of the options, training sessions, opportunities to test data submissions, and a schedule of key dates. For example, before the Data xChange Portal goes into operation, respondents will be invited to participate in one of several webEx presentations to learn about the features of the new collection system. With this information, companies in the EIA-914 sample will know what to expect and when to expect it. EIA has already launched the Data XChange Portal for other surveys and has provided demonstrations and one-on-one sessions for companies. In addition, EIA provides a hotline for respondents if they have questions, or have problems submitting their data. Further, EIA has demonstrated the Data XChange portal for API and will be glad to do so for all the trade groups. The demonstration includes PowerPoint presentations and videos showing how data will be submitted to EIA via the Portal.

Companies may submit oil and natural gas data separately via the Data XChange Portal. This feature was provided in response to requests from several trade groups, including NGSA and API, that they have the ability to separately submit oil and gas data. This flexibility was described in several meetings with the NGSA and API.

Data submitted via the Portal may have one of three different formats: XML, PDF and CSV formats, or webform (i.e., data are entered directly into dynamically generated web pages based on the responses provided). For companies preferring Excel, EIA can provide guidance on how to create a PDF or CSV-format file. EIA will provide the XML-format file specifications following OMB approval of the expanded EIA-914.

**6. We would recommend that the new reporting system allow access by multiple employees, including in different regions of the country, within a company. We have concerns that the new reporting system may place constraints on respondents by requiring individual user access codes which cannot be shared, making it difficult when an employee is transitioned to another job or on leave, constraining the responding company from filing the reports.**

*Comment From: Coalition*

*EIA Response:* EIA is required by law and policy to protect the data that we collect. Operating a data collection system that can be accessed by anyone other than specifically designated and verifiable individuals confronts the EIA systems and data with enormous risks, including submission of false data, exposure of data to unscrupulous parties, and exposure of EIA systems to hacking and penetration, likely resulting in loss and corruption of data.

EIA's procedure is to request that each respondent company identify both a primary and back-up employee whose responsibility will be filing the company's data submission. Further, EIA plans to inform companies that they may identify separate primary and back-up employees for oil and natural gas. Companies will have the ability to change the designated primary and back-up employees.

If an employee is transitioned to another job, that employee is asked to contact EIA and provide the new contact's name. If the employee is on leave, the designated back-up employee may still submit the data and/or respond to any questions from EIA. EIA will work with companies to facilitate the data submission process. More than four contacts for a company--a primary and secondary contact for both oil and natural gas reporting--would unduly burden both EIA and the respondents by introducing an excessive number of contacts to cycle through should questions arise during EIA's data validation process.

**7. EIA's estimated reporting burden hours per response was reduced from 3 hours in the current EIA-914 survey on natural gas to only 2 hours in the expanded EIA-914 survey that includes crude oil and lease condensate and natural gas. The new collection survey expands to 14 additional regions for natural gas and to all 21 regions for crude oil and lease condensate.**

*Comment From: Coalition*

*EIA Response:* The estimate of three hours for the current survey was determined through cognitive testing conducted in 2004. EIA's cognitive testing for the 914 expansion found that current



respondents spend much less than three hours, some as little as 20 minutes, on completing the existing survey. Companies interviewed during the most recent rounds of cognitive testing indicated that it would take only between 20 and 60 minutes to complete the expanded form. EIA's initially-proposed two-hour response estimate, which doubles the higher value, provides more than ample time despite the additional information that respondents may be reporting. Much more automation for filling out forms is available today than when the EIA-914 survey was initiated in 2005. In addition, respondents currently process both natural gas and crude oil well data in order to report natural gas data to EIA on the existing EIA-914 survey. As discussed above, oil wells account for nearly one-fifth of the country's natural gas production. The natural gas that is produced from these same wells (called associated-dissolved natural gas) is a co-product of oil production.

However, despite the likely overstating of burden associated with the existing EIA-914 and the reduction in the number of additional areas as described in our response to Comment 1 (above), EIA has boosted the burden estimate for the proposed expansion from two to four hours, recognizing that more information is required of respondents and accommodating related industry concerns.

**8. EIA reports a zero annual estimated reporting and record keeping cost burden. Given the expansion of the survey and increased informational requirements, we strongly disagree with this estimate.**

*Comment From: Coalition*

*EIA Response:* EIA understands that respondent companies have existing computer systems and records. During cognitive testing, respondents indicated that they already collect, store, and report similar information for internal purposes (as on-going business concerns) and for their stockholders, lenders, managers, executives, owners, and state regulators. Annual costs, if any, of maintaining these records also are independent of EIA's data collection on the EIA-914 survey.

Because EIA plans to collect the EIA-914 data electronically and that companies typically maintain their records electronically, EIA anticipates additional annual record-keeping and reporting costs are essentially zero. Further, EIA plans to collect the same information that oil and natural gas producers typically collect, store, and review. Therefore, EIA estimates respondent companies must make no revisions in their existing collection, storage, and retrieval systems to accommodate the survey information.

EIA's estimates do not include purchases of equipment or services, or portions thereof, made prior to October 1, 1995 to achieve regulatory compliance with requirements not associated with the information collection, for reasons other than to provide information or keep records for the government, or as part of customary and usual business or private practices.

**9. The proposed changes will impose a burden on larger, publicly-traded companies, the increased burden for smaller privately-held companies could be significant given that they typically do not have large accounting and regulatory staff, as these companies do not have the reporting obligations, such as those to the Securities and Exchange Commission.**

*Comment From: Coalition*

*EIA Response:* Smaller, privately held companies typically have operations that are narrower in scope than larger companies (i.e., they operate in fewer states, often only one or two). Consequently, they are less likely to have to apportion company production for any given month across multiple states. For the smallest of companies, therefore, the data collection, storage, and reporting burden associated with the expanded form are expected to be proportional to their size, also very small. Cognitive testing of very small companies supported the likelihood of minimal burden. Further, all producers—not only large, publicly traded ones—must report their production to state agencies. Even companies reporting to state agencies on an annual basis typically collect production data more frequently, reducing the burden associated with monthly reporting to EIA.

As stated above, while EIA appreciates that more information will be collected in the expanded survey, cognitive testing showed that companies of all sizes – irrespective of staffing levels and current reporting obligations – already collect these details as a matter of business routine.

**10. Smaller independents requested that EIA increase the crude oil production cutoff of 500 barrels per day (bpd) to 5,000 barrels per day. The comments noted that the higher cutoff would establish a more realistic threshold of what constitutes small amounts of production.**

*Comment From: Coalition*

*EIA Response:* The distribution of oil and gas producers by size varies across states. EIA has established state-specific and varied thresholds for sampling. However, in addition to these production cutoff rates, EIA calculated a minimum size that would generate statistically meaningful samples (i.e., samples from which reliable estimates of statewide production may be calculated) for all states while limiting the number of companies sampled.

EIA's research indicates that a cutoff of 1,000 barrels would compromise estimates in critical areas of Kansas, Louisiana in which estimation will already be challenging with the 500 barrel-per-day cutoff, and would reduce data quality in Arkansas. Further, increasing the cutoff to 1,000 barrels would eliminate only 50 operators from the sample.

Increasing the cutoff to 2,500 barrels would further compromise estimates in the states mentioned above. A cutoff of 5,000 barrels, while reducing the sample by nearly 200 operators, would result in

decreased data quality in 11 out of 17 states and areas, including compromised estimates in Texas (and associated Eagle Ford shale operations an area of significant and anticipated future growth). Texas alone accounts for about 35 percent of U.S. production and is the country’s largest oil and natural gas producing state.

With no cutoff, coverage across all states meets the EIA goal of 85%, but sample size increases considerably, with a commensurate increase in reporting burden. Boosting the threshold succeeds in lowering the sample size, but generates progressively worse coverage and, therefore, less reliable estimates. The following table illustrates how sample coverage worsens at increasing cutoff levels.

<b>Percent Coverage by State for Sampled Oil Production</b>				
<b>State</b>	<b>Minimum Cutoff Applied (bpd)</b>			
	<b>0</b>	<b>500</b>	<b>1,000</b>	<b>5,000</b>
Arkansas	86	41%	30%	27%
California	93	93%	92%	91%
Colorado	90	85%	85%	79%
Federal Gulf of Mexico	95	94%	94%	93%
Kansas	86	51%	42%	29%
Louisiana	87	79%	73%	55%
Montana	92	88%	88%	85%
New Mexico	92	92%	92%	88%
North Dakota	95	95%	95%	94%
Ohio	87	69%	69%	69%
Oklahoma	86	61%	61%	53%
Other States	90	74%	74%	60%
Pennsylvania	87	50%	50%	50%
Texas	91	89%	89%	81%
Utah	95	96%	96%	86%
West Virginia	84%	76%	76%	76%
Wyoming	89	87%	87%	77%
<b>Lower 48</b>	<b>91</b>	<b>90</b>	<b>89</b>	<b>84</b>
<b>Sample Size</b>	<b>982</b>	<b>517</b>	<b>470</b>	<b>330</b>

The Energy Policy Act of 2005 (Public Law 109-58) defines the term “small producer” as an entity organized under the laws of the United States with production levels of less than 1,000 barrels per day of oil equivalent (i.e., including crude oil and natural gas production). Accordingly, EIA submits that boosting the cutoff to 5,000 barrels per day of oil alone would certainly eliminate most small producers rather than establish a more realistic threshold of what constitutes small production volumes. Further, according to Coalition member IPAA’s *Profile of Independent Producers 2012-2013*

(page 9) (<http://www.ipaa.org/wp-content/uploads/downloads/2014/07/2012-2013ProfileOfIndependentProducers.pdf>), profiled companies reported a median gross crude oil production of only 721 barrels per day, also far below the Coalition's recommended cutoff and only slightly higher than EIA's proposed minimum of 500 barrels of oil per day. It is noteworthy that EIA's minimum production threshold only marginally exceeds production of the typical company profiled by IPAA.

EIA notes that a "small producer" with 500 barrels per day of oil production would, at current oil prices, generate revenue of about \$16 million annually, which is a considerable economic presence. For these companies, detailed record keeping is a fundamental business requirement, and volumetric production accounting in particular is necessary for tax and royalty reporting.

Finally, EIA's current tentative sample includes only 35 companies sampled for liquids production that produce less than 1,000 barrels per day in the Lower 48 states.

**11. A crude oil producer identified as a top producer in one of the geographic areas would be expected to report all crude volumes by state.**

*Comment From:* Coalition

*EIA Response:* Yes, but as mentioned above, the number of additional states in which very small (based on annual production) producers operate tends to be zero or one. Consequently, apportioning company-wide production across all states in which a very small producer operates is easily accomplished. Furthermore, and as stated previously, crude oil production is an integral part of the information that companies of all sizes and geographic distribution already collect routinely as part of their basic operations.

Having respondents report for only the states where they are above the cutoff would require EIA to lower the cutoff to maintain a statistically viable coverage for quality estimates. This increases the bookkeeping burden with little change in the sample size.

**12. EIA did not alter its cutoff level, responding that the 5,000 bpd minimum would yield less than 85 percent statistical coverage in some smaller states. It is not clear how much less coverage would be achieved, however, especially when weighed against the burdens imposed on smaller producers.**

*Comment From:* Coalition

*EIA Response:* Before the 60-day notice comment period closed and at the request of IPAA, EIA examined the effect of various alternative cutoff levels and shared those results with IPAA. Recapping:

EIA's research indicates that a cutoff of 1,000 barrels would compromise estimates in critical areas of Kansas, Louisiana in which estimation will already be challenging with the 500 barrel-per-day cutoff, and would reduce data quality in Arkansas. Further, increasing the cutoff to 1,000 barrels would eliminate only 50 operators from the sample.

Increasing the cutoff to 2,500 barrels would further compromise estimates in the states mentioned above. A cutoff of 5,000 barrels, while reducing the sample by nearly 200 operators, would result in decreased data quality in 11 out of 17 states and areas, including compromised estimates in Texas (and associated Eagle Ford shale operations an area of significant and anticipated future growth). Texas alone accounts for about 35 percent of U.S. production and is the country's largest oil and natural gas producing state.

In order to provide reliable estimates EIA considers it imperative to maintain a cutoff level of 500 barrels per day.

Further, cognitive testing of the expanded EIA-914 led EIA to conclude that companies already maintain monthly production and sales records. The existence of these records enables respondent companies to provide the additional data collected on the expanded EIA-914 on a timely basis and with a minimum of additional effort.

Importantly, application of the 500 barrel per day minimum cutoff reduced the sample by half.

**13. The Coalition requests that OMB delay the implementation of the data collection until June 2015 to provide a six-month lead time to allow companies sufficient time to modify their existing accounting and reporting systems.**

*Comment From:* Coalition

*EIA Response:* The 60-day OMB review period ends October 26, 2014, and EIA plans to notify companies in the EIA-914 sample immediately upon receiving OMB approval of the form that their January 2015 data will be due March 12, 2015. With timely approval from OMB, EIA will be able to provide four months' notice to respondent companies.

However, EIA is unable to delay data collection for January 2015 data beyond March 12 because of the several existing, time-sensitive products that rely on the natural gas production data from the Federal Gulf of Mexico, Louisiana, New Mexico, Oklahoma, Texas, and Wyoming (data collected on

the current EIA-914). Therefore, the timing of OMB's approval directly affects EIA's ability to respond to this coalition request.

Further, the crude oil and natural gas production data that EIA currently gathers from state websites have lags of as much as two years before production reported for a particular month may be considered complete and therefore "useable" for EIA. Much more timely data are required to estimate and track current production increases, particularly those associated with shale development.

In its current form, the EIA-914 does not include states such as Colorado, Pennsylvania, and Ohio, each of which has recently exhibited substantial increases in natural gas production. The lags and incompleteness of state-reported data prevents timely recognition of these and similar trends, a serious problem that the expanded form will largely eliminate.

Finally, initiating data collection later than March 2015 (for January 2015 production data) will inhibit full year-to-year comparisons, thereby diminishing the immediate value of the new data collection effort.

Companies currently reporting to EIA on the existing 914 survey can easily accommodate any time required to modify their existing accounting and reporting systems. For companies new to the survey, the three-month grace period described above will help address these (and other) concerns.

**14. To avoid an undue burden on small independent producers, the Association suggests that threshold levels should be adopted by EIA that will not require reporting if a producer's volumes do not exceed 2,500 barrels per day of oil or 50,000 Dth per day of natural gas. Only reports from producers that have production levels above these amounts will provide the EIA with useful information.**

*Comment From: OOGA*

*EIA Response:* EIA has performed statistical analysis on OOGA's suggested sampling process and several others, each of which yields less than the targeted 85 percent coverage in many states. Coverage under 85 percent, especially in larger states, will not yield a statistically sound survey or reliable estimates. EIA has taken measures to limit the sample size to the smallest possible number that still provides a statistically viable survey and reliable production estimates. EIA will use a minimum oil production cutoff of 500 barrels per day, application of which will yield less than 85 percent coverage in some smaller states (including Ohio), but which reduces the sample size by about one-half, an acceptable compromise between sample coverage and reduced burden on smaller operators.

Regardless of whether they are independent or integrated, it bears repeating that companies of all sizes are already collecting the information that EIA requests in the expanded survey. With respect to the small independent producers, it is also important to note that with the 500 barrel per day cutoff, EIA will sample fewer than 600 active operators out of a population of roughly 13,000, only 35 of which produce fewer than 1,000 barrels per day of oil. Therefore, not only will the burden on smaller producers be minimal, the overwhelming majority of U.S. oil and natural gas producers will remain excluded.

EIA's research of the potential number of respondents indicates that EIA will survey roughly 550 companies, 50 of which have less than 1,000 barrels per day of state level oil production. Therefore, the burden on very small producers responding to the expanded EIA-914 should be very small.

**15. Questions 1.7 and 1.8 would create a significant burden on Ohio producers at the stage of initial reporting to determine what newly acquired assets are contributing to production within the relevant period; further, the indefinite nature of industry transactions would create a significant burden to update previously submitted information consistent with question 1.2. While questions 1.7 and 1.8 appear to create significant burdens, there is not a concrete benefit to EIA attributable to receiving the information requested in questions 1.7 and 1.8 of the Form.**

*Comment From: OOGA*

*EIA Response:* Questions 1.7 and 1.8 were cognitively tested on 15 companies of various sizes (production levels) presently responding to Form EIA-914. It was on the results of these cognitive tests that EIA's burden estimate revision (from three to two hours) was based. Cognitive testing took place in West Virginia and Pennsylvania, areas characterized by similar geology to Ohio's and with comparable distributions of production companies in terms of size. EIA therefore considers those results especially applicable to the Ohio production industry.

The information gathered with Questions 1.7 and 1.8 will allow EIA to prevent over-counting (typically through double counting) and under-counting (typically when assets involved in a transaction are reported by neither side of the transaction), which would bias EIA's estimates generated from the sampled data.

As discussed above, cognitive testing informed EIA that respondents do not wish to receive phone calls with follow-up questions. Items 1.7 through 1.9 were added, in part, to address this concern. If both the divesting and acquiring companies identify each other in Items 1.7 and 1.8, then EIA is provided with some assurance that the production volumes are accounted for properly. EIA recognizes the indefinite nature of industry transactions, and requires only the date when production reporting is transferred. EIA will work with companies to improve their ability to identify and report material transactions.

EIA will revise the instructions accompanying Items 1.7 and 1.8 to specify that if the divestiture or acquisition is sufficiently large to cause a revision, then it should be noted in Item 1.7 or 1.8. Respondents do not report any information about their transactions other than the counter-party in asset purchases (Item 1.7), or asset sales (Item 1.8), and only when the divestiture or acquisition is more than 1,000 barrels per month of production for a single state/area, or 150 million cubic feet per month for a single state/area. (This minimum threshold was added in response to comments received from the 30-day FRN.)

The 60-day FRN version of the survey, which was cognitively tested with companies of widely varying production volumes, contained Items 1.7 and 1.8, as did the subsequently revised version tested in West Virginia and Pennsylvania. Item 1.9 was added after the first round of cognitive testing to ensure that sample companies were properly identified and to prevent double counting of submitted data, each of which is imperative for the accurate estimation of state-level production from the sample data.

**16. EIA is significantly underestimating the reporting burden created by the Form and 914 generally to Ohio producers. Ohio producers are currently required to report production on a yearly or quarterly basis for conventional and unconventional production respectively, applying all of the requirements of the Form and 914 to Ohio producers is requiring them to provide more detailed production information up to twelve times more frequently.**

*Comment From: OOGA*

*EIA Response:* EIA's research on companies active in Ohio's oil and gas industry indicates that substantially all of the state's producers are small and produce solely in Ohio. However, the state's recent natural gas production increases suggest that Ohio will soon become one of the country's larger natural gas producing states. Natural gas production from the Utica Shale has increased significantly over the last two years, and the Utica shows signs of becoming a major U.S. production area. Therefore, EIA's failure to survey Utica Shale producers (whether in Ohio or elsewhere) in a statistically representative manner would very likely lead to incorrect analysis and data reporting. Any burden the expanded survey imposes on Ohio producers is outweighed by the considerable value to EIA and its stakeholders.

EIA understands that Ohio producers are presently required to report production data to the state no more frequently than quarterly. However, EIA expects that monthly production records are routinely compiled as a matter of business, providing Ohio producers with a readily available resource from which monthly production reports may be created.