Supporting Statement A

Oil and Gas Facility Site Security (43 CFR Subparts 3170 and 3173)

OMB Control Number 1004-0207

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 finalizing a rule to replace Onshore Oil and Gas Order No. 3, Site Security (Order 3), with new regulations that will be codified in the Code of Federal Regulations (CFR). The rule applies to Federal and Indian (except Osage Tribe) oil and gas leases. It adopts recommendations made by the Government Accountability Office (GAO) with respect to the BLM's production verification efforts. The rule will facilitate accurate measurement of oil and gas, production accountability, payment of royalties that are due, and prevention of theft and loss.

The information collection activities in the rule address Facility Measurement Points (FMPs), site facility diagrams, the use of seals, bypasses around meters, documentation, recordkeeping, commingling, off-lease measurement, and the reporting of incidents of unauthorized removal or mishandling of oil and gas. In addition, the rule includes a regulation authorizing requests for variances from the regulations at 43 CFR part 3170.

The following statutes authorize this information collection:

- Allotted Mineral Leasing Act, 25 U.S.C. 396;
- Indian Mineral Leasing Act, 25 U.S.C. 396a et seq.;
- Indian Mineral Development Act, 25 U.S.C. 2101 et seq;

- Mineral Leasing Act, 30 U.S.C. 181 et seq.;
- Mineral Leasing Act for Acquired Lands, 30 U.S.C. 351 et seq.;
- Federal Oil and Gas Royalty Management Act, 30 U.S.C. 1701 et seq.; and
- Federal Land Policy and Management Act, 43 U.S.C. 1701 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.

Some of the activities involved in makes and models will be one-time-only. The BLM also recognizes that for some of the activities, there will be both an annual burden for some respondents, and a one-time burden for virtually all respondents in the initial implementation.

Variance Requests (43 CFR 3170.6)

Section 3170.6, a new regulation, authorizes any party that is subject to the regulations in 43 CFR part 3170 to request a variance from any of the regulations in part 3170. While section 3170.6 states that a request for a variance should be filed using the BLM's electronic system, it also allows the use of paper copies of Form 3160-5 (Sundry Notices). Thus, section 3170.6 represents a new use of Form 3160-5, Sundry Notices and Reports on Wells.

Required Recordkeeping and Records Submission (43 CFR 3170.7)

Section 3170.7 applies to lessees, operators, purchasers, transporters, and any other person directly involved in producing, transporting, purchasing, selling, or measuring oil or gas through the point of royalty measurement or the point of first sale, whichever is later. This regulation applies to records generated during or for the period for which the lessee or operator has an interest in or conducted operations on the lease, or in which a person is involved in transporting, purchasing, or selling production from the lease. This information collection activity assists the BLM in accurate accounting of oil and gas production.

In general, records from Federal leases must be maintained for seven years, and records from Indian leases must be maintained for six years. Additional details and exceptions are explained below.

For Federal leases, and units or communitized areas that include Federal leases but do not include Indian leases, the record holder must maintain records for seven years after the records are generated. If a judicial proceeding or demand involving such records is timely commenced, the record holder must maintain such records until the final nonappealable decision in such judicial proceeding is made, or with respect to that demand is rendered, unless the Secretary, her designee, or the applicable delegated State authorizes an earlier release of the requirement to maintain such records in writing.

For Indian leases, and units or communitized areas that include Indian leases but do not include

Federal leases, the record holder must maintain records for six years after the records are generated. If the Secretary or her designee notifies the record holder that the Department of the Interior has initiated or is participating in an audit or investigation involving such records, the record holder must maintain such records until the Secretary or his designee releases the record holder from the obligation to maintain the records.

For units and communitized areas that include both Federal and Indian leases, if the Secretary or his designee has notified the record holder within six years after the records are generated that an audit or investigation involving such records has been initiated, but a judicial proceeding or demand is not commenced within seven years after the records are generated, the record holder must retain all records regarding production from the unit or communitized area until the Secretary or her designee releases the record holder from the obligation to maintain the records. If a judicial proceeding or demand is commenced within seven years after the records are generated, the record holder must retain all records regarding production from the unit or communitized area until the final nonappealable decision in such judicial proceeding is made, or with respect to that demand is rendered, unless the Secretary or her designee authorizes in writing a release of the requirement to maintain such records before a final nonappealable decision is made or rendered.

For all types of Federal and Indian leases, the lessee, operator, purchaser, and transporter must maintain an audit trail that includes all records, including source records that are used to determine quality, quantity, disposition, and verification of production attributable to a Federal or Indian lease, unit participating area (unit PA), or CA, must include the FMP number or the lease, unit PA, or CA number along with a unique equipment identifier (e.g., a unique tank identification number and meter station number); and the name of the company that created the record. For existing measurement facilities, in the interim period before the assignment of an FMP number, all records must include the following information:

- The name of the operator;
- The lease, unit PA, or CA number; and
- The well or facility name and number.

Section 3170.7(h) requires operators, purchasers, and transporters to submit all records, including source records that are relevant to determining the quality, quantity, disposition, and verification of production attributable to Federal or Indian leases, upon request, in accordance with a regulation, written order, Onshore Order, NTL, or COA.

Water-Draining Operations – Data Collection (43 CFR 3173.6); and
Water-Draining Operations – Recordkeeping and Records Submission (43 CFR 3173.6)

Section 3173.6 requires submission of information when water is drained from a production storage tank. The information is required from the operator, purchaser, or transporter, as appropriate. Previously, the operator was not required to record the volume of hydrocarbons that are in the tank before and after water is drained. As a result, hydrocarbons could be drained with the water and removed without proper measurement and accounting, and without royalties being paid. These information collection activities assist the BLM in accurate accounting of oil and

gas produced from Federal and Indian leases.

The following information is required:

- Federal or Indian lease, unit PA, or CA number(s);
- The tank location by land description;
- The unique tank number and nominal capacity;
- Date for opening gauge;
- Opening gauge of the total oil volume and free-water measurements;
- Unique identifying number of each seal removed;
- Closing gauge of the total oil volume measurement; and
- Unique identifying number of each seal installed.

Hot Oiling, Clean-up, and Completion Operations – Data Collection (43 CFR 3173.7); and Hot Oiling, Clean-up, and Completion Operations – Recordkeeping and Records Submission (43 CFR 3170.7 and 3173.7)

Section 3173.7 requires the submission of information during hot oil, clean-up, or completion operations, or any other situation where the operator removes oil from storage, temporarily uses it for operational purposes, and then returns it to storage on the same lease, unit PA, or CA. Previously, the operator was not required to record the volume of hydrocarbons removed from storage with the expectation that they will be returned to storage. As a result, the volume of produced hydrocarbons could be counted twice; first when it was initially produced then later after it is returned to storage. This information collection activity assists the BLM in accurate accounting of oil and gas produced from Federal and Indian leases.

The following information is required:

- Federal or Indian lease, unit PA, or communitization agreement number(s);
- The tank location by land description;
- The unique tank number and nominal capacity;
- Date of the opening gauge;
- Opening gauge measurement;
- Closing gauge measurement;
- Unique identifying number of each seal installed;
- How the oil was used; and
- Where the oil was used (i.e., well or facility name and number).

Report of Theft or Mishandling of Production (43 CFR 3173.8)

Section 3173.8 requires operators, transporters, or purchasers to submit a report (either oral or written) no later than the next business day after discovery of an incident of apparent theft or mishandling of production. All oral reports must be followed up with a written incident report within 10 business days of the oral report. By applying not only to operators but also to transporters and purchasers (who often are the first ones to discover theft and mishandling or to recognize suspicious activity), this information collection activity assists in prompt disclosure of theft or mishandling. The incident report must include the following information:

- Company name and name of the person reporting the incident;
- Lease, unit PA, or CA number, well or facility name and number, and FMP number, as appropriate;
- Land description of the facility location where the incident occurred;
- The estimated volume of production removed;
- The manner in which access was obtained to the production or how the mishandling occurred;
- The name of the person who discovered the incident;
- The date and time of the discovery of the incident; and
- Whether the incident was reported to local law enforcement agencies and company security

Required Recordkeeping for Inventory and Seal Records (43 CFR 3173.9)

Section 3173.9 requires operators to measure and record within +/- 3 days of the final day of each calendar month an inventory consisting of TOV in storage (less free water). If the inventory is not taken on the final day of each month, it must be estimated based on two measurements no less than 20 days and no more than 31 days apart, based upon the prorated difference between these inventory levels and any sales that have occurred between the two measurements. This information collection activity assists the BLM in accurate accounting of oil and gas production.

For each seal, the operator must maintain a record that includes the unique identifying number of each seal and the valve or meter component on which the seal is or was used; the date of installation or removal of each seal; for valves, the position (open or closed) in which it was sealed; and the reason the seal was removed.

Site Facility Diagrams for Existing Facilities (43 CFR 3173.11(d)(2)); and
Site Facility Diagrams for Future Facilities (43 CFR 3173.11(d)(1))

Section 3173.11 requires a site facility diagram for all facilities. Section 3170.3 of the final rule defines "facility" as a site and associated equipment used to:

- Process, treat, store, or measure oil or gas production from or allocated to a Federal or Indian lease, unit, or CA that is located upstream of or at (and including) the approved point of royalty measurement; or
- Store, measure, or dispose of produced water that is located on a lease, unit, or CA.

A site facility diagram is one of the BLM's primary mechanisms for monitoring operators' compliance with measurement regulations and policy. These information collection activities enable the BLM to verify, among other things, royalty-free-use volumes reported by the operator on its OGORs. These activities also enhance production accountability and respond to key recommendations made by the GAO and the OIG. In the long term, this information collection request will eliminate the need for the BLM to obtain the information in connection with a production verification and accountability review.

Paragraphs (a) through (c) of section 3173.11 require that each site facility diagram be submitted

with a completed Sundry Notice[1]. The diagram itself should be formatted to fit on an 8½ x 11 sheet of paper, if possible, and must be legible and comprehensible to an individual with an ordinary working knowledge of oilfield operations. If more than one page is required, each page must be numbered (in the format "N of X pages"). Paragraph (c) specifies that a site facility diagram must:

- Reflect the position of the production and water recovery equipment, piping for oil, gas, and water, and metering or other measuring systems in relation to each other, but need not be to scale;
- Commencing with the header, identify all of the equipment, including, but not limited to, the header, wellhead, piping, tanks, and metering systems located on the site, and include the appropriate valves and any other equipment used in the handling, conditioning, or disposal of production and water, and indicate the direction of flow;
- Identify by API number the wells flowing into headers;
- Indicate which valve(s) must be sealed and in what position during the production and sales phases and during the conduct of other production activities (e.g., circulating tanks or drawing off water), which may be shown by an attachment, if necessary;
- Clearly identify the lease, unit PA, or CA to which the diagram applies and the land description of the facility, and the name of the company submitting the diagram, with co-located facilities being identified for each lease, unit PA, or CA; and
- Clearly identify as an attachment all meters and measurement equipment. Specifically identify all approved and assigned FMPs.

If another operator operates a co-located facility, the site facility diagram must depict the co-located facilities on the diagram or list them on an attachment and identify them by company name, facility name(s), lease, unit PA, or CA number, and FMP number(s). When describing co-located facilities operated by one operator, the site facility diagram must include a skeleton diagram of the co-located facility, showing equipment only. For storage facilities common to co-located facilities operated by one operator, one diagram would be sufficient.

If the operator claims royalty-free use, the site facility diagram must clearly identify on the diagram or as an attachment, the equipment for which the operator claims royalty-free use.

Section 3173.11(d) specifies the timing requirements for submission of an updated site facility diagram for facilities for which the BLM will assign an FMP number under section 3173.12. This section applies to both new and existing facilities.

- For facilities that are in service on or after the effective date of the final rule, a site facility diagram must be submitted within 30 days after the BLM assigns an FMP number to the facility.
- For facilities that are in service before the effective date of the final rule and that have a site facility diagram on file that meets the minimum requirements of the previous rule (i.e., Order 3), operators must submit a new site facility diagram within 30 days after:
    - Existing facilities are modified;

[1] Form 3160-3, which is approved under OMB control number 1004-0137 for uses enumerated at 43 CFR 3162.3-2.

- A non-Federal facility located on a Federal lease or Federally approved unit or communitized area is constructed or modified; or
- There is a change in operator.

The submitted diagram must comply with the requirements of paragraphs (a) through (c) of section 3173.11. Those requirements are described above.

Section 3173.11(e) specifies the timing requirements for submission of an updated site facility diagram for facilities for which the BLM will not assign an FMP number under section 3173.12. This section applies to both new and existing facilities.

- For facilities that are in service on or after the effective date of the final rule, a site facility diagram must be submitted within 30 days after the BLM assigns an FMP number to the facility.
- For facilities that are in service before the effective date of the final rule and that have a site facility diagram on file that meets the minimum requirements of the previous rule (i.e., Order 3), operators must submit a new site facility diagram within 30 days after:
  - Existing facilities are modified;
  - A non-Federal facility located on a Federal lease or Federally approved unit or communitized area is constructed or modified; or
  - There is a change in operator.

Section 3173.11(f) specifies that after a site facility diagram has been submitted that complies with the requirements of section 3173.11, operators have an ongoing obligation to updated and amend them within 30 days after such facilities are modified, a non-Federal facility located on a Federal lease or federally approved unit or communitized area is constructed or modified, or there is a change in operator.

Request for Approval of an FMP for Existing Measurement Facilities (43 CFR 3173.12(e)); and
Request for Approval of an FMP for Future Measurement Facilities (43 CFR 3173.12(d))

Section 3173.12 requires operators to obtain BLM approval of FMPs for all measurement points that are used to determine royalties. An FMP is a BLM-approved point where oil or gas produced from a Federal or Indian lease, unit, or CA is measured and the measurement affects the calculation of the volume or quality of production on which royalty is owed. See 43 CFR 3170.3.

This information collection activity provides the BLM with a formal nationwide process for designating and approving the point at which oil or gas must be measured for the purpose of determining royalty. This activity assists the BLM in verifying production. Upon receiving an initial request for an FMP, the BLM will approve it if it meets the requirements of this rule, and assign each FMP a unique identifying number, which the operator, transporter, or purchaser will use when reporting production results to the Office of Natural Resources Revenue (ONRR).

All requests for an FMP must include the following:

- A complete Sundry Notice;

- The applicable Measurement Type Code specified in the BLM's Well Information System (WIS);
- For gas measurement, identification of the operator/purchaser/transporter unique station number, meter tube size or serial number, and type of secondary device;
- For oil measurement, identification of the oil tank number(s) or tank serial number(s) and size of each tank, and whether the oil was measured by LACT or CMS if not measured by tank gauge;
- Where production from more than one well will flow to the requested FMP, a list of the API well numbers associated with the FMP; and
- FMP location by land description.

Section 3173.12(d) requires operators to request a new FMP for new permanent measurement facilities before any production leaves the facility. Each request must meet the requirements listed above.

Modifications to an FMP (43 CFR 3173.13(b)(1))

Section 3173.13(b)(1) requires operators with an approved FMP to submit a Sundry Notice that details any modifications to the FMP within 30 days after the change. These details include, but are not limited to, tank numbers or serial numbers and sizes for oil FMPs, unique station numbers, meter tube sizes or serial numbers, and type of secondary devices for gas FMPs, and for all FMPs with more than one well, the API numbers for all wells associated with the facility. The Sundry Notice must specify what was changed, the effective date, and include, if appropriate, an amended site facility diagram. This information collection activity assists the BLM in accurate accounting of oil and gas production.

Request for Approval of an Existing CAA (43 CFR 3173.15); and
Request for Approval of a Future CAA (43 CFR 3173.15)

A CAA is a formal allocation agreement to combine production from two or more sources (leases, unit PAs, CAs, or non-Federal or non-Indian properties) before the FMP. See 43 CFR 3173.1. This information collection activity helps the BLM obtain the production data that is necessary to verify production from Federal or Indian leases covered by CAAs.
Section 3173.15 requires the following information:

- A completed Sundry Notice seeking approval of commingling and allocation, and of off-lease measurement, if any of the proposed FMPs are outside the boundaries of any of the leases, units, or CAs whose production would be commingled;
- A proposed allocation agreement and a proposed allocation methodology with an example of how the methodology is applied (including allocation of produced water) signed by each operator of each of the leases, unit PAs, or CAs whose production would be included in the CAA;
- A list of all Federal or Indian lease, unit PA, or communitization agreement numbers in the proposed CAA, specifying the type of production (i.e., oil, gas, or both) for which commingling is requested;

- A topographic map or maps showing the boundaries of all the leases, units, unit PAs, or communitized areas whose production is proposed to be commingled; the location of all existing or planned facilities and relative location of all wellheads and piping included in the CAA, and FMPs existing or proposed to be installed to the extent known or anticipated;
- Documentation demonstrating that each of the leases, unit PAs, or CAs proposed for inclusion in the CAA is producing in paying quantities (or, in the case of Federal leases, is capable of production in paying quantities) pending approval of the CAA; and
- All gas analyses, including Btu content (if the CAA request includes gas) and all oil gravities (if the CAA request includes oil) for previous periods of production from the leases, units, unit PAs, or CAs proposed for inclusion in the CAA, up to 6 years before the date of the application for approval of the CAA. However, gas analysis and oil gravity data is not needed if the CAA meets the requirements and standards of § 3173.14(a) of the final rule.

If new surface disturbance is proposed on one or more of the leases, units, or CAs, and the surface is managed by the BLM, the application must include a proposed surface use plan of operations for the proposed surface disturbance.

If new surface disturbance is proposed on BLM-managed land outside any of the leases, units, or CAs whose production would be commingled, the application must include a right-of-way grant application, under 43 CFR part 2880 if the FMP is on a pipeline, or under 43 CFR part 2800, if the FMP is a meter or storage tank. Applications for right-of-way (i.e., on SF-299) are authorized under OMB control number 0596-0082.

If new surface disturbance is proposed on Federal land managed by an agency other than the BLM, the application must include written approval from the appropriate surface-management agency.

If a new surface disturbance is proposed on Indian land outside the lease, unit, or communitized area from which the production would be commingled, a right-of-way grant application must be filed under 25 CFR part 169, with the appropriate BIA office.

Request for Modification of q CAA (43 CFR 3173.18)

Section 3173.18 provides that a CAA must be modified when there is modification to the allocation agreement, additional leases, unit PAs, or CAs are proposed for inclusion in the CAA, or any of the leases, unit PAs, or CAs within the CAA terminate or permanently cease production. The following information would be required in a request to modify a CAA:

- A completed Sundry Notice describing the modification requested;
- A new allocation methodology, if appropriate, and an example of how the methodology is applied; and
- Certification by each operator that it agrees to the CAA modification.

This information collection activity helps the BLM obtain the production data that is necessary to verify production from Federal or Indian leases covered by CAAs.

Response to Notice of Insufficient CAA (43 CFR 3173.1

Upon receipt of an operator's request for assignment of an FMP number to a facility associated with a CAA existing on the effective date of the final rule, (1) the BLM may determine that the CAA meets the requirements (at 43 CFR 3173.16) for grandfathering the CAA; or (2) if grandfathering is not appropriate, the BLM will review the CAA for consistency with the minimum standards and requirements for a CAA under 43 CFR 3173.14. The BLM will notify the operator in writing of any inconsistencies or deficiencies. The operator must then correct any inconsistencies or deficiencies that the AO identifies, provide additional information, or request an extension of time, within 20 business days after receipt of the BLM's notice. When the BLM is satisfied that the operator has corrected any inconsistencies or deficiencies, the BLM will terminate the existing CAA and grant a new CAA based on the operator's corrections. If the existing CAA does not meet the applicable standards and the operator does not correct the deficiencies, the BLM may terminate the existing CAA and deny the request for an FMP number for the facility associated with the existing CAA.

Request to Modify a CAA (43 CFR 3173.1

A CAA must be modified when there is a modification to the allocation agreement; additional leases, unit PAs, or CAs are proposed for inclusion in the CAA; or any of the leases, unit PAs, or CAs within the CAA terminate or permanently cease production

To request a modification of a CAA, all operators must submit to the BLM:

- A completed Sundry Notice describing the modification requested;
- A new allocation methodology, including an allocation methodology which includes allocation of produced water and an example of how the methodology is applied, if appropriate; and
- Certification by each operator in the CAA that it agrees to the CAA modification.

A change in operator does not trigger the need to modify a CAA.

Request to Terminate a CAA (43 CFR 3173.20)

Section 3173.20 authorizes the BLM to terminate an approved CAA and allows for the CAA to be terminated by the operator at their request. The operator must submit a Sundry Notice to the BLM requesting the termination in which the notice must identify the FMP(s) for the lease(s), unit(s), or CA(s) previously subject to the CAA.

Request for Approval of Off-Lease Measurement – General (43 CFR 3173.23);
Request for Approval of Off-Lease Measurement – Amendment of an Existing Approval (43 CFR 3173.23); and
Response to Notice of Insufficient Off-Lease Measurement Approval (43 CFR 3173.25)

These information collection activities assist the BLM in reducing discrepancies between operator-allocated volumes, which operators report to ONRR, and the volumes that the BLM

calculates during follow-up audits. In accordance with this final rule, the BLM will allow off-lease measurement of production only from a single Federal or Indian lease, unit PA, CA, or CAA, and only at an approved FMP.

Section 3173.23(a) through (j) requires the following information in an application for approval of off-lease measurement:

- A completed Sundry Notice;
- Justification for off-lease measurement;
- A topographic map of appropriate scale showing the boundary of the lease(s), unit(s), or CA(s) from which the production originates, the location of existing or planned facilities, the relative location of all wellheads (including the API number for each well) and piping included in the off-lease measurement proposal, and existing FMPs or FMPs proposed to be installed to the extent known or anticipated;
- The surface ownership of all land on which equipment is, or is proposed to be, located; and
- A statement that indicates whether the proposal includes all, or only a portion of, the production from the lease, unit, or CA and if the proposal includes only a portion of the production, the application would be required to identify the FMP(s) where the remainder of the production from the lease, unit, or CA is measured or is proposed to be measured.

If any of the proposed off-lease measurement facilities are located on non-federally owned surface, the application must include a written concurrence signed by the owner(s) of the surface and the owner(s) of the measurement facilities, including each owner(s)' name, address, and telephone number, granting the BLM unrestricted access to the off-lease measurement facility and the surface on which it is located, for the purpose of inspecting any production, measurement, water handling, or transportation equipment located on the non-Federal surface up to and including the FMP, and for otherwise verifying production accountability. If the ownership of the non-Federal surface or of the measurement facility changes, the operator must obtain and provide to the AO the written concurrence required under this paragraph from the new owner(s) within 30 days of the change in ownership.

If a proposed off-lease FMP with facilities on BLM land would involve new surface disturbance and consists of a meter or storage tank, or is on a pipeline, a right-of-way grant application must be submitted. Applications for rights-of-way (SF-299) are authorized under control number 0596-0082, which is administered by the U.S. Forest Service on behalf of several federal agencies. If new surface disturbance if proposed for an FMP that includes facilities on Federal land managed by an agency other than the BLM, written approval is required from that agency. A right-of-way grant application must also be submitted with the appropriate BIA office if any of the proposed facilities are on Indian lands outside of the producing area.

If the operator proposes to use production from the lease, unit or CA as fuel at the off-lease measurement facility without payment of royalty, the application must include an application for approval of off-lease royalty-free use under applicable rules. The BLM is developing the applicable rules and will seek OMB clearance for the information collection activities in those rules.

Section 3173.23(k) provides that to apply for an amendment of an existing approval of off-lease measurement, the operator must submit a completed Sundry Notice required under paragraph (a), and information listed at paragraphs (b) through (j) of section 3173.23 to the extent the previously submitted information has changed. This information collection activity assists the BLM in reducing discrepancies between operator-allocated volumes, which operators report to ONRR, and the volumes that the BLM calculates during follow-up audits.

Upon receipt of an operator's request for assignment of an FMP number for a facility associated with an off-lease measurement approval existing on the effective date of the final rule, the BLM will review the existing approval for consistency with the requirements at 43 CFR 3173.22. The BLM will notify the operator of any inconsistencies or deficiencies. The operator must correct any of the identified flaws, provide additional information, or request an extension of time from the AO, within 20 business days after receiving the notice. This information collection activity assists the BLM in reducing discrepancies between operator-allocated volumes, which operators report to ONRR, and the volumes that the BLM calculates during follow-up audits.

Request to terminate an off-lease measurement approval (43 CFR 3173.27)

Section 3173.27 authorizes the BLM to terminate an off-lease measurement approval and allows for the off-lease measurement approval to also be terminated by the operator at their request. The operator must submit a Sundry Notice to the BLM requesting the termination in which the notice must identify the new FMP(s) for the lease(s), unit(s), or CA(s) previously subject to the off-lease measurement approval.

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.

Unless an operator has obtained a variance from the BLM, section 3173.10 requires operators to submit Form 3160-5, Sundry Notices and Reports on Wells electronically, for the following:

(1) Site facility diagrams;
(2) Request for an FMP number;
(3) Request for FMP amendments;
(4) Requests for approval of off-lease measurement;
(5) Request to amend an approval of off-lease measurement;
(6) Requests for approval of CAAs; and
(7) Request to modify a CAA.

The Sundry Notice is fillable and printable and can be submitted by scanning it and emailing it to the appropriate BLM office.

The Office of Natural Resources Revenue (ONRR) already requires operators producing oil and gas from onshore Federal and Indian leases onshore to file their monthly Oil and Gas Operations Reports (OGORs) electronically, and thus this requirement is expected to result in minimal burdens for respondents.

In addition, section 3170.6 of the rule states that a request for a variance should also be filed using the BLM's electronic system.

In both cases, an operator which is a small business may submit a Sundry Notice to the BLM Field Office having jurisdiction, if the respondent lacks access to the Internet.

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 on the information collection activities in the rule. The requested information is nonrecurring, occasional, and unique to each respondent and is not available from any other data source.

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

Nearly all the respondents that are subject to this rule are small businesses or other small entities. The BLM has developed the final rule with the objective of seeking the minimum amount of information consistent with the goals of the rule. The information collection requirements for small businesses and other small entities are the same as for other respondents. However, Section 3173.10(b) provides an exemption for small businesses without access to the Internet from the general requirement at 43 CFR 3173.10 to submit Sundry Notices electronically.

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 leases in compliance with pertinent statutes and policies.

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.

The preamble to the proposed rule solicited public comments on the information collection. Those comments, and responses of the BLM, are discussed below. All comments – both those pertaining to information collection and other comments -- are addressed in the final rule. The specific comments may be obtained by entering "RIN 1004-AE16" in the Search function at https://www.regulations.gov/searchResults?rpp=25&po=0&s=RIN%2B1004-AE16&fp=true&ns=true, and then clicking on "Open Docket Folder."

Comment on 43 CFR 3170.7

The BLM received a comment on 43 CFR 3170.7, which with some exceptions requires records from Federal leases to be maintained for seven years, and requires records from Indian leases to be maintained for six years. Section 3170.7 applies to lessees, operators, purchasers, transporters, and any other person directly involved in producing, transporting, purchasing, selling, or measuring oil or gas through the point of royalty measurement or the point of first sale, whichever is later.

The commenter questioned whether it is necessary for purchasers and transporters to maintain 7 years' worth of audit records and questioned whether it is necessary for them to account for production volumes. The BLM did not revise the regulation in response to this comment. Without this regulation, there is no way for the BLM to verify production numbers provided by operators, or to have a backup in cases where operators are unable to provide production volumes.

Comments on 43 CFR 3173.6

The BLM received many comments on 43 CFR 3173.6, which requires the operator, purchaser, or transporter, as appropriate, to record specific information when water is drained from tanks that hold hydrocarbons Several commenters stated that the documentation requirements were excessive and added little to no value to accounting for production. Another commenter questioned whether the requirement to identify the FMP number associated with a tank subject to this provision would mean that an FMP is required for each condensate tank in the field. One commenter recommended that the BLM consider exemptions for "low-volume sources" to reduce the amount of work required to document and maintain these records. With regards to the color cut measurement requirements in the proposed rule, one commenter expressed concern that this measurement method is not accurate for indicating water oil contact with heavy oils that are less than 30 degrees gravity. The commenter believes that an opening and closing gauge would be a sufficient indicator. Other commenters stated that section 3173.6 would needlessly require the gauging of tanks prior to and after a sale.

The BLM has made changes in response to these comments. In response to concerns raised about the excessiveness of the documentation requirements and the ambiguity regarding the requirement to record the FMP number, the BLM reduced the overall amount of information that must be maintained by removing the opening and closing gauge times; name of person and company draining the tank; and FMP number. The BLM has determined that these items, which have been removed from the information collection activity labeled, "Water Draining Operations – Data Collection," are not essential to the purpose of section 3173.6, i.e., accurate accounting of oil and gas produced from Federal and Indian leases. The BLM, however, has not adjusted the burden of two hours per response that was estimated in the proposed rule because that seems a reasonable estimate for the remaining eight elements of this information collection activity.

The BLM does not believe that an exemption would be appropriate because, as noted in the proposed rule, the operator currently is not required to record the volume of hydrocarbons that are in the tank before and after water is drained. Hydrocarbons could be drained with the water

without being measured and accounted for, and thus, potentially impacting royalty payments. When BLM inspectors perform a records verification inspection of a case, which may entail a single or multiple leases, they will review all applicable production records and compare them to production reports operators submit to ONRR. Any anomalies encountered during this review may require additional evaluation, which of course, would be coordinated with the operator.

In response to safety concerns raised about potential exposure to tank fumes and inaccuracies inherent in using the color cut measurement method, the BLM made modifications to the opening and closing gauge requirements to allow for manual or automatic gauging for TOV and opening gauge free water measurements to the nearest ½ inch, where conditions permit. Color cut measurements are no longer mentioned as part of the final rule. The documentation requirements contained within Section 3173.6 of the final rule represent the minimum requirement for records that must be kept. In order to increase the accuracy of our burden estimates for water-draining records that must be kept, we have added an activity labeled, "Water Draining Operations – Recordkeeping and Records Submission, with an estimate of 0.25 hour per response.

Comments on 43 CFR 3173.7

Section 3173.7 requires that specific information be recorded when hydrocarbons are removed from storage and used on the lease, unit, or CA for hot oiling, clean-up, and completion operations, including the volume of hydrocarbons removed from storage and expected to be returned to storage The BLM received some comments on this requirement. A few commenters pointed out that an operator's field personnel are on hand, closely monitoring these operations to ensure it is all produced back into the tank. Therefore, according to these commenters, there is no risk of produced hydrocarbons being counted twice. The BLM agrees that having an operator's field personnel on hand, closely monitoring these operations is ideal for ensuring that oil is not counted twice during these operations. However, BLM's experience has shown that in many instances field personnel do not monitor these operations because they are called away for other duties. These commenters believe there is no reason for the BLM to require operators maintain records of these volumes because the BLM is paid revenues on oil that is sold, not produced; and this operation has nothing to do with sales volumes. In response to the comment that hot oiling, clean-up, and completion operations have nothing to do with sales volumes, BLM would note that it is required to verify not only sales volumes but also production volumes.

Another commenter asserted that the BLM does not have authority to impose the requirements under this section and requested that the BLM explain why these new requirements are necessary and provide the citation for the new law that justifies this authority. A few commenters asserted that the requirement to gauge oil level, maintain seals, track facility measurement point (FMP), gauge tanks, etc., during completion operations will needlessly add to the work load of field personnel performing those tasks. For example, an employee will need to be available (onsite) 24 hours a day, 7 days a week to make sure the seal changes are recorded on the run tickets and logged properly for tracking purposes. The BLM accounts for these costs in this analysis, and does not find them to present a major burden to industry.

Comments on 43 CFR 3173.8

Many commenters expressed concern about requiring purchasers and transporters to report incidences of theft and mishandling to the BLM, and questioned the Bureau's authority to impose such a requirement on these parties. These commenters were also concerned that since wells and facilities belong to the operator, the operator should be making all theft and mishandling reports. The comments noted that reporting theft and mishandling to the BLM by purchasers and transporters would be redundant and unnecessary, leading potentially to multiple reports, and confusion. Additionally, a few commenters did not agree with the idea that they would be accountable to potentially arbitrary and inaccurate third party reports of theft or mishandling.

Other commenters did not agree with the BLM's choice to eliminate the self-inspection provisions outlined in Onshore Order 3.III.F. These commenters believe that self-inspection programs were a good practice and that it would not be appropriate for the Bureau to find an operator in violation of this requirement if they elect to implement a self-inspection program and report incidences of theft and mishandling. The commenters ultimately encouraged the BLM to maintain the self-inspection compliance program and requirements under Onshore Order 3, rather than eliminate it. Finally, the BLM received some comments expressing concern over why operators would be subject to a noncompliance violation when they reported theft or mishandling to the BLM.

Section 3173.8 replaces the requirement in section 3.III.E.1 of Onshore Order 3 for site security plans and self-inspections, which, among other things, required the reporting of theft or mishandling of oil to the BLM. Because this final rule eliminates the requirement for site security plans, the BLM needs a regulation that requires appropriate recordkeeping and documentation relevant to the site security functions and operations of a lease, including the reporting of apparent theft or mishandling of oil. The information that operators, purchasers, and transporters are required to record and report per paragraph (b) of section 3173.8 is identical to the information that was required to be recorded and reported under Onshore Order 3.

The BLM believes it is necessary to apply these recordkeeping and documentation requirements to purchasers and transporters for the protection of produced or stored oil because, as noted in the proposed rule, they are sometimes the first to discover theft and mishandling of production or recognize suspicious activity. If incidences are reported by purchasers and transporters, the BLM will work with them and with the operator to verify whether theft or mishandling of production has occurred. Section 103(a) of the Federal Oil and Gas Royalty Management Act (30 U.S.C. 1713(a)) provides that any person directly involved in developing, producing, transporting, purchasing, or selling oil or gas . . . shall establish and maintain any records, make any reports, and provide any information that the Secretary may, by rule, reasonably require for the purposes of implementing this Act or determining compliance with rules or orders under this Act. Sections 102(b)(2) and 301(a) of the same statute (30 U.S.C. 1712(b)(2) and 1751(a)) authorize the BLM to prescribe any rules, regulations, or appropriate measures to protect oil from theft. The BLM is fully justified in requiring purchasers, transporters, and operators to be equally responsible for reporting theft and mishandling of oil or gas.

The BLM does not agree that reports of theft and mishandling by purchasers and transporters creates confusion and is unnecessary. Reports made by purchasers and transporters, in conjunction with information supplied by the operator, would provide the BLM with useful, valuable, and quality information in resolving the accuracy of an incident of theft or mishandling, thus, improving the reporting system. The BLM will work with all parties that submit information, and each party submitting a report will be responsible for the information that is submitted.

The BLM determined, however, that one modification is necessary. Paragraph (b) of the final rule now includes a requirement to record and report whether an incident was reported to local law enforcement agencies and company security. The BLM received and agreed with those commenters pointing out that the Bureau should be informed as to whether law enforcement and operator company security must be notified in the event of theft and mishandling.

Comments on 43 CFR 3173.9

The BLM received several comments on section 3173.9. As part of the proposed rule, operators were required to measure and record the total observed volume in storage at the end of each calendar month. A few commenters expressed concern that they did not have the ability to measure inventory on the actual last day of the month due to the number of tanks, volume corrections for temperature/S&W and accuracy needed to meet the measurement standards of this section. Other commenters interpreted this section to mean that operators were required to gauge their storage tanks manually and expressed concern that having to perform such activities would unnecessarily expose their employees to tank fumes, which can be a health hazard. Also, the BLM received a few comments noting that this section was not necessary because recording the total observed volume in tanks is a practice that is considered routine, and the requirements for recording instances of seal removal and installation outlined under paragraph (b) of this section are already covered in sections 3173.2 and 3173.3. Finally, a few commenters stated that paragraph (b) should not apply to purchasers and transporters because they do not always have access to or maintain source records and they do not normally have the information necessary to "maintain an audit trail" of lease production.

The BLM agrees with those comments expressing concern about the physical limitations associated having to measure inventory on the actual last day of the month, particularly for those instances where the amount of storage tanks owned by an operator may be extensive. In response, the BLM has revised the final rule to provide two options for an operator to perform an end of month inventory. These options will provide operators with more leeway to meet the BLM's recordkeeping requirements, but still ensure monthly volume measurements are recorded.

With regard to concerns about this requirement potentially posing a health and safety hazard to company employees, the BLM is clarifying here that it never intended to prescribe manual tank gauging as a requirement in the proposed rule. However, a clarification has been made in the final rule by stating that tank gauging may be performed manually or automatically.

In response to those comments stating that recording total observed volumes in tanks is a routine practice; the BLM is pleased to know that this is the case and, as such, and believes this requirement then should not present a major burden to the industry. However, this assurance does not relieve the BLM from establishing rules necessary to meets its responsibilities under the Federal Oil and Gas Royalty Management Act. Therefore, the rule has not been changed in response to this comment.

As for the comment about how the recording of seal removals and installations is already addressed in sections 3173.2 and 3173.3, we note that those sections only identify what valves or components must be sealed. They do not address the recordkeeping requirements of the seals. A change has not been made to the final rule because of this comment.

The BLM agrees with those comments recommending that this section, particularly paragraph (b), not apply to purchasers and transporters. However, a change to the rule has not been made. Paragraph (b) already clarifies that it is the operator that must maintain the records required by section 3173.9.

Comments on 43 CFR 3173.11

The BLM received extensive comments on 43 CFR 3173.11, which requires a site facility diagram for all facilities. One commenter expressed appreciation of the invaluable and practical use of site facility diagrams, and suggested that the BLM develop a database that allows operators to submit information about site facility diagrams in a standard form. Any changes to a site facility diagram, along with other information, could be submitted automatically and periodically by operators, thus, making the process of submitting and updating information to the BLM effortless. The BLM appreciates this constructive alternative. However, at this time the BLM Well Information System (WIS) or any successor electronic system and associated appropriate automated forms is the only method of electronic submittal. The BLM is not equipped to follow the commenter's suggestion but will accept companion electronic records that contain on additional pages as long as they are submitted with the actual diagram on Form 3160-5, and they follow the prescribed numbering format.

Many commenters believed that site facility diagrams on existing facilities are unwarranted and unnecessary, and stated that the deadlines for submitting the diagrams are onerous. These commenters went on to say that the burdensome demands of this section will result in resources channeled away from future development plans, after having invested assets to be compliant with previous regulations. Other commenters questioned why it was necessary to provide a diagram for salt water disposal facilities, which are unrelated to oil and gas production operations.

With regard to concerns raised about this section's requirements applying to existing facilities, the new information made available through updated site facility diagrams for existing facilities will provide the BLM with a more useful tool to achieve improved production accountability. However, concerns raised about the submission deadlines have merit. In response, the BLM has made adjustments in the final rule to allow operators to submit diagrams on existing and new facilities at a more practical juncture during the life of a facility. More specifically, section

3173.11(d) states that an operator of a facility in service before the effective date of the final rule that has a diagram on file that meets the minimum requirements of Onshore Order 3 would not need to submit an amended diagram.

However, after existing facilities are modified, a non-Federal facility located on a Federal lease or Federally approved unit or CA is modified, or there is a change in operator, then a new site facility diagram that complies with this section must be submitted within 30 days. The same requirements apply to new and existing facilities that do not require an FMP. This is covered in sections 3173.11 (e) and (f). For new facilities in service after the effective date of the final rule and require an FMP, operators need only provide their site facility diagrams 30 days after the BLM assigns the effective date of the FMP for that facility, which essentially is the effective date to correspond with the first production reporting.

In response to those commenters expressing disagreement with the application of this requirement to salt water disposal facilities, the BLM did not revise the final rule because the BLM needs the information in order to meet its statutory and regulatory obligations. A few comments sought clarification on how multiple wells and headers encompassing several miles of area might legibly fit onto a single sheet of paper. The BLM appreciates this concern, but has not made a change to the rule in response to this comment because section 3173.11(c)(2) already indicates that while diagrams need to reflect equipment locations, they need not be to scale. Also, section 3173.11 (b) states that more than one page can be used, if necessary. .

One comment indicated concern about identifying valve labeling and positions on a site facility diagram, and referred to the examples BLM provided in Appendix I as redundant, especially where multiple tanks are involved. However, there is no single template for detailing site facility diagrams, and the Appendix examples are designed as starting points for operators to build on. The method of identifying valve positioning on paper is, for the most part, subjective as long as the valves and their positions are identified, legible and comprehensible as detailed in Section 3173.11.

Several comments pointed out that determining lease fuel use fluctuates monthly, and one commenter even provided their method for determining “on lease use fuel gas.” The commenter suggested that an average total lease use fuel gas estimate be considered, but questioned the overall need for reporting this information since on lease fuel gas is already reported to the BLM. The BLM did not make a change in response to this comment. The commenter confuses what the BLM requires versus what is required by the ONRR. Operators are required to report the volumes of fuel used to power production equipment on a lease to the ONRR, not the BLM. Although the information is reported to the ONRR, BLM field inspectors need to independently verify royalty free use volumes reported to the ONRR based on diagram-specific information in order to enhance the accountability process. Currently the BLM has no method to determine if the royalty free rate reported on the OGOR is accurate. In addition, commenters should be aware that paragraph 3173.11(c)(10) of the final rule already allows operators to detail as part of the site facility diagrams, what equipment utilizes royalty-free oil or gas, the volume of oil or gas that is used royalty free (by day or month), and how that volume was determined if the volume is not measured directly.

A few comments sought the rationale behind the new requirement for site facility diagrams, while eliminating the need for the site security plan of which they were a part. The BLM agrees that these two requirements are related; A site facility diagram is a piece of the larger site security plan of OSO3.III.H as prescribed by Section 102(b)(1) and (2) of the Federal Oil and Gas Royalty Management Act (30 U.S.C. 1712(b)(1) and (2)). However, with the elimination of the self-inspection requirements within the final rule, the elements of the site security plan are incorporated into sections 3170.4 (Prohibitions Against By-Pass and Tampering), 3173.8 (Report of theft or mishandling of production), 3173.9 (Required recordkeeping for inventory and seal records), 3173.11 (Site Facility Diagrams), and section 3174.12 (Measurement Tickets, which is part of the new rule on the measurement of oil, RIN 1004-AE16).

Many commenters expressed concern with the need to provide detailed information about equipment. For example, one commenter did not understand how the serial numbers and manufacturer information that identifies equipment on a site facility diagram would help the BLM verify whether a reasonable determination was made on royalty free use volumes reported to the ONRR. Depending on the configuration of a given production facility, there could be an extensive amount of major components to a facility, which would lead to a reporting hardship for operators. Commenters expressed a willingness to work with the BLM on a pragmatic approach to, for example, verify royalty-free volumes, and complete the diagrams within a sensible time. However, as written, commenters saw this section as an unnecessary, unreasonable, overreach of the BLM, and a drain on resources for both operators and the Bureau, especially when needing to track multiple components on numerous pieces of equipment across several locations. Another commenter expressed concern with the requirement to include a certification statement in his or her site facility diagram is redundant and unnecessary because there are already statutes out there – 18 U.S.C Section 1001 and 43 U.S.C Section 1212, for instance – that make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

The BLM believes these comments have merit and, in response, has revised the rule in response. Operators will no longer be required to include a signed certification statement as part of their site facility diagram, but as noted by the commenter, the operator is still responsible for ensuring the accuracy of the information contained within their diagrams. In response to those comments expressing concern about having to submit an excessive amount of information that may present a hardship to the industry, but provide little to no value in making reasonable royalty-free use determinations, the BLM has removed the requirement for operators to report the equipment manufacturer's name, rated use, and equipment serial number of for each engine, motor, or major component powered by production from a lease, unit PA, or CA. Operators also are no longer required to provide a signature for the diagrams that they submit.

One commenter said that the requirement to submit a site facility diagram for each FMP is cumbersome, particularly in cases where the FMP for oil facilities and gas facilities are at the same site. The commenter recommended that a single number for a whole facility at a single site be applied in order make it simpler for the operators while providing the necessary information to BLM. Because the BLM's inspection verification process is based, in large part, on

comparing production information that is reported to ONRR against information contained in a site facility diagram, and oil and gas is reported separately to ONRR, having both types of facilities reported on one diagram could complicate and undermine the BLM's verification process. The BLM did not revise the rule in response to this comment.

Many commenters were concerned with the costs operators would sustain from having to implement this requirement. In particular, they were concerned about the cost of re-submitting all site facility diagrams and meeting the 30-day submission deadline. However, as detailed in the *Economic and Threshold Analysis for Final Rule Onshore Oil and Gas Operations; Federal and Indian Oil and Gas Leases; Site Security*, operators need only to submit a site facility diagram in the instances mentioned above. As a result, the estimated one-time costs have been significantly reduced because of a drop in the expected number of submissions from 125,000, which reflected the BLM's original estimate of all existing facilities, to 4,165, reflecting 5 percent of the BLM's updated facility count of 38,116 facilities. These one-time cost estimates, as well as annual cost estimates, have also been reduced from the original analysis based on the removal of the requirement that operators submit equipment manufacturer details, model and serial number information, and signature blocks with their diagrams. This has decreased the expected preparation and submission time for industry from 8 hours to 6 hours per submitted site facility diagram, and from 4 hours to 3 hours of processing time per diagram for the BLM. Estimated one-time costs have decreased from $63.6 million to $1.6 million for industry and from $15.4 million to $0.5 million for the BLM between the proposed and the final rule, with annual costs also decreasing for both.

Other commenters expressed concern with the physical limitation of having to submit site facility diagrams for their multiple existing, and potentially new facilities within the 30-day time-period. Commenters expressed alarm and indicated that such a labor-intensive effort in such minimal time was impractical, unreasonable, and a burden. Some comments suggested 60 to 90 days as more realistic, one comment suggested 180 days, with a couple of others suggesting up to one year to complete the diagrams. Another comment proposed using 30 days from the date of first production as reasonable and manageable for submitting diagrams, while another suggested a phase-in process, and still another comment proposed diagrams for new facilities only. The BLM agrees with these comments so that an operator would have a minimum of 12 months, 24 months or 36 months from the effective date of the final rule to comply with 3173.11, depending on production levels as outlined in 3173.12, before needing to submit a site facility diagram. Facilities in service before the effective date of this rule that have a site facility diagram on file with the BLM that meets the minimum requirements of the Onshore Oil and Gas Order 3, are not required to submit an amended diagram unless that facility is modified or there is a change in operator. For new facilities, diagrams are required within 30 days after the BLM assigns the effective date of the FMP, and then again for facility modifications, or if a change in operator occurs.

Finally, one commenter was concerned about having to submit and resubmit site facility diagrams for a facility multiple times with multiple FMPs, if the FMPs were not approved within 30 days of each other. According to the commenter, compliance would be impossible under these circumstances. The BLM did not make a change in response to this comment. For the

most part, facilities will have at most 2 FMPs - one for oil and one for gas. Even though the applications for an FMP number will be submitted under separate Sundry Notices, there is no reason an operator would not file them at the same time, or for the BLM not to assign an FMP number to each one at the same time. It is unlikely that the royalty measurement device for oil would come online at a later time than it would for the gas device. What the commenter might be trying to explain is in the case of a multiple well pad, where wells are consecutively coming online. In this case, the FMP numbers will not change, but a new site-facility diagram will be required within 30 days from the onset of production from each well.

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Comments on 43 CFR 3173.12

Section 3173.12 requires operators to obtain BLM approval of all facility measurement points (FMPs) that are used to determine royalties. There are one-time burdens for all FMPs that are in operation before the effective date of the final rule, and a recurring burden for FMPs that go into operation after the effective date of the final rule.

A commenter requested clarification as to how to obtain an FMP, the amount of time required for obtaining an FMP, and the anticipated cost and impact of this requirement to industry. The BLM believes that section 3173.12 of this rule provides the necessary help operators will need when applying for an FMP, and addresses facilities in service on or before the effective date of this rule, or facilities that will come into service after the effective date of this rule, based on average production volumes. The BLM has seriously weighed and considered the economic burden to industry, while at the same time crafting a relevant, feasible, and consistent regulation pertaining to a crucial component of gas measurement, and has determined that the burdens are reasonable.

A number of commenters expressed concern about whether they would be able to meet the deadlines required to apply for and receive and FMP before commencing with oil and gas production. More specifically, commenters expressed concern that the amount of resources/individuals needed to prepare FMP applications will be exorbitant, particularly since there will likely be commingling or off-lease measurement applications associated with an FMP application. One commenter, in particular, went on to suggest that they anticipate submitting about 15,000 FMP applications.

Many commenters also expressed frustration with the tiered volume thresholds and timelines for filing an FMP application. Many operators commented that most of their wells may fall within the 9-month FMP application timeframe. With such a large inventory of wells that some operators may have, coupled with the need to also prepare new site facility diagrams and potentially updating existing commingling and off-lease measurement approvals, a lot of work needs to get done within an unreasonably short timeframe.

The final rule allows operators to continue to produce oil and gas before a BLM response to an FMP application is received, provided that the FMP application is submitted within the specified deadline. Therefore, actual production operations will not be impacted by this requirement. During this time, operators can continue to use the case numbers (lease, unit PA, or CA) used for

reporting their production to ONRR. In addition, operators have been provided with a new schedule for submitting an FMP application for facilities in service before the effective date of the final rule, based on their average reported monthly oil and gas production volumes over the last 12 months.

The final rule provides that operators must submit their FMP application for existing facilities within:

- Thirty six months from the effective date of the final rule for leases, unit PAs, and CAs that produced less than 1,500 Mcf of gas or 10 barrels of oil per month,
- Twenty four months from the effective date of the final rule for leases, unit PAs, and CAs that produced between 1,500 and 10,000 Mcf of gas or 10 and 100 barrels of oil per month, and
- Twelve months from the effective date of the final rule for leases, unit PAs, and CAs that produced over 10,000 Mcf of gas or 100 barrels of oil per month.

When establishing these proposed thresholds, the BLM analyzed lease production data in its Automated Fluid Minerals Support System to determine how all currently producing leases could be affected. The BLM's intent is to spread the impact evenly across the three timeframes across all BLM-administered leases. These new deadlines and volume thresholds reflect an extension for the vast majority of leases, unit PAs, and CAs. In addition, the informational requirements for all such submissions have been reduced from those in the originally proposed rule, and there are no FMP deadlines for leases, unit PAs, and CAs that have not produced any oil or gas within the past twelve months of when the order is issued. Prior to resuming production, operators must apply for an FMP.

A number of operators also expressed concern about whether the BLM would be able to handle the administrative burden of processing such a heavy influx of FMP applications. As revised, the final rule contains fewer informational requirements for operators submitting FMP applications, cutting staff time per application for both operators and the BLM. While the BLM is processing an application, whether it be for a facility in service before or after the effective date of this final rule, the operator may continue their production operations so long as they submit their application within the time specified in this rule. Therefore, the operator should not be concerned with the BLM's workload as their ability to produce would not be impacted.

Several commenters expressed concern about having to wait for the BLM to assign them an FMP number when they are trying to put a new well online, such as during well-testing operations. The BLM has made a change in response to this comment. More specifically, the final rule will not require operators to have an FMP number for temporary test facilities on new wells. Rather, an FMP would be required only for a permanent measurement facility, which is a term that has been defined in section 3173.1 of this final rule. Furthermore, in the final rule, operators need only apply for FMP approval before any production leaves a permanent measurement facility in service after the effective date of this final rule. This is unlike the proposed rule where operators must obtain BLM approval of FMPs before any production leaves that facility. Companies may use the lease, unit PA, or CA for production reporting to ONRR, as they are now, and continue to

use it as long as they apply for the FMP approval before any production leaves the permanent facility.

Finally, one commenter thought that BLM staff should be given a timeline for approving an FMP since it is not equitable to hold operators to multiple deadlines (and possible INCs), yet not require the BLM to be held to the same standard. As discussed earlier within this section, once operators file for FMP approval, they may continue to use the case number for reporting production to ONRR until the BLM assigns an FMP number. Once an FMP number is assigned, the operator will have until the 1st day of the 4th month from the time the FMP assigned to begin using the FMP number when reporting production to ONRR. This applies to facilities in service prior to the effective date of the final rule. As for facilities in service after the effective date of the final rule, operators are required to use the FMP number for reporting production once the BLM assigns the FMP. Therefore, operators should not be concerned since their actual production operations will not be affected.

Comments on 43 CFR 3173.13

Section 3173.13 requires operators with an approved FMP to submit a Sundry Notice that details any modifications to the FMP. Some commenters requested more time before using the FMP for production reporting because the proposed timeframe (i.e., 20 business days) timeframe didn't give them enough time to address all the FMP requirements (labeling, reporting, programming, etc.). The BLM has made a change in response to this concern. The final rule extends the effective date that operators would be required to begin reporting to ONRR using the FMP number. That date has been extended to the first day of the month from the 4th month of FMP assignment. For example, if the FMP is assigned on January 17, the first report would be for May production with an FMP effective date of May 1.

Other commenters questioned why it was necessary that the BLM know why a change is made to an FMP. In response, the BLM has reconsidered what information should be required in section 3173.13. As revised, section 3173.13(b)(3) does not require operators to disclose why a change was made to an FMP. The BLM has also removed requirements to submit old and new meter manufacturers, serial numbers, and the names of owners of FMPs that are being changed or modified.

The BLM received several comments regarding the requirement to stamp or stencil FMP numbers on equipment within 30 days after an FMP number has been assigned, while having to revise and resubmit new site facility diagrams at the same time. These commenters questioned the feasibility and reasonableness of this requirement, and asked for more time for compliance if the requirement was going to be finalized. Several commenters suggested that the BLM cross reference the FMP number to a unique meter station identifier supplied by the operator, such as the meter station number, LACT ID number, or tank number.

The BLM accepted these suggestions. The final rule no longer requires operators to stamp or stencil the FMP numbers on the royalty measurement point equipment. When an application for an FMP number is made, operators will identify the royalty measurement point by specifying a

unique station number, serial number, tank number, or other landmark, along with the landmark's land description. In addition, operators of facilities in service before the effective date of this rule are not required to submit an new diagram if that facility has a site facility diagram on file with the BLM that meets the minimum requirements of Onshore Order 3, unless that facility is modified or there is a change in operator. For new facilities, diagrams are required within 30 days after the BLM assigns the effective date of the FMP, and then again for facility modifications, or if a change in operator occurs.

One commenter expressed frustration with the provision that would have required operators to file a Sundry Notice when any modifications are made to the FMP. The commenter pointed out that operators undergo routine changes of equipment that are simply due to maintenance, and therefore, should not require a Sundry Notice. The commenter stated that maintaining the same measurement methodology with replacement equipment does not impact accuracy. The BLM believes this commenter's concerns have merit, with respect to most changes made to the FMP. It is true that not all changes to an FMP will have an impact on measurement accuracy. Therefore, in section 3173.12(f)(3) and (f)(4), the BLM provides more detail as to the types of changes and modifications that may warrant submittal of a Sundry Notice. These provisions relate to information about equipment used for oil and gas measurement and the API numbers of the wells that flow to an FMP.

Finally, one commenter expressed concern with a provision that would have required operators to identify, among other things, wells or facilities using the FMP when submitting a Sundry Notice for a modification or change to an FMP. The commenter raised an issue about needing to transfer product to different meters several times a day when the meters freeze during the winter months. The commenter stated it would be impossible to maintain a list of the wells going to the FMPs under these conditions. The same commenter also said that the BLM lacks authority to require information on royalty-free use because such use has nothing to do with ensuring the accuracy of royalty-free volumes. Lastly, the operator thought the BLM should allow operators to file on the facility as a whole, and not one application for oil and another for gas.

The BLM is not aware of situations where the gas stream is being directed to different sales meters because of line freezing. This may be allowed for state and fee wells outside of federal authority, but the BLM is not aware of this situation, and has no comment on it except to say that it would not be allowed. The BLM's authority to verify royalty-free use is necessarily implied in its authority (at 30 U.S.C. 1711(a)) to accurately determine oil and gas royalties.

With regard to the recommendation from the commenter suggesting that operators should be allowed to file on the facility as a whole and not one application for oil and another for gas, the BLM did not make a change as part of the final rule. A large part of what the purpose is for the FMP is to be able to consistently verify where and how oil or gas is measured. The BLM does this by means of comparing information that the operator submits to the BLM against information operators submit to ONRR, which is in fact, by an FMP for oil or an FMP for gas. The complexities associated using one FMP number for the purpose of tracking oil AND gas measurement operations together may compromise the BLM's ability to consistently verify production measurements for royalty purposes, and hence it would not meet the goals of

establishing an FMP.

Comments on 43 CFR 3173.15

Section 3173.15 establishes the requirements operators must follow when requesting a commingling and allocation agreement (CAA), which is a formal allocation agreement to combine production from two or more sources before the FMP. See 43 CFR 3173.1. Some commenters questioned the necessity for a proposed site facility diagram in CAA approval for existing facilities. The BLM agrees that requiring a proposed site facility diagram in a CAA application for existing facilities was not useful or necessary; therefore, one will not be required.

One commenter asked what the purpose was for requiring a map showing the boundaries, FMPs, and location of wellheads and production facilities as part of their comingling and allocation application. The BLM has revised the regulation to reduce the information required for maps in a CAA application. The required maps need only show the boundaries of any lease, unit, unit PAs, or communitzed areas whose production is proposed to be commingled; and indicate the locations of existing or planned facilities with the relative location of all wellheads (with API numbers), the piping, and existing or proposed FMPs included as part of the CAA. Notwithstanding this revision, the BLM believes that the estimated burden that was included in the proposed rule (i.e., 40 hours per response) is still reasonable, in view of the overall requirements for requesting a CAA.

Several commenters wanted to know why up to six years of gas analyses, including Btu content and/or all oil gravities, are required for CAA requests. They indicated that it would be too burdensome for CAA applicants to provide historical crude oil gravity and natural gas heating value data, as only current data is relevant for trying to determine the prices received for these products (particularly gas, which required these heating values to be applied to production volumes to determine its production in Btus, the unit for which it is most commonly bought and sold). Another commenter noted that this information has no royalty impact if the properties are 100 percent Federal or Indian mineral ownership with the same fixed royalty rate and revenue distribution. A couple of other commenters considered this excessive and would not improve the quality of the application.

While it is true that current values are all that is needed to determine current revenues, the projection of future revenue can depend on establishing a historical time trend. For instance, if the heat content of natural gas has continuously increased, this may indicate future increases, increasing the projected revenue associated with production volumes going forward. Without historical data, such time trends cannot be established, potentially harming the accuracy of the BLMs determinations of whether a particular lease, unit PA, or CA is able to generate enough revenue and BLM royalties to cover the cost of independently measuring its production volumes.

One commenter suggested that an allocation method would be more useful than an allocation schedule, since a schedule is subject to change often. The BLM agreed that an allocation method would be more useful, and will require that an operator submit their allocation methodology rather than an allocation schedule in CAA applications. Furthermore, making this change would

allow the language in this section regarding an "allocation method" to be consistent with the language in section 3173.14(a)(3), which identifies information that must be submitted as part of a CAA application. An allocation methodology will have no royalty impacts when the leases, unit PAs and CAs included in a CAA are all 100 percent Federal or are leased 100 percent by the same Indian tribe and are all at the same fixed royalty rate. If there is more than one operator in a CAA, they will need to provide a signed agreement that they consent to the allocation methodology. These situations should be, with the exceptions provided in 43 CFR 3173.14(b) and (c), the only CAAs that the BLM will approve.

Comments on 43 CFR 3173.23

Section 3173.23 requires operators to apply to the BLM for approval of off-lease measurement. One commenter suggested that this section of the rule was unnecessary and redundant and that the off-lease measurement application and approval should be a part of the APD process. This commenter stated that this provision will result in an increase in FMPs. In particular, commenters expressed a belief that having off-lease measurement provides better accuracy and record keeping because it reduces the number of FMPs allowing multiple wells or pads (in a unit scenario) to commingle at a central tank battery. According to the commenter, limiting the number of sales points facilitates the BLM's tracking of production and decreases the auditing costs. In addition, the commenter stated that off-lease measurement reduces the environmental impact by allowing operators to move facilities away from environmentally sensitive areas, waterways, and cities.

The BLM agrees that this provision may increase the number of FMPs. However, the BLM also believes that most off-lease measurement approvals are tied to commingling operations. Because new exceptions have been built into the final rule, under 43 CFR 3173.14 (b) and (c), that would exempt new and existing CAAs from the commingling requirements of this rule, the number of additional FMPs should not be as much as compared to what otherwise would have occurred under the proposed rule. Although the BLM generally prefers to limit the number of facilities and surface disturbances that occur on Federal and Indian leases, the BLM believes that limiting the use of off-lease measurement would provide for more accurate accounting of oil and gas production. Off-lease central-delivery-point allocation systems have led to significant discrepancies between operator-allocated volumes, which operators report to ONRR, and the volumes that the BLM calculates during follow-up audits. These discrepancies interfere with the BLM's ability to independently verify whether production is properly accounted for. Therefore, limiting the number of sales points alone does not help the BLM track production easier. It is the consistency in where and how production is measured and reported to the BLM and ONRR that will help improve the BLM's production accountability and verification efforts. The BLM has evaluated the potential impact of the off-lease measurement provisions of the final rule and estimates that fewer than 5 percent of existing off-lease measurement approvals will need to be modified or terminated under the final rule.

With regard to the comment about how the approval for off-lease measurement application and approval should be a part of the APD process, the BLM has no objection to the concept. The BLM, in fact, prefers to receive comprehensive proposals from operators because they enable the

BLM to review a project in its entirety and make one decision that would potentially apply to all facets of the project that require BLM approval. However, the BLM reminds operators that they must submit their off-lease measurement application via a Sundry Notice. That Sundry Notice package may be submitted at the same time and together with an operator's APD package(s). The fact that the application is being submitted via a Sundry Notice and not as part of the APD package does not mean that the BLM would not process both applications at the same time. No change was made to this section as a result of these comments.

A couple of commenters expressed concern that the burden to obtain written concurrence from a surface owner, as required at 43 CFR 3173.23(f), is too large. They are also concerned about the challenges this could present if there should be a change in surface ownership. The BLM does not agree with this claim. Operators should already be obtaining concurrences from surface owners during the APD permitting process. Onshore Order 1 already requires operators to make a good faith effort to obtain a Surface Access Agreement from the surface owner. Therefore, this requirement does not place additional burden on the operator. No change to the rule was made in response to this comment.

Comments on 43 CFR 3173.25

Section 3173.25 provides that the BLM may notify an operator of any inconsistencies or deficiencies upon receipt of a request for assignment of an FMP number to a facility associated with an off-lease measurement approval existing on the effective date of the final rule. The regulation also requires the operator to correct any inconsistencies or deficiencies that the BLM identifies, or provide additional information, within 20 business days of receipt of the BLM's notice.

Some commenters did not think it was reasonable for the BLM to impose new or amended conditions of approvals on existing off-lease measurement approvals associated with commingling agreements. A commenter objected to the requirement to submit all existing authorizations to the BLM for re-approval, because many existing commingling and allocation agreements were negotiated after countless hours of working with BLM field offices to determine the best localized approach for ensuring the protection of environmentally sensitive areas.

The BLM did not change the requirement to submit the information because it is necessary to the BLM's mission. One of the reasons for this rulemaking process is to review and, where necessary, improve existing off-lease measurement approvals to address recommendations by the GAO and the Departmental Subcommittee on Royalty Management regarding the accurate measurement of oil and gas. Both panels recommended that the BLM re-evaluate and update its policy and guidance regarding production accountability, including requests to commingle production from multiple sources, which may include off-lease measurement. The GAO has included the BLM's onshore oil and gas program on its High Risk List since 2011, based in part on its concerns that the program does "not provide reasonable assurance that operators are accurately measuring and reporting" the volumes of oil and gas produced from Federal and Indian leases. The final rule was developed with the purpose of bringing existing off-lease

measurement approvals into compliance with the new rule in those situations deemed reasonable to do so. This provision provides the BLM the opportunity to review existing off-lease measurement approvals that were not approved with any guidance or national standards in place.

The BLM has provided exemptions where re-evaluation will not be required. As previously mentioned, the BLM believes that off-lease measurement approvals are usually associated with approvals of commingling and allocation agreements and the exemptions for new and existing commingling and allocation agreements involving surface and downhole commingling have greatly expanded. Because of this, the BLM believes that the amount of off-lease measurement approvals that would be impacted by the final rule as compared to the proposed rule is expected to decrease. The BLM estimates that fewer than 5 percent of existing off-lease measurement approvals would need to be modified or terminated under the final rule.

With regard to the comment about how the rule requires operators to submit all existing authorizations to the BLM for re-approval, the BLM does not agree with this assertion. The rule does not require operators to submit all existing authorizations to BLM for re-approval. Rather, when an operator submits an application for assignment for an FMP number associated with an existing off-lease measurement approval, the authorized officer will review the existing off-lease measurement approval for consistency with the minimum standards and requirements for off-lease measurement under section 3173.22 of this subpart. The burden will be on the authorized officer to review an existing off-lease measurement approval, and to notify the operator in writing of any inconsistency or deficiency, or to provide additional information.

The BLM also received several comments expressing concern about the 20 business days to correct inconsistencies or deficiencies with existing off-lease measurement approvals. These commenters stated that making corrections to existing approved off-lease measurement locations to meet new standards within 20 days is unreasonable. Commenters recommended that at least 60 to 90 days should be given, or be consistent with past practices of the State so that commingling agreements are not jeopardized. One commenter said that the necessary modifications could potentially involve piping reconfiguration, which would likely take longer than 20 days to fix. A couple of other commenters stated that since this was a new rule, every commingling facility with off-lease measurement will need to have work done and they must be given flexibility if they receive multiple notices, as 20 days may not be sufficient to bring all into compliance.

The BLM can work with operators on a case-by-case basis if 20 business days is not a sufficient amount of time. Sometimes the deficiency will be information that is missing in the off-lease measurement application. The BLM may extend that timeframe in a condition of approval if needed. For example, a condition of approval may acknowledge that the deficiency cannot be completed in the winter months. The BLM will work with operators on a reasonable timeframe if 20 business days is not enough time to correct a deficiency. The operator can also ask for an extension, or appeal the decision.

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 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 BLM estimates the following annual hour burdens: 274,886 responses, 578,240 hours, and $37,313,828.

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)	$15.33	$21.46	10%	$2.14
Engineer (17-2199)	$47.19	$66.07	80%	$52.86
Engineering Manager (11-9041)	$68.10	$95.34	10%	$9.53
Totals			100%	$64.53

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. The cost of these burdens comes from both the one-time costs of informational requirements associated with documentation for FMPs at facilities operating before the effective date of the final rule, and annual costs associated with documentation for FMP applications and modifications that occur after the effective date of the final rule.

Table 12-2
Estimates of Hour and Cost Burdens

A. Type of Response	B. Number of Responses	C. Hours per Response	D. Total Hours (Column B x Column C)	E. Dollar Equivalent (Column D x $64.53)
Variance Requests (43 CFR 3170.6) Annual	100	8	800	$51,624
Required Recordkeeping and Records Submission (43 CFR 3170.7) Annual	4,300	5	21,500	$1,387,395

A. Type of Response	B. Number of Responses	C. Hours per Response	D. Total Hours (Column B x Column C)	E. Dollar Equivalent (Column D x $64.53)
Water-Draining Operations − Data Collection (43 CFR 3173.6) Annual	5,000	2	10,000	$645,300
Water-Draining Operations − Recordkeeping and Records Submission (43 CFR 3173.6) Annual	60,000	0.25	15,000	$967,950
Hot Oiling, Clean-Up, and Completion Operations − Data Collection (43 CFR 3173.7) Annual	5,000	2	10,000	$645,300
Hot Oiling, Clean-Up, and Completion Operations − Recordkeeping and Records Submission (43 CFR 3173.6) Annual	15,000	0.25	3,750	$241,988
Report of Theft or Mishandling of Production (43 CFR 3173.8) Annual	5	10	50	$3,227
Required Recordkeeping for Inventory and Seal Records (43 CFR 3173.9) Annual	5,000	2	10,000	$645,300

A. Type of Response	B. Number of Responses	C. Hours per Response	D. Total Hours (Column B x Column C)	E. Dollar Equivalent (Column D x $64.53)
Site Facility Diagrams for Existing Facilities (43 CFR 3173.11(d)(2)) Form 3160-5 One-time	4,156	6	24,936	$1,609,120
Site Facility Diagrams for Future Facilities (43 CFR 3173.11(d)(1)) Form 3160-5 Annual	5,000	6	30,000	$1,935,900
Request for Approval of an FMP for Existing Measurement Facilities (43 CFR 3173.12(e)) Form 3160-5 One-time	166,232	2	332,464	$21,453,902
Request for Approval of an FMP for Future Measurement Facilities (43 CFR 3173.12(d)) Form 3160-5 Annual	1,000	2	2,000	$129,060
Modifications to an FMP (43 CFR 3173.13(b)(1)) Form 3160-5 Annual	1,000	2	2,000	$129,060

A. Type of Response	B. Number of Responses	C. Hours per Response	D. Total Hours (Column B x Column C)	E. Dollar Equivalent (Column D x $64.53)
Request for Approval of an Existing CAA (43 CFR 3173.15) Form 3160-5 One-time	1,662	40	66,480	$4,289,954
Request for Approval of a Future CAA (43 CFR 3173.15) Form 3160-5 Annual	500	40	20,000	$1,290,600
Response to Notice of Insufficient CAA (43 CFR 3173.16) Form 3160-5 Annual	150	40	6,000	$387,180
Request to Modify a CAA (43 CFR 3173.18) Form 3160-5 Annual	500	40	20,000	$1,290,600
Request for Approval of Off-Lease Measurement – General (43 CFR 3173.23) Form 3160-5 Annual	100	10	1,000	$64,530
Request for Approval of Off-Lease Measurement – Amendment of an Existing Approval (43 CFR 3173.23) Form 3160-5 One-time	166	10	1,660	$107,120

A. Type of Response	B. Number of Responses	C. Hours per Response	D. Total Hours (Column B x Column C)	E. Dollar Equivalent (Column D x $64.53)
Response to Notice of Insufficient Off-Lease Measurement Approval (43 CFR 3173.25) Form 3160-5 Annual	15	40	600	$38,718
Totals	274,886	–	578,240	$37,313,828

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.**

The BLM estimates a total of $4,891,972 in non-hour costs.

No filing fees are associated with the rule. Any party subject to the regulations in 43 CFR part 3170 will be able to seek a variance under section 3170.6. In addition, section 3173.10(b)

provides an exemption for small businesses without access to the Internet from the general requirement to submit Sundry Notices using the BLM's Well Information System (WIS) or other electronic system designated by the BLM.

Respondents may incur capital costs to install meters at CAAs and off-lease measurement facilities that do not meet the criteria outlined in the final rule. The BLM estimates that for FMPs in operation prior to the effective date of the final rule, there will be 83 terminated CAAs for which operators will install independent measuring facilities at a total one-time cost of $2,701,235, and 8 terminated off-lease measurement agreements for which operators will install on-lease measurement facilities at a total one-time cost of $353,240. For new and modified CAAs and off-lease measurement agreements the BLM estimates that on an ongoing basis there will be 50 terminated CAAs per year requiring independent metering installations at an annual total cost of $1,625,000, and 5 terminated off-lease measurement agreements per year requiring on-lease measurement installations at an annual total cost of $212,500. These estimates are itemized in Table 13.

Table 13
Estimated Annual and Annualized Non-Hour Costs

A. Type of Response	B. Description of Non-Hour Cost	C. Number of Actions	D. Cost Per Action	E. Total Cost
Request for Approval of an Existing CAA (43 CFR 3173.15) Form 3160-5 One-time	Install independent measuring facilities	83 (out of an estimated total of 1,662 existing CAAs)	$32,545	$2,701,232
Request for Approval of a Future CAA (43 CFR 3173.15) Form 3160-5 Annual	Install independent metering facilities	50 (out of an estimated total of 500 future CAAs)	$32,500	$1,625,000
Request for Approval of Off-Lease Measurement – Amendment of an Existing Approval (43 CFR 3173.23) Form 3160-5 One-time	Install independent on-lease measuring facilities	8 (out of an estimated total of 166 existing off-lease approvals)	$44,155	$353,240
Request for Approval of Off-Lease Measurement – General (43 CFR 3173.23) Form 3160-5 Annual	Install independent on-lease measuring facilities	5 (out of an estimated total of 100 existing off-lease approvals)	$42,500	$212,500
Totals				$4,891,972

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 BLM estimates $21,625,837 in federal costs. In addition to the costs shown in Tables 14-1 and 14-2, below, the government will incur a $700,000 one-time cost for upgrades to the BLM's Automated Fluid Minerals Support System (AFMSS) associated with the processing of Sundry Notices and Reports on Wells per the requirements of 43 CFR 3173.10.

Table 14-1 shows the BLM's estimate of the hourly cost burdens to the Federal government. The hourly pay rates (Column B) are based on U.S. Office of Personnel Management data for:

- The “Rest of the U.S.” at http://www.opm.gov/policy-data-oversight/pay-leave/salries-wages/salary-wages/salary-tables/pdf/2016/RUS_h.pdf.; and
- Metropolitan areas (for example, Denver and Las Vegas) where BLM employees will process information collected in accordance with this rule.

The resulting adjusted hourly pay rates reflect an average (i.e., 15.79 percent) of two upward adjustments to the base pay rate for federal employees – 14.35 percent for the “Rest of the U.S.” and 17.23 percent for Federal employees in certain metropolitan areas.

The benefits multiplier of 1.6 is implied by information at http://www.bls.gov/news.release/ecec.nr0.htm.

Table 14-1
Estimated Weighted Average Federal Hourly Costs

A. Position and Pay Grade	B. Hourly Pay Rate	C. Hourly Rate with Benefits (Column B x 1.6)	D. Percent of the Information Collection Completed by Each Occupation	F. Weighted Average Hourly Costs (Column C x Column D)
Clerical GS-5, step 5	$17.77	$28.43	10%	$2.84
Professional GS-9, step 5	$26.92	$43.07	80%	$34.46
Managerial GS-13, step 5	$46.43	$74.29	10%	$7.43
Totals			100%	$44.73

Table 14-2, below, shows the estimated Federal hours and costs for each component of this information collection.

Table 14-2
Estimated Annual Cost to the Government

A. Type of Response	B. Number of Responses	C. Hours per Response	D. Total Hours (Column B x Column C)	E. Dollar Equivalent (Column D x $44.73)
Variance Requests (43 CFR 3170.6) Annual	100	3	300	$13,419
Required Recordkeeping and Records Submission (43 CFR 3170.7) Annual	4,300	3	12,900	$577,017

A. Type of Response	B. Number of Responses	C. Hours per Response	D. Total Hours (Column B x Column C)	E. Dollar Equivalent (Column D x $44.73)
Water-Draining Operations − Data Collection (43 CFR 3173.6) Annual	5,000	4	20,000	$894,600
Water-Draining Operations − Recordkeeping and Records Submission (43 CFR 3173.6) Annual	60,000	0.25	15,000	$670,950
Hot Oiling, Clean-Up, and Completion Operations − Data Collection (43 CFR 3173.7) Annual	5,000	1	5,000	$223,650
Hot Oiling, Clean-Up, and Completion Operations − Recordkeeping and Records Submission (43 CFR 3173.6) Annual	15,000	0.25	3,750	$167,738
Report of Theft or Mishandling of Production (43 CFR 3173.8) Annual	5	5	25	$1,118
Required Recordkeeping for Inventory and Seal Records (43 CFR 3173.9) Annual	5,000	2	10,000	$447,300

A. Type of Response	B. Number of Responses	C. Hours per Response	D. Total Hours (Column B x Column C)	E. Dollar Equivalent (Column D x $44.73)
Site Facility Diagrams for Existing Facilities (43 CFR 3173.11(d)(2)) One-time	4,156	3	12,468	$557,694
Site Facility Diagrams for Future Facilities (43 CFR 3173.11(d)(1)) Annual	5,000	3	15,000	$670,950
Request for Approval of an FMP for Existing Measurement Facilities (43 CFR 3173.12(e)) One-time	166,232	1.5	294,348	$13,166,186
Request for Approval of an FMP for Future Measurement Facilities (43 CFR 3173.12(d)) Annual	1,000	1	1,000	$44,730
Modifications to an FMP (43 CFR 3173.13(b)(1)) Annual	1,000	1	1,000	$44,730
Request for Approval of an Existing CAA (43 CFR 3173.15) One-time	1,662	40	66,480	$2,973,650
Request for Approval of a Future CAA (43 CFR 3173.15) Annual	500	40	20,000	$894,600

A. Type of Response	B. Number of Responses	C. Hours per Response	D. Total Hours (Column B x Column C)	E. Dollar Equivalent (Column D x $44.73)
Response to Notice of Insufficient CAA (43 CFR 3173.16) Annual	150	16	2,400	$107,352
Request to Modify a CAA (43 CFR 3173.18) Annual	500	5	2,500	$111,825
Request for Approval of Off-Lease Measurement – General (43 CFR 3173.23) Annual	100	4	400	$17,892
Request for Approval of Off-Lease Measurement – Amendment of an Existing Approval (43 CFR 3173.23) One-time	166	4	664	$29,701
Response to Notice of Insufficient Off-Lease Measurement Approval (43 CFR 3173.25) Annual	15	16	240	$10,735
Totals	274,886	–	483,475	$21,625,837

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

The rule will result in program changes to 1004-0137 due to the removal of 43 CFR 3162.75, and due to the addition of new requirements. The program changes are necessary to update production accountability, payment of royalties that are due, and prevention of theft and loss.

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 will 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.

It is inappropriate to display the expiration date in the regulations or in the forms used in this control number because the information collection activities in this control number will be merged with those in OMB control no. 1004-0137 after this rule goes into effect.

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.