

June 30, 2017

Ms. Jessica Biercevicz  
U.S. Department of Energy  
Energy Information Administration  
Forrestal Building  
1000 Independence Avenue SW  
Washington, DC 20585

Dear Ms. Biercevicz:

American Petroleum Institute (API), the American Exploration & Production Council ("AXPC"), Independent Petroleum Association of America ("IPAA"), the Natural Gas Supply Association ("NGSA"), US Oil & Gas Association ("USOGA"), and the Council of Petroleum Accountants Societies (COPAS) (collectively, "Industry Coalition") respectfully submit comments in response to the Federal Register notice issued on April 4, 2017 [FR Doc. 2017-06501] ("April 4 Notice"). In the April 4 Notice, the Energy Information Administration (EIA) requested industry comments on its proposal to expand its crude oil, lease condensate, and natural gas data collection to include five additional states/areas; collect crude oil and condensate stabilizer data; increase commentary details through multiple default-options as well as to provide a three-year extension of the EIA Form EIA-914 "Monthly Crude Oil, Lease Condensate, and Natural Gas Production Report." Given that members of our organizations account for a large portion of the companies that are responsible for gathering and reporting production data to EIA, we appreciate the opportunity to comment on EIA's proposal.

The Department of Energy (DOE) data collection provides tremendous value to the marketplace and the Industry Coalition values DOE's goal of collecting useful volume data on production. As discussed in greater detail below, however, given the varying types of field operations throughout the United States, we do not believe the additional data collection on crude oil and lease condensate stabilizer data in "Section 5: Monthly Input and Output to Stand-Alone Stabilizer" of Form EIA-914 can be uniformly collected in a way that would be useful to EIA or other parties. In addition, the Coalition has concerns about the added measurement purchase and installment costs of devices at all the required points, along with added administrative costs that may be incurred to comply with the requirements of Section 5. Also,

because the proposed reporting requirements would expand the number of states and geographical areas as well as the requirement for respondents to include detailed comments (Sections 2, 3 and 4), industry will need additional time to implement these changes in addition to more time prior to submitting the monthly data.

Over the past several years, multiple regulatory and non-regulatory state and federal government agencies have made numerous proposals to expand reporting requirements on crude oil and natural gas producers, which has led to countless hours assessing such proposals and continuous efforts to develop ways to expand our data collection processes. For this reason, we ask EIA to be mindful in balancing the burden of additional reporting and the added value this information would bring, especially in light of the DOE's ongoing effort to evaluate regulations and to reduce burdens on the regulated community.<sup>1</sup> Given DOE's recent request for comment on this effort, we believe it is counterproductive at this time to continue with a request for additional data collection, yielding data of questionable accuracy and value, when this data collection could run counter to the directives set forth in the Executive Order. For this reason, we are also providing information on the additional resources required to compile this data in addition to the relative value we believe it would provide.

We do not believe the current survey questions in this proposal to separate crude oil and lease condensate stabilizer activities will provide data that can be relied upon by EIA or other entities. As currently written, the instructions in "Section 5: Monthly Input and Output to Stand-Alone Stabilizer" do not align with industry operations or terminology, which will lead to various interpretations by respondents if published and result in inconsistent and unreliable information. For example, the definition of a stand-alone stabilizer, as provided by EIA, does not accurately describe what operators are using in the field. The treatment and processing of crude oil, natural gas and other product streams can occur at many points along the supply chain for various reasons. However, those processes often are not referred to as stabilization, nor are the various processing units commonly referred to as stabilizers. Operators use different types of equipment to distill or process crude oil and natural gas into the products they need for different markets, storage or transportation requirements. An operator may use a distillation unit that may have both oil and gas streams that enter the facility. The natural gas goes through an additional stage of separation, and any condensate recovered is mixed with crude condensate from the lease and then introduced into the unit. The measurement of the condensate entering the facility occurs prior to the mixing of condensate recovered from the gas stream. The inlet volume at the stabilizer/distillation unit itself is different from the measured volume into the facility. However, EIA does not provide a distinction in its proposal given the varying types of operations that occur or consider where measurement may occur.

There appears to be a large disconnect between what EIA is seeking from producers in this new data collection expansion and the way the industry currently operates. EIA's supplementary document to the Trade Associations to clarify the requested reporting instructions of post-stabilized volumes stated that EIA wants operators of stand-alone stabilizers to provide the data. Based on the "Required Respondents" section of the Form EIA-914 Transmittal Instructions, however, the well operators are the only ones that are required to

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<sup>1</sup> Initially set forth in Executive Order 13771, issued on January 30, 2017, Federal agencies were tasked with identifying existing regulations, paperwork requirements, and other regulatory obligations that can be modified or repealed to achieve meaningful burden reduction while continuing to achieve an agency's statutory obligations. DOE published its request for information in the Federal Register on May 30, 2017, asking for comments and information to be submitted by July 14.

submit the Form EIA-914 data. For this reason, if the well operator and the operator of the stand-alone stabilizer are not affiliated, there will not be a reporting-entity. It also does not state what is written in the supplementary document that any (implied) operator including unaffiliated Midstream operators must submit this data. Once the oil or natural gas is produced, it is often sold at the wellhead, meaning any changes to the product, including treatment and processing, would not be known by the well operator. These operations are now considered to be in the Midstream segment of the supply chain and cannot be captured in this form. Therefore, we recommend that EIA remove Section 5 from this extension of the Form EIA-914 survey.

Sections 2 through 4 of EIA's proposal will now require more detailed responses and explanation through multiple default-option comments on state-by-state monthly production volumes of natural gas, crude oil and condensate, including by API gravity. Providing more detail will require survey respondents to do extensive research each month since the requested information is not readily available and is susceptible to varying interpretations resulting in potentially inconsistent responses. Respondents have experienced a trend of increased post-report inquiries from EIA staff. Many of these inquiries pertain to only minor changes in monthly data (<10% increase or decrease month-to-month). These increasingly frequent inquiries create additional reporting burden to industry respondents. Industry respondents are concerned that the proposed modification of the comment drop-down menu will further the trend of reporting burden.<sup>2</sup> It is unclear what benefit is gained by attempting to explain minimal differences in monthly data, and we would request that EIA explain its threshold level for minor monthly data changes. Industry requests that commentary on month-to-month data variations be limited to changes greater than 10 percent. EIA should also acknowledge that commentary is voluntary, not a requirement, and serves to provide context for significant fluctuations as available and appropriate. Respondents should not be requested to provide economic information (e.g., "increase because of improved well economics"). Respondents to Form EIA-914 are providing quantity data, not monetary value data. For these reasons, we believe the EIA should revise its proposal to eliminate the addition of the comment box drop down menus. However, if this requirement is not eliminated, respondents need at least 60 days after the end of the month rather than the current 40 days now provided in order to ensure accuracy of the submitted data to minimize the need for resubmissions.

Yet another reason to extend EIA's reporting deadline 60 days after the end of the report month is the additional preparation time needed to separately report the five new states/geographical areas from the "other" category added to the current list of separately reported 17 states' crude oil, lease condensate, and natural gas monthly production volumes. The expanded reporting requirements to new and existing producers will require additional accounting and computer system changes to ensure that producers are able to submit reliable and accurate data. In addition to systems modifications, companies will have to provide training to ensure that personnel and contractors fully understand the new reporting requirements and reporting deadlines. For this reason, we estimate that we will need at least six additional months from the date that EIA obtains Office of Management and Budget (OMB) approval.

We do not agree with the statement made in the April 4 Notice that "Stabilizers lower the Reed [sic] Vapor Pressure (RVP) of the crude oil and make it safe to transport and store."<sup>3</sup> We are

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<sup>2</sup> Even without this additional reporting, some producers indicate they already spend more time compiling and responding to questions on the Form EIA-914 report than any other state and federal reports that they submit.

<sup>3</sup> The correct term is Reid Vapor Pressure.

simply unaware of any scientific studies that support a conclusion that vapor pressure plays a role in the safety of class 3 flammable materials in transport.

Finally, the EIA proposes to permanently revise the confidentiality pledge to Form EIA-914 respondents as required by provisions of the Federal Cybersecurity Enhancement Act of 2015 (Pub. L. 114-11, Division N, Title II, Subtitle B, Sec. 223). We appreciate that EIA recognizes the importance of maintaining a high level of confidentiality on the reported production information. Maintaining a safe harbor is essential to mitigating regulatory compliance risk for participating in the monthly production survey. Such confidentiality is necessary for participating operators in the monthly production survey due to the sensitive nature of production-related information in a competitive crude oil and natural gas market. For this reason, we strongly support the collection of data under the Confidential Information Protection and Statistical Efficiency Act of 2002 (CIPSEA) and required by the Federal Cybersecurity Enhancement Act of 2015.

Thank you for the opportunity to comment on the proposed changes to the Form EIA-914 survey. The Industry Coalition strongly urges EIA to remove "Section 5: Monthly Input and Output to Stand-Alone Stabilizer" from the survey extension at this time due to its lack of clarity and misalignment with industry operations and terminology, which will result in generating confusion and unreliable data. Furthermore, we urge EIA to reconsider its proposal to revise Sections 2 through 4 of the survey requesting additional reporting of detailed comments on the state-by-state monthly production volumes of natural gas, crude oil and lease condensate, including by API gravity, as these will require extensive additional research and time by survey respondents to complete prior to the data submission. If the revisions to Sections 2 through 4 and the separation of five states and geographical areas from the "other" category are retained in the survey, we strongly urge EIA to increase the reporting deadline to 60 days after the end of the report month and provide a six-month lead time on implementation of the data collection to allow companies sufficient time to modify their existing accounting and reporting systems in order to provide timely and accurate data collection. Finally, we would like EIA to recognize that, while the proposed changes will impose a burden on larger publicly-traded companies, the increased burden for smaller privately-held companies could be significant given that they typically do not have large accounting and regulatory staff. For this reason, this effort should be closely examined in the context of the broader DOE review effort to reduce regulatory burden. We look forward to working with EIA in its efforts to improving its data collection processes.

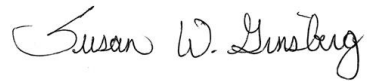
Respectfully submitted,



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