



U.S. Department of the Interior
Bureau of Land Management

BLM / PMT Updates - 43 CFR 3170s Rewrite

September, 2019





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Agenda:

- Scope of Revisions
- Regulatory History
- Need for Regulatory Action - Revising 2016 Rule
- Proposed Revisions
- Specific Requests for Public Comment
- Other PMT Updates



Scope of Revisions:

The site security requirements in the proposed rule would ensure the proper and secure handling of production from Federal and Indian onshore oil and gas leases. The proper handling of this production is essential to accurate measurement, proper reporting, and overall production accountability.

The oil and gas measurement requirements of the proposed rule would ensure accurate measurement and reporting of onshore oil and gas production.

Taken together, the requirements of the proposed rule would ensure that the American public, Indian tribes, and allottees receive royalties owed to them on oil and gas production.



Scope of Revisions (continued):

- 43 CFR 3170 – Onshore O&G Production, General
 - General requirements and common definitions
- 43 CFR 3173 – Site Security and Production Handling
 - Site security, commingling, Facility Measurement Points (FMPs), off-lease measurement, etc.
- 43 CFR 3174 – Measurement of Oil
- 43 CFR 3175 – Measurement of Gas



Regulatory History:

- Onshore Orders 3, 4 & 5 – Effective February 1989 – January, 2017
 - Onshore Order 3 – Site Security
 - Onshore Order 4 – Oil Measurement
 - Onshore Order 5 – Gas Measurement
- Published “2016” Measurement Rules - Published November, 2016; Effective January 2017
 - Established 43 CFR 3170, 3173, 3174 and 3175
 - Improvements over Onshore Orders:
 - Defined objective performance goals
 - Addressed new technology
 - Incorporated latest industry standards
 - Defined what meters are subject to 3170s (FMPs)
 - Addressed gaps (heating value, commingling)
 - Reduced requirements for low volume meters
 - Phase in period for existing meters



Need for Regulatory Action - Revising 2016 Rule:

- **Executive Order (E.O.) 13783 – “Promoting Energy Independence and Economic Growth”**
 - Order directs Federal agencies, including the BLM, to “review all existing regulations, orders, guidance documents, policies, and any other similar agency actions . . . that potentially burden the development or use of domestically produced energy resources, with particular attention to oil, natural gas, coal, and nuclear energy resources.” E.O. 13783, Section 2(a).
- **DOI Secretarial Order (S.O.) 3349 – “American Energy Independence”**
 - Order directs DOI bureaus to “identify all existing [DOI] actions...that potentially burden...the development or utilization of domestically produced energy resources, with particular attention to oil, natural gas, coal, and nuclear resources.” S.O. 3349, Section 5(c)(v).



Need for Regulatory Action - Revising 2016 Rule (continued):

- Clarify requirements to address implementation challenges identified after the 2016 rule took effect
- Reduce burdens to industry (operations and administrative)
- Need to update/modify references to industry standards: American Petroleum Institute (API), American Gas Association, Gas Processors Association
- Standardize section numbering across all subparts



Proposed Revisions:

In developing the proposed rule, the BLM is seeking to reduce the regulatory burdens associated with the 2016 Final Rules while maintaining appropriate safeguards to ensure production accountability.

While the proposed revisions would streamline, reduce, or eliminate some of the burdens associated with the 2016 Final Rules, the BLM believes that the 2019 revisions strike an appropriate balance and would not compromise the government's ability to ensure accurate and reliable royalty collection.

The draft proposed rule is currently undergoing review by OMB/OIRA pursuant to EO 12866 and is subject to change. The potential revisions described in the following slides do not necessarily reflect the proposed revisions that will be published for public comment.



Proposed Revisions (continued):

43 CFR 3173 – Site Security & Production Handling

- Reduce equipment seal requirements;
- Reduce recordkeeping requirements associated with water draining operations;
- Reduce requirements for site facility diagrams on co-located facilities;
- Remove a requirement to submit a new site facility diagram when a change of operator occurs;
- Increase volume thresholds for submitting FMP applications;
- Add a new condition under which commingling of production may be approved; and
- Remove immediate assessment for seals associated with Lease Automatic Custody Transfer (LACT) unit components.



Proposed Revisions (continued):

43 CFR 3174 – Oil Measurement

- Update all incorporated API standards to the latest published edition;
- Create a third low-volume FMP category with no measurement uncertainty requirements;
- Add Production Measurement Team (PMT) review and BLM approval requirements for electronic thermometers, LACT sampling systems, temperature and pressure transducers, and temperature averaging devices;
- Specifically address portable Coriolis Measurement Systems (CMS) defined as Truck Mounted Coriolis (TMC);
- Delay the requirement for using BLM-approved equipment on defined high- and low-volume FMPs until such time as the equipment is replaced or the FMP elevates to a very-high-volume FMP;
- Remove the immediate assessment for failure to notify the BLM of a LACT component failure; and
- Allow for temporary measurement meeting 3174 requirements.



Proposed Revisions (continued):

43 CFR 3175 – Gas Measurement

- Update all incorporated API and GPA standards to the latest published edition;
- Add PMT review and BLM approval requirements for Gas Chromatograph (GC) software and water vapor detection methods;
- Reduce basic meter-tube inspection frequency and remove detailed meter-tube inspection requirement for low-volume FMPs;
- Add initial meter-tube inspections for high- and very-high volume FMPs;
- Modify the threshold for requiring a C9+ analysis during sampling;
- Eliminate the requirement of installing composite samplers or on-line GCs for very-high volume FMPs with highly variable BTU values;
- Add language to make portions of the rule apply to gas meters associated with gas storage agreements; and
- Allow for temporary measurement meeting 3175 requirements.



Specific Requests for Public Comment:

- Establishing a Federal-interest threshold for applying its site-security and oil- and gas-measurement regulations to units and CAs
- Proposed additional commingling category involving varying federal interest percentages
- Paste products used in manual tank gauging
- Proving technologies or procedures not presented in the proposed rule, but meet intended requirements
- Multiple meter factors over a range of normal operating conditions
- Best practices for the selection, installation, and operation of on-line gas chromatographs
- How to approve Coriolis transmitter separately from Coriolis meter



Other PMT Updates:

The BLM and PMT is opening the application period for Natural Gas Flow Conditioning Devices:

- The first equipment reviews will begin on a date specified in the forthcoming Press Release for flow conditioners
- The PMT will accept applications from gas operators as well as equipment manufacturers
- The testing requirements will be posted on the BLM website under the Production Measurement Team tab of the operations and production section
- The PMT will only be accepting applications for flow conditioning devices at this time
- A list will be provided on the website for the devices for which the agency has received applications
- Other details on the testing requirements can be found in 43 CFR 3175.46
- Questions can be sent to PMT@BLM.GOV



Other PMT Updates (continued):

The BLM and PMT is planning public outreach during the comment period of the proposed regulations:

- The PMT has received a number of request for formal public outreach on the proposed regulatory updates
- The public outreaches are targeted for the middle of the comment period (around 30 days into the period)
- The outreach is expected at 4 locations to be announced
- Formal announcements will contain the exact timing and locations for each outreach session.