



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

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In Reply Refer To:
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Dear Operator:

On November 17, 2016, the Federal Register published final rules relating to requirements for site security and production handling (43 CFR 3173), measurement of oil (43 CFR 3174), and measurement of gas (43 CFR 3175), all with an effective date of January 17, 2017. The 43 CFR 3173 requirements require operators to submit electronic applications to the BLM for approval of Facility Measurement Points (FMPs) and site facility diagrams within specific timeframes.

For permanent measurement facilities installed before January 17, 2017, these timeframes, which range from one to three years from the effective date of the rule, are based on the average production rate of oil and gas on that lease, Communitization Agreement (CA), or Participating Area (PA) unit over the previous 12 months (see 43 CFR 3173.12(e)). For permanent measurement facilities installed after January 17, 2017, the operator must submit an electronic application for an FMP number before any production can leave the permanent measurement facility (see 43 CFR 3173.12(d)).

Due to unanticipated delays and complexities with developing the updated version of the Automated Fluid Minerals Support System (AFMSS), the BLM will not be able to accept electronic applications for FMPs by January 17, 2017. In addition, this affects the filing of new and amended site facility diagrams in instances requiring FMP numbers. The BLM is working to complete the new system and anticipates that this functionality will be available to operators by May 2017.

As a result, the BLM is taking the following interim steps to help operators:

1. For permanent measurement facilities in place before January 17, 2017, the BLM will extend the timeframes in 43 CFR 3173.12(e) by the number of days between January 17, 2017, and the date the BLM fully implements the electronic FMP functionality. The date that the electronic FMP functionality is available to operators is called the “*new effective date*.” For example, if the *new effective date* is May 17, 2017 (a delay of 120 days), the BLM will extend the time frames listed in 43 CFR 3173.12(e) by 120 days.
2. For permanent measurement facilities installed between January 17, 2017, and the *new effective date*, the operator has 60 days from the *new effective date* to apply for an FMP. During this period, the operator may use the measurement facility for Oil and Gas Operation Reports (OGOR) just as they would for an existing FMP during the phase-in period. For example, if an

operator installs a new permanent measurement facility on February 1, 2017, and the *new effective date* is May 17, 2017, the operator would have until July 16, 2017, to apply for an FMP.

During the period of February 1, 2017, and until the BLM assigns an FMP number, the operator would use the lease, unit PA or CA number for OGOR reporting. Operators must submit the site facility diagrams 30 days after assignment of the FMP.

3. For permanent measurement facilities covered under 3173.11(d)(2), *i.e.*, those that are in service on or before January 17, 2017, and are modified or experience a change in operator after January 17, 2017, the operator has 60 days from the *new effective date* to apply for an FMP. For example, if an operator modifies an existing permanent measurement facility on February 1, 2017, and the *new effective date* is May 17, 2017, the operator would have until July 16, 2017, to apply for an FMP. Operators must submit the site facility diagrams 30 days after assignment of the FMP.

4. For permanent measurement facilities installed after the *new effective date*, the operator must apply for an FMP before any production leaves the permanent measurement facility.

5. The BLM will provide operators with a 30-day notice of the *new effective date* and post to the web.

6. In addition, this delay affects the implementation of the requirements in 43 CFR 3174 for permanent oil measurement facilities in place before January 17, 2017. Under 3174.2(f), “measuring procedures and equipment used to measure oil for royalty purposes, that is in use on January 17, 2017, must comply with the requirements of this subpart on or before the date the operator is required to apply for an FMP number under 3173.12(e) of this part.” Therefore, the BLM will apply the extension referenced in paragraph 1 above to the implementation timeframes for oil measurement procedures and equipment in 43 CFR 3174.2(f). The delay does not affect the implementation of the measurement requirements in 43 CFR 3174 for permanent oil measurement facilities installed on or after January 17, 2017.

7. The delay does not affect the implementation of the measurement requirements in 43 CFR 3175. Unlike 43 CFR 3174, where implementation timeframes are based on the FMP application deadline, the implementation timeframes in 3175 are based on the flow category of the meter (very low, low, high, or very high).

Please contact Noell Sturdevant at 505-954-2145 or nsturdev@blm.gov if you have any questions or need to make corrections.

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