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BLM Proposes Updates to Onshore Oil and Gas Orders

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Insight — 5/3/2013

The Bureau of Land Management (BLM) is proposing to update Onshore Oil and Gas Orders 3, 4, and 5 concerning oil and gas production and measurement. BLM's changes are in response to recommendations from the Interior Department and the GAO. BLM is accepting feedback on these proposed updates through May 17, 2013.¹

I. Current Orders

Orders 3, 4 and 5 apply to all Federal and Indian (except the Osage Tribe) oil and gas leases and were last updated in 1989.² Order 3 establishes requirements and standards for site security by providing a system for production accountability and covers the use of seals, bypasses around meters, self inspection, transporters' documentation, reporting unauthorized removal or mishandling of oil and condensate, facility diagrams, recordkeeping, and site-security plans. Order 3 identifies certain specific acts of noncompliance, establishes abatement periods for corrective action, and provides for variances.

Orders 4 and 5 currently provide requirements and standards for the measurement of oil and gas. Order 4 (oil) provides standard operating practices for lease oil storage and handling facilities as set forth in 43 C.F.R. § 3162.7-2, i.e., measurement by tank gauging, positive displacement metering, or other methods acceptable to the authorized officer. Order 5 (gas) establishes requirements and standards for the measurement of gas as set forth in 43 C.F.R. § 3162.7-3, i.e., measurement by orifice meter or other methods acceptable to the authorized officer. Both Orders establish abatement periods for corrective action.

II. Proposed Updates

BLM proposes to update Order 3 by increasing minimum standards for measuring oil and gas produced from Federal and Indian (except the Osage Tribe) onshore leases. Potential changes to Order 3 could address: (1) establishing a new nationwide process for designating official points for royalty measurement, known as facility measurement points; (2) new standards for commingling approvals; (3) use of seals; (4) meter bypasses; (5) reporting incidents of unauthorized removal or mishandling of production; (6) site facility diagrams; and (7) off-lease measurement.³

Potential updates to Orders 4 and 5 include adding new requirements for measurement equipment and procedures. For Order 4, BLM is

considering: (1) enhanced requirements for oil sales by tank gauging; (2) vapor tight tanks; (3) Lease Automatic Custody Transfer components and requirements; and (4) allowing the use of Coriolis measurement systems, which measure and output flow, temperature, density and viscosity. For Order 5, BLM is considering: (1) enhanced requirements for electronic gas meters; (2) enhanced inspection requirements for gas meters; (3) additional standards for gas sampling and thermal content determinations; (4) revised testing and review standards for the Department's Gas and Oil Measurement Team (an interagency panel of measurement experts); and (5) overall performance goals for gas measurement meters based on the volume of gas measured.⁴

Other potential revisions to all three Orders include: (1) revising statutory recordkeeping requirements and expanding the number and types of violations that would be subject to immediate assessments, and (2) making transporters and pipeline operators subject to the recordkeeping requirements and assessments related to those requirements.⁵

For a more detailed explanation of proposed changes, please refer to BLM's Side-by-Side Comparison of Significant Draft Proposed Changes, which is available at <http://www.blm.gov/live/pdfs/sidebyside.pdf>.

III. Public Input

BLM has begun gathering stakeholder feedback on the proposed updates and will continue to do so until May 17, 2013. On April 24 and 25, BLM held a two-day public forum at the Department of the Interior headquarters. The forum attracted representatives from Indian lands, environmental groups, the Federal government, and the oil and gas industry. Video of the public forum, as well as the PowerPoint presentations, can be viewed at <http://www.blm.gov/live/> until May 17.

Input from the recent public forum, and any feedback submitted before May 17, will be taken into consideration as the proposed Orders are updated. BLM officials plan to publish the text of the proposed Orders in the Federal Register later this year, which will initiate a formal public comment period.

You may submit your comments or questions regarding BLM's proposed updates until May 17 by emailing newmedia@blm.gov.

¹See

http://www.blm.gov/mt/st/en/info/newsroom/2013/april/blm_holds_public_forums.html.

²Current versions of the Orders are available at

http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas/operations/onshore_orders.html.

³"Summary of Potential Proposed Changes to Onshore Oil and Gas Orders 3, 4 and 5," available at <http://www.blm.gov/live/pdfs/summary.pdf>.

⁴Id.

⁵Id.

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