

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
COLORADO STATE OFFICE
2850 YOUNGFIELD STREET
LAKEWOOD, COLORADO 80215-7093

July 25, 2003

In Reply Refer to:
3100 (CO-922) P

EMS Transmission 07/25/2003
Instruction Memorandum No. CO-2003-034
Expires: 09/30/2004

To: Field Managers, Colorado

From: Deputy State Director, Energy, Lands and Minerals

Subject: Fiscal Year 2003 Self-Assessment Program Review – Inspection and
Enforcement Production Accountability DD: 07/28/03

Attached please find Washington Office (WO) Instruction Memorandum (IM) No. 2003-198, same subject, dated June 24, 2003. The IM transmits policy and requests information pursuant to performing a self assessment of the Production Accountability (PA) aspect of your oil and gas Inspection and Enforcement Program. The objectives of this self assessment are to determine:

- a. If production accountability inspections are being conducted consistently and in accordance with laws, Bureau of Land Management (BLM) policy and inspection and enforcement strategy;
- b. If actions performed are documented and recorded in BLM records, including appropriate automated systems;
- c. If current procedures and methods for conducting production accountability activities are effective and working well;
- d. If managers and staff have sufficient knowledge and skills required to administer the production accountability program;
- e. If the safety procedures and equipment in use ensure protection of personnel and resources;
- f. If it is felt that additional guidance is needed and,
- g. If it is determined that Trust responsibilities for production accountability are being met in your office.

The goal of this self-assessment is to gather enough information to evaluate production accountability activities involving Federal and Indian cases, then to work together with Field Offices and State Office to implement correction of any identified deficiencies.

Attached to the WO IM is a questionnaire. Please provide the questionnaire to those individuals that participate in performing and overseeing PA inspections in your office as outlined in the attached WO IM. Instructions for completing the questionnaire are provided in the attached WO IM. Please forward your office's final response to Pat Gallagher, CO-922, by July 28, 2003.

If you have any questions please contact Pat Gallagher (303) 239-3756.

Signed by
Lynn E. Rust
Deputy State Director,
Energy, Lands and Minerals

Authenticated by
Don Snow
EMS Operator

2 Attachments

1 - WOIM2003-198, FY 2003 Self-Assessment Program Review—Inspection and Enforcement Production Accountability

2 - Fiscal Year 2003 Self-Assessment Questionnaire Inspection & Enforcement (I&E) Production Accountability (10 pp)

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
WASHINGTON, D.C. 20240

June 24, 2003

In Reply Refer To:
3100/1240 (310) P

EMS TRANSMISSION 06/27/2003
Instruction Memorandum No. 2003-198
Expires 09/30/2004

To: All State Directors

From: Assistant Director, Minerals, Realty and Resource Protection

Subject: FY 2003 Self-Assessment Program Review—Inspection and Enforcement
Production Accountability **DD: 08/01/2003**

Program Area: Oil and Gas—3100 Production Accountability

Purpose: In accordance with the Federal Managers' Financial Integrity Act of 1982 (FMFIA) and OMB Circular A-123, the Bureau of Land Management (BLM) conducts annual assessments of its programs and functions to ensure:

- Programs achieve their intended results;
- Resources are used consistent with agency mission;
- Resources are protected from waste, fraud, and mismanagement;
- Laws and regulations are followed; and,
- Reliable and timely information is maintained, reported, and used for decision-making; and,
- BLM's Indian Trust responsibilities are met.

In cooperation with the Program Evaluation Staff, Washington Office (WO-830), we have developed a new tool for the evaluation and assessment of the oil and gas programs. This tool is designed as a "self-assessment" and may not require a site-visit by a Washington Office (WO) Team. The objectives of this self-assessment are to determine:

- h. If production accountability inspections are being conducted consistently and in accordance with laws, BLM policy and inspection and enforcement strategy;
- i. If actions performed are documented and recorded in Bureau records, including appropriate automated systems;
- j. If current procedures and methods for conducting production accountability activities are effective and working well;
- k. If managers and staff have sufficient knowledge and skills required to administer the production accountability program;
- l. If the safety procedures and equipment in use ensure protection of personnel and resources;

- m. If it is felt that additional guidance is needed and,
- n. If it is determined that Trust responsibilities for production accountability are being met in your office.

The goal of this self-assessment is to gather enough information to evaluate production accountability activities involving Federal and Indian cases, then to work together with Field (FO) and State Offices (SO) to implement correction of any identified deficiencies.

Background: The Department of the Interior (DOI) has directed that 50% of all program reviews be completed without site visits. We also have a desire to make our reviews more efficient while maintaining a high level of accountability. The self-assessment is intended to foster a spirit of cooperation and self-improvement. Management and staff will be free to identify areas where additional time and attention can help them perform better. We also encourage you to seek advice or help from Headquarters or other BLM offices. We are interested in improving the program for less cost and with more collaboration and cooperation than has traditionally been demonstrated.

Policy/Action: The attached self-assessment questionnaire should be distributed to all offices within your State that have oil and gas inspection responsibilities that regularly perform functions associated with production accountability activities. These functions include field inspections consisting of tank gauging, meter proving, site security reviews, well tests and office reviews of production data and reporting. Individuals including oil and gas compliance inspectors, production accountability technicians as well as first line supervisors and managers involved in performing these functions in both FOs and SOs should participate in answering the questions.

The protocol for using this instrument is as follows:

1. Questions included in the questionnaire address production accountability activities conducted in the office and in oil and gas fields. Respondents are not required to answer those questions that do not apply to their duties and may indicate that the question is not applicable (NA) by marking N/A on the question in the space provided.
2. Answer Yes or No, fill in the blank, chose multiple choice or provide narrative response to the questions in the questionnaire (Attachment 1). If the answer is No to a question, please explain why and provide recommendations for development of corrective measures including name of responsible official and timeframe required for resolution. For other than Yes or No questions, please follow the instructions provided with each question.
3. It is necessary that each office document participation in the evaluation by their staffs. A signature line has been provided for each participant to sign and date their response on the questionnaire form. Submittal of each participant's response to WO is not required; rather, each office is to summarize the results and provide the required response, incorporating corrective measures, name of responsible official and timeframe identified for resolution.
4. Once agreement has been reached within the office, the Field Manager (or Deputy State Director if the evaluation is performed at the State Office) is to certify the official response that includes consensus answers to the questions with corrective actions incorporated. This final response will then be forwarded through the State Director to be sent to the Assistant Director, Minerals, Realty and Resource Protection, (Attn: Group

Manager, Fluid Minerals, WO-310). Signatures on the questionnaire will constitute acknowledgement that the program evaluation responses have been reviewed for accuracy and completeness.

5. Program leads at the SO and Headquarters will work together to evaluate the questionnaire and any identified deficiencies. Headquarters will monitor the action plan and as appropriate, conduct a visit to your office, for quality assurance or assistance. WO-310 will coordinate with WO-830 to ensure that the assessment is properly documented and included in the Bureau's annual assurance statement to DOI.

Timeframe: Self-Assessment Questionnaires for the Oil and Gas Production Accountability Program are to be completed and results submitted to WO-300 by August 1, 2003.

Budget: Self-assessments are expected to greatly reduce the cost of program reviews. There will be less travel and associated costs, more time in the office for all involved, and the host offices will spend less time than they did in the traditional management control review.

Manual/Handbook Sections Affected: None

Coordination: This guidance was coordinated with the Program Evaluation Staff (WO-830), Fluid Minerals Staff (WO-310) and Field Staff in the Oil and Gas Program.

Contact: If there are any questions, please contact Lonny Bagley, Program Lead at (406) 698-8447, E-mail lonny_bagley@blm.gov

Signed by:
Bob Anderson
Acting Assistant Director
Minerals, Realty and Resource Protection

Authenticated by:
Barbara J. Brown
Policy & Records Group, WO-560

1 Attachment

1— Fiscal Year 2003 Self-Assessment Inspection and Enforcement (I&E) Production Accountability

The primary purpose of this self-assessment questionnaire is 1) to determine the level of compliance with the law, policy and I&E strategy, 2) to determine where more guidance may be required and 3) to provide for a corrective action plan to be developed and implemented that addresses any deficiencies at the field office level.

Directions: This self-assessment covers the portion of the I&E program concerned with tank gauging, meter proving, site security reviews, and well tests as well as office record reviews of production data and reporting. The questionnaire should be distributed to all offices within your State that regularly perform functions associated with oil and gas inspection and enforcement. All individuals involved in performing these functions in both Field (FO) and State Offices (SO) should participate in answering the questions. The questionnaire may be completed individually or as a group. However, it is necessary that each office document participation in the evaluation by their staffs. A signature line has been provided for each participant to sign and date their responses when done individually and when completed as a group, a list of the individuals in the group should be attached to the questionnaire form. Submittal of each participant's or the group's response to the Washington Office (WO) is not required. Rather, each field office is to summarize results and provide the required responses, incorporating corrective measures, name of responsible official and time frame identified for resolution.

Responses to the questionnaire should provide Yes or No answers for compliance questions and fill in the blank, multiple choice and narrative responses for the other types of questions. Any questions answered No, should be discussed within your office to develop corrective measures including actions required, identification of responsible official and specification of the timeframe required for resolution.

Once agreement has been reached within the office, the Field Manager (or Deputy State Director if the evaluation is performed at the SO) is to certify the official response; that includes consensus answers to the questions with corrective measures incorporated, by signing at the end of the questionnaire. This final response will then be forwarded through the State Director to be sent to the Assistant Director, Minerals, Realty and Resource Protection, (Attn: Group Manager, Fluid Minerals, WO-310). Signatures on the questionnaire will constitute acknowledgement that the program evaluation responses have been reviewed for accuracy and completeness.

Reference Materials: Federal Oil and Gas Royalty Management Act (FOGRMA), and I&E Strategy, WO, SO and FO Instruction Memoranda (IMs) and Notice to Lessees (NTLs).

NOTE: Any question not applicable to your position or duties may be marked (N/A). You are not expected to answer questions that do not apply to you.

Guidelines and Direction

Q.1. Considering the guidelines (Regulations, IMs, and NTL's) that you use in the performance of your production accountability activities, please identify any that you believe should be updated and explain why they require modification.

() N/A

A.1.a Identify guideline: _____
Explain: _____

A.1.b If no guidelines are identified, no additional response is required

A.1.c If guidelines are identified, please circle the priority you would assign the recommended revision:

High Medium Low

Q.2. Do you think that the guidance, involving the conduct of production accountability activities, from the WO or your SO is timely, appropriate and clear?

() N/A

A.2.a If YES _____ no additional response required

A.2.b If NO _____ circle the applicable office in the question (i.e. WO or SO) and please explain (Action to be taken, timeframe to accomplish actions, official responsible for action)

Program Oversight and Quality Control

Q.3. Are production accountability inspections being conducted, reviewed and discussed routinely in your office and is feedback being provided as to the effectiveness of the program?

() N/A

A.3.a If YES _____ no additional response required

A.3.b If NO _____ please explain (Action to be taken, timeframe to accomplish actions, official responsible for action)

Q.4. Are you aware of any quality control measures utilized in your office to assure compliance with National Policy and Guidance?

() N/A

A.4.a If YES _____ please indicate what measures and how they are used

A.4.b If NO_____ please explain (Action to be taken, timeframe to accomplish actions, official responsible for action)

Q.5. Do you use the standard reports provided in AFMSS to monitor your progress during the year in meeting the goals and targets established in the FY 2003 I&E Strategy?

() N/A

A.5.a If YES_____ which reports do you utilize

A.5.b If NO_____ please explain (Action to be taken, timeframe to accomplish actions, official responsible for action)

Q.6. Are units of accomplishment Program Element (NB) and costs for Production Accountability activities entered timely into the MIS system?

() N/A

A.6.a If YES_____ no additional response required

A.6.b If NO_____ please explain (Action to be taken, timeframe to accomplish actions, official responsible for action)

Consistency and Intended Results

Q.7. Do you believe your office is adequately staffed for your current workload?

() N/A

A.7.a If YES_____ no additional response required

A.7.b If NO_____ please explain (Action to be taken, timeframe to accomplish actions, official responsible for action)

Q.8. Are you involved in the development and implementation of the annual I&E Strategy in your office?

() N/A

A.8.a If YES _____ identify how you are involved

A.8.b If NO _____ please explain (Action to be taken, timeframe to accomplish actions, official responsible for action)

Q.9. How do you select cases for production accountability inspections?

() N/A

- A.9.a ___ From the FY strategy
 ___ Review of production volumes
 ___ Prior compliance history involving measurement
 ___ All of the above
 ___ Others, please list

Q.10. In your opinion, are your efforts to provide production accountability...

() N/A

Circle one:

- A.10.a Fully successful
 Successful
 Somewhat successful
 Unsuccessful

A.10.b If unsuccessful or somewhat successful, please explain

Q.11. Given your experience, is the data in AFMSS (approvals and variances) current, correct and useable without further verification in the conduct of production accountability work?

() N/A

A.11.a If YES _____ no additional response required

A.11.b If NO _____ please explain (Action to be taken, timeframe to accomplish actions, official responsible for action)

Q.12. Is the Oil and Gas Operations Report (OGOR) information provided in AFMSS current and available for your use in performing production accountability work?

() N/A

A.12.a If YES _____ no additional response required

A.12.b If NO _____ indicate the effect of not having current data has on your ability to accomplish your work. Circle appropriate response:

Major Moderate Minor

A.12.c If other than Minor, please explain what you have to do in order to overcome the lack of current data

Q.13. Does AFMSS provide a reasonable way to document your observations and findings relating to production accountability work?

() N/A

A.13.a If YES_____ no additional response required

A.13.b If NO_____ please explain (Action to be taken, timeframe to accomplish actions, official responsible for action)

Q.14. Do you monitor all LACT meter proving reports to determine if they are within tolerance and when found out of tolerance, whether past volumes are appropriately adjusted?

() N/A

A.14.a If YES_____ no additional response required

A.14.b If NO_____ please explain (Action to be taken, timeframe to accomplish actions, official responsible for action)

Q. 15. Do you evaluate all gas meter calibration reports that are obtained from the operator to determine if they are within tolerance and when found out of tolerance, whether past volumes are appropriately adjusted?

() N/A

A.15.a If YES_____ no additional response required

A.15.b If NO_____ please explain (Action to be taken, timeframe to accomplish actions, official responsible for action)

Q.16. Do you believe the requirement for operators to file a 5-day production start-up notice is beneficial to providing production verification?

() N/A

A.16.a If YES_____ identify the number of cases you have reviewed because of non-compliance of operators to provide the start-up notice
Number of cases: 2000_____; 2001_____; 2002_____
Is the receipt of these notices monitored in your office?
Yes_____ No_____

A.16.b If NO_____ please explain (Action to be taken, timeframe to accomplish actions, official responsible for action)

Q.17. In your opinion, do you believe your current efforts to verify the correctness of measurement by electronic flow recorders are working well?

() N/A

A.17.a If YES_____ no additional response required

A.17.b If NO_____ please explain (Action to be taken, timeframe to accomplish actions, official responsible for action)

Q.18. Are you aware of the procedures you should use to refer production discrepancies that you find and believe should be investigated, to BLM law enforcement?

() N/A

A.18.a If YES_____ no additional response required

A.18.b If NO_____ please explain (Action to be taken, timeframe to accomplish actions, official responsible for action)

Use of Resources

Q.19. What priority is given to performing oil and gas production accountability functions in your office compared to other activities? Circle One:

() N/A

High Medium Low

Do you believe that the above priority is appropriate?

A.19.a If YES_____ no additional response required

A.19.b If NO_____ please explain (Action to be taken, timeframe to accomplish actions, official responsible for action)

Q.20. How would you characterize the level of support you receive in performing production accountability activities? Circle one in each category:

() N/A

| | | | |
|----------------|------|----------|------|
| 1. Clerical | Good | Adequate | Poor |
| 2. Supervisory | Good | Adequate | Poor |
| 3. Operations | Good | Adequate | Poor |

Are all responses at least good or adequate?

A.20.a If YES_____ no additional response required

A.20.b If NO _____ please explain (Action to be taken, timeframe to accomplish actions, official responsible for action)

Q.21. Do you believe the equipment that you have been provided is adequate and meets your needs for performing production accountability work?

() N/A

A.21.a If YES _____ no additional response required

A.21.b If NO _____ please identify any equipment you believe would enhance your ability to perform your duties.

A.21.c If NO _____ please explain (Action to be taken, timeframe to accomplish actions, official responsible for action)

Documents and Records

Q.22. On average, how many days after you complete an action (inspection type/activity, enforcement action, or approval), that requires up-dating AFMSS, do you actually enter the data?

() N/A

A.22.a _____ one day
 _____ two days
 _____ three days
 _____ four days
 _____ other, enter the number of days

Do you believe, from a user point of view, this time frame is acceptable and provides reasonable assess to the data?

A.22.b If YES _____ no additional response required

A.22.c If NO _____ please explain (Action to be taken, timeframe to accomplish actions, official responsible for action)

Q.23. Are you satisfied with the level, quality and timeliness of your communications with MMS?

() N/A

A.23.a If YES _____ no additional response required

A.23.b If NO _____ please explain (Action to be taken, timeframe to accomplish actions, official responsible for action)

Knowledge and Skills

Q.24. Have you received adequate training and attended appropriate workshops to enhance your ability to perform the production accountability functions?

() N/A

A.24.a If YES _____ no additional response required

A.24b If NO _____ please explain (Action to be taken, timeframe to accomplish actions, official responsible for action)

Q.25. If you are a supervisor or manager, have you ever attended the Oil and Gas for Managers Course?

() N/A

A.25.a If YES _____ what year? Date _____

A.25.b If NO _____ do you believe that attendance at this course should be mandatory for supervisors and managers of the oil and gas inspection and enforcement program?
If YES _____ no additional response required
If NO _____ please explain

Q.26. Have you attended any National oil and gas meetings or workshops?

() N/A

A.26.a If YES _____ provide dates _____

A.26.b If NO _____ do you believe that your attendance at National Events would enhance your skills and abilities to perform production accountability functions?

If YES _____ no additional response required

If NO _____ please explain (Action to be taken, timeframe to accomplish actions, official responsible for action)

Indian Trust Requirements

Q.27. When you conduct production accountability work on Indian lands, is the process you utilize the same as for Federal lands?

() N/A

A.27.a If YES _____ no additional response required

A.27.b If NO _____ please explain what you do differently

Q.28. What emphasis is given to performing oil and gas production accountability functions on Indian lands in your office compared to Federal land activities? Circle One:

() N/A

More Same Less

Do you believe that the above priority is appropriate?

A.28.a If YES _____ no additional response required

A.28.b If NO _____ please explain (Action to be taken, timeframe to accomplish actions, official responsible for action)

Q.29. Are you satisfied with the level, quality and timeliness of your communications with the Bureau of Indian Affairs, Tribes and Individual Allottees?

() N/A

A.29.a If YES _____ no additional response required

A.29.b If NO _____ please explain (Action to be taken, timeframe to accomplish actions, official responsible for action)

General

Q.30. If you could change one thing in your office that would improve or enhance our ability to do a better job concerning production accountability, what would it be? Narrative

Employee’s signature or a group list is only required on the original responses, to be maintained at the originating office for documentation purposes.

Employee’s Signature _____ Title _____ Date _____

_____ or attach a list of names in group response
(Print Name)

Manager’s signature is only required on the official response provided to WO-300 upon completion of the evaluation.

I certify that, to the best of my knowledge, the summarized answers to this questionnaire are correct. A corrective action plan including corrective measures, responsible official and corrective action date, is incorporated within the questionnaire.

Field Manager or Deputy State Director

Signature _____ Title _____ Date _____

(Print Name)

State Director

Signature _____ Date _____