

## **Summary of Potential Proposed Changes to Onshore Oil and Gas Orders 3, 4 and 5**

The Bureau of Land Management (BLM) is preparing to update and improve Onshore Oil and Gas Orders 3, 4 and 5 (Orders) to keep pace with changing industry practices and emerging and new technologies, and to respond to recommendations from the Government Accountability Office, the U.S. Department of the Interior (Department) Office of the Inspector General, and the Department's Subcommittee on Royalty Management. In 1989, the BLM last updated the Orders, which regulate site security for production accountability and the measurement of oil and gas.

Possible revisions to Order 3 would strengthen minimum standards for ensuring that oil and gas produced from Federal and Indian (except the Osage Tribe) onshore leases are properly and securely handled, so as to prevent theft and loss and to enable accurate measurement and production accountability. 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 by-passes; (5) reporting incidents of unauthorized removal or mishandling of production; (6) site facility diagrams; and (7) off-lease measurement.

Potential revisions to Orders 4 and 5 include incorporating by reference current or revised industry standards, and adding new requirements for the equipment and procedures that ensure accurate and verifiable oil and gas measurement and royalty payments. For Order 4, the 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, the BLM is considering: (1) enhanced requirements for electronic gas meters; (2) enhanced inspection requirements for gas meters; (3) improved standards for gas sampling and thermal content determinations; (4) improved 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.

Other potential revisions to all three Orders include: (1) more clearly implementing statutory record-keeping 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 record-keeping requirements and assessments related to those requirements.