



# BLM NEWS RELEASE

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**Bureau of Land Management**  
**For immediate release**

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## **BLM Seeks Comment on Draft Update to Measurement Standards for Gas Produced on Public Lands** *Revised Standards Ensure Accurate Measurement of Gas and Proper Royalties*

WASHINGTON – The Bureau of Land Management (BLM) released a proposed rule today to update and replace its regulations governing the measurement of natural gas produced from onshore Federal and Indian leases. The requirements contained in the proposed rule reflect advances in measurement technology and critical updates in industry standards and practices. It also responds directly to concerns from the Government Accountability Office (GAO), the Department of the Interior’s Office of Inspector General, and Secretary’s Subcommittee on Royalty Management, that the BLM’s existing rules do not provide adequate assurance that gas production on public and Indian lands is being accounted for in a way that ensures that all royalties are accurately tracked and paid. These concerns have contributed to the Department’s inclusion on the GAO’s High Risk List.

The proposed rule has been sent to the Federal Register and public comment is being sought for 60 days following publication in the Federal Register.

“The proposed rule represents the last piece of the BLM’s effort to modernize its oil and gas measurement rules,” said Assistant Secretary for Land and Minerals Management Janice M. Schneider. “Just like the proposed updates to BLM’s oil measurement rules, this proposal addresses longstanding concerns about the adequacy of existing rules and will be critically important to ensuring proper measurement so that American taxpayers, Indian tribes and allottees, and States and local governments receive the full royalties they are due.”

The proposed rule would replace Onshore Oil and Gas Order No. 5 (Order 5), which sets minimum standards for the measurement of gas. Order 5 has not been updated since 1989, and does not reflect modern industry practices or standards.

“This proposed rule keeps pace with changing industry technology, practices, and standards in order to ensure that natural gas resources from public and Indian lands are measured accurately and fairly,” said BLM Director Neil Kornze. “These updated standards are long overdue and will ultimately benefit industry, tribes, and the American public.”

Specifically, the proposed rule would:

- Incorporate proven industry standards developed by gas measurement experts from industry and the BLM.

- Increase BLM’s ability to account for the gas produced by ensuring that higher volume facilities, where erroneous measurement can have large financial implications, have more frequent equipment inspections and heating value determinations (or Btu content) and higher measurement accuracy in order to ensure produced gas is being properly accounted for and facilities are operating properly.
- Require operators of the highest volume facilities to use updated measurement tools including electronic gas measurement systems, while making allowance for lower volume facilities to continue using existing technology.
- Update regulations governing assessments and civil penalties to ensure those measures are aligned with the true cost of developing and overseeing a modern oil and gas well.

Publication of the proposed rule is the next step in a process that the BLM began in 2011 with tribal consultation meetings and continued in 2013 with public listening sessions. The tribal consultation meetings were held in Oklahoma City, OK, Farmington, NM, and Billings, MT. The listening sessions were held in Washington D.C., and attracted representatives from Indian tribes, the Federal government, and the oil and gas industry in person and via the Internet.

The BLM's oil and gas management program is one of the most important mineral leasing programs in the Federal government. The total value of annual production is over \$33 billion, which generates more than \$3 billion in royalty revenue each year from oil and gas leasing activities on federal lands (most of which is shared with state and local governments) and more than \$1 billion in royalty revenue from activities on tribal lands (all of which goes to tribes or individual allottees).

The proposed rule that would replace Onshore Order 5 may be viewed online at [www.blm.gov](http://www.blm.gov).

The BLM encourages the public to participate in the rulemaking process by submitting comments on the proposed rule 60 days following publication in the Federal Register through one of the following methods:

- **Federal eRulemaking Portal:** <http://www.regulations.gov>. Follow the instructions at this Web site.
- **Mail:** U.S. Department of the Interior, Director (630), Bureau of Land Management, Mail Stop 2134 LM, 1849 C Street NW, Washington, DC 20240 Attention: Regulatory Affairs.
- **Personal/messenger delivery:** Bureau of Land Management, 20 M. Street SE, Room 2134 LM, Attention: Regulatory Affairs, Washington, DC 20003.

The BLM manages more than 245 million acres of public land, the most of any Federal agency. This land, known as the National System of Public Lands, is primarily located in 12 Western states, including Alaska. The BLM also administers 700 million acres of sub-surface mineral estate throughout the nation. The BLM's mission is to manage and conserve the public lands for the use and enjoyment of present and future generations under our mandate of multiple-use and sustained yield. In Fiscal Year 2014, the BLM generated \$5.2 billion in receipts from public lands.