



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

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EMS TRANSMISSION: 04/11/2011
Instruction Memorandum No. OC-2011-037
Expires: September 30, 2012

To: All Washington Office and Field Officials

From: Director, National Operations Center

Subject: National Operations Center (NOC) Production Accountability Review (PAR)
Communication Protocols

Program Area: Oil and Gas or Fluid Mineral Management.

Purpose: The NOC has a centralized team to conduct Oil and Gas PARs as directed by the Washington Office (WO) and the Royalty Policy Committee (RPC). This Instruction Memorandum (IM) outlines communication protocols regarding non-compliance actions, billing for non-compliance, state director reviews, and records retention.

Policy/Action: Cases examined in Fiscal Year (FY) 2010 and FY 2011 resulted in the identification of various non-compliance issues of oil and gas operators being reviewed. Based on discussions with Deputy State Directors for Minerals and State Inspection and Enforcement (I&E) Coordinators, the following communication protocols have been agreed to:

Identification of Operator Non-Compliance

Both the state office and local field office will receive courtesy copies of all correspondence sent to the operator, including notices of noncompliance. In the event that an operator appears to be non-responsive and potentially non-compliant, both the State I&E Coordinator and the local field office oil and gas staff will be contacted. The NOC will work with the local field office to seek ways to get the operator to respond or

bring the operator into compliance. This discussion will serve notice to state and local staff of potential non-compliance actions that may follow.

Identification of Billings of Assessments and Penalties

In the event non-compliance continues, both the state office and local field office will receive courtesy copies of all correspondence sent to the operator, including notices of non-compliance. If non-compliance continues to be ongoing and a billing for assessments and/or penalties is in order, both the State I&E Coordinator and the local field office oil and gas staff will be contacted. Billings for assessments and or/penalties will be issued by the National Operations Center, Division of Business Services.

State Director Review (SDR) Of Non-Compliance, Billings of Assessments and Penalties

In the event of a request for a SDR by a non-compliant operator, the request will be directed to the state in which the case resides. File documentation will be sent to the state office upon notification of a SDR for all cases.

Communication back to the NOC from States and Field Offices

If either the state or field office elect to conduct enforcement and inspection activities on an active nominated case, such activities should be communicated back to the NOC. Issues have arisen in the past of duplicative records requests or over laps of enforcement actions at the field level. It is critical that the communication flows both ways between the NOC and state and field offices.

Records Retention

Unless otherwise requested by the state or local field offices, all records generated by the NOC's PAR will be retained by the NOC under a record retention schedule to be defined. No arrangements have been made at this time to archive records off site.

Timeframe: This IM is effective upon receipt.

Budget Impact: Little to no impact is anticipated at the field office level.

Background: During a 2007 review of the Department of the Interior (DOI) oil and gas production and royalty management, the RPC made various recommendations to strengthen the role and effectiveness of the DOI's oversight on oil and gas production and royalty management. As a result of those recommendations, the WO directed the NOC to establish a localized team to conduct oil and gas production accountability reviews for the Bureau of Land Management field offices with oil and gas production. Details are contained in WO IM 2008-124, dated May 13, 2008.

Manual/Handbook Sections Affected: The 3160 Series Handbooks will be reviewed by the WO and updated accordingly as needed.

Coordination: This IM has been coordinated with WO-310, as well as state inspection and enforcement leads.

Contact: If you have any questions regarding this IM, please contact Paul Brown, Section Chief, Fluid Minerals, at 303-236-8586.

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