

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
WASHINGTON, D.C. 20240
<http://www.blm.gov>

August 9, 2007

In Reply Refer To:
3100 (310) P

EMS TRANSMISSION 08/21/2007
Instruction Memorandum No. 2007-168
Expires: 09/30/2008

To: All Field Officials

From: Assistant Director, Minerals, Realty and Resource Protection

Subject: Request for Modified or Missing Oil and Gas Operations Report (OGOR) from the Minerals Management Service (MMS)

Program Area: Fluid Minerals

Purpose: This Instruction Memorandum (IM) sets forth information required by the MMS for modified report requests; states the Bureau of Land Management (BLM) policy for volume amounts for such modified reports; and identifies the MMS addresses for various types of requests. It also outlines the process and procedures to follow when contacting the MMS regarding modified or missing wells or OGOR(s).

Policy/Action: During the BLM production inspections or production accountability reviews, production reporting discrepancies may be discovered. When the BLM determines there is a reporting discrepancy, the BLM will inform the operator, in writing, of the discrepancy and request a modified OGOR be sent to the MMS. This is not a Written Order and will not be tracked in the Automated Fluid Minerals Support System (AFMSS). Attachment 1 is a sample letter to the operator. The BLM Field Offices (FO) will allow the operator 30 calendar days to submit the OGOR to MMS, after which the FOs will contact the MMS to determine if the required OGOR had been submitted. The FOs may contact the MMS by telephone, email, or the MMS Brio Portal to see if the report is on file.

If the operator has not submitted the modified OGOR, the BLM will send a memorandum, with a copy of the letter to the operator and the MMS requesting that it send an Order to Report to the operator for the modified OGOR for the volumes listed in the memorandum. Attachment 2 contains a sample memorandum to the MMS showing the required information. When the MMS receives the request from the BLM for modified OGOR(s), the MMS will determine if the modified report had been received. If it determines the modified OGOR(s) had not been received, the MMS will send an Order to Report to the operator and a copy to the FO.

It is the policy of the BLM to send all production discrepancies to the MMS regardless of the amount or mineral interest percentage to the Federal government. However, it is the MMS's policy not to request modified OGOR(s) for the following, when:

1. The BLM has not notified the operator of the volume discrepancy.
2. The discrepancy is below the MMS minimum tolerance levels. The net volume must be greater than 20 bbls (barrels) for oil or 250 Mcf (thousand cubic feet) for gas per

lease/agreement per month unless there is a repeated pattern of under-reporting or if it is Indian minerals.

3. All volumes are over-reported. However, if the request includes some months with over-reported volumes and some with under-reported volumes and the net amount meets the tolerances in item 2, the MMS will process the request.
4. The discrepancy is for Btu Content or API Gravity differences only with no associated volume differences or impact to royalty.
5. The volume differences are based solely on comparing OGOR volumes to commercial well service volumes, such as Dwight's Energy Data, Inc.
6. Except for Indian minerals, the request exceeds the 6-year record retention requirement.

In those cases where the MMS determines modified OGOR(s) will not be requested, for example, it does not meet the above tolerances or the OGOR(s) had been received, it will notify the FO in writing of this determination. The MMS pursues all Indian OGOR differences referred from the BLM regardless of volume differences.

For all requests from the BLM for modified OGOR(s) that contain specific timeframes and volumes within the above-stated tolerances, the MMS will send an Order to Report to the appropriate operator, track the request and notify the originating FO, through e-mail, when the reports are received.

Please note that the format for Attachment 1 requires the FO to request specific corrected volumes for specific dispositions.

When a FO discovers OGORs or wells are missing, it should:

- a. Contact the MMS production analyst/tech responsible for the particular operator to verify that the reports/wells are actually missing or are being held by the MMS for any reason.

A list of contact names can be found at:

<http://www.mrm.mms.gov/ReportingServices/PDFDocs/operasgn.pdf>

- b. Or, if the FO has access to the MMS Brio Portal, it should check that system to see if the report is on file or is being held for further research. Note: If the report is in Brio, the information is transmitted to the FO unless it is a modified report on hold. When rejected modified reports are corrected and updated in the MMS system, the information is transmitted to the BLM.

When the FO determines that the operator has not filed an OGOR for a specific time period, the FO should contact the MMS in writing, identifying the BLM agency assigned lease or agreement number, operator name and specific production month/year time period of missing reports. See Attachment 3 for a sample memorandum from the BLM to the MMS.

To further improve the process, the FOs are required to:

- a. Use only an accepted OGOR for verification purposes. This is indicated in the Automated Fluid Support System (AFMSS) OGOR.7 screen.
- b. When corresponding with the MMS, use the BLM Agency Assigned number for the lease/agreement.
- c. Round volumes to the nearest bbl or Mcf because decimals are not allowed on the OGOR.
- d. Do not request modified OGOR(s) for warning errors which were devised for informational purposes unless a subsequent volume discrepancy is discovered. For example, the warning error "Volume Required for Gas or Water (55)" is caused when a gas well is reported in producing status but no volumes are submitted. This situation occurs when the operator is trying to produce a well, but there is insufficient pressure to bring the gas to the surface. The reporting method is correct. The warning message was devised to alert the BLM to a reporting situation that could easily be abused. A follow-up inspection may verify the need for a modified OGOR, in which case one should be requested.

Requests for missing reports/wells, specific volumetric changes or reclassification in the OGOR operations report (OGOR-A) and production disposition (OGOR-B), resulting from BLM field inspections and other verification efforts should be addressed to:

Minerals Management Service
Financial Management
Reporting Services Manager
P. O. Box 17110
Denver, Colorado 80217-0110

Inquiries concerning volumes associated with royalties reported to the MMS for a specific lease or agreement should be addressed to:

Minerals Management Service
Compliance and Asset Management
Federal Onshore Oil and Gas CAM
P. O. Box 173702
Denver, Colorado 80217-3702

Final determinations concerning compensatory royalty assessments, unauthorized flaring and/or avoidably lost volumes should be addressed to:

Minerals Management Service
Deputy Associate Director for Audit MS 3600
P. O. Box 25165
Denver, Colorado 80225-0165

Timeframe: Implementation will begin immediately upon issuance.

Budget Impact: None.

Background: The IM gives updated policy on the correct procedures to follow to request modified OGOR(s) when production discrepancies are identified during production inspections or missing OGOR(s) from the MMS. This IM supersedes Washington Office (WO) Instruction Memorandum No. 93-237, Change 1. During a recent FO review on production accountability WO IM No. 93-237, Change 1 was discussed. A review of the IM identified that outdated form and systems were being referenced. For this reason, the policy needs to be updated to reflect the present automated system and form being used.

Manual/Handbook Section Affected: The Inspection and Enforcement Handbook will be updated to incorporate the guidelines outlined in this IM.

Coordination: This IM has been coordinated with the MMS.

Contact: Questions can be directed to William Gewecke, Senior Petroleum Engineer for Inspection and Enforcement, at 202-452-0337.

Signed by:
Timothy Spisak
Acting, Assistant Director

Authenticated by:
Robert M. Williams
Division of IRM Governance, WO-
560

Minerals, Realty and Resource Protection

3 Attachments

- 1 – Sample Letter for Notifying Operator of Production Discrepancies (1 p)
- 2 – Sample Memorandum for Requesting Amended OGORs (1 p)
- 3 – Sample Memorandum for Requesting Missing OGORs (1 p)

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Field Office
Street
City, State, ZIP
website address

[Company Address]

Dear []:

An inspection was performed on Federal lease [], on 00/00/0000, by [Inspector Name], where the following production discrepancies were found.

Production Month/Year: _____

	Barrels of Oil		MCF of Natural Gas	
	Reported	Corrected	Reported	Corrected
Produced				
Sold				
Spilled or Lost				
Used on or for Benefit of lease				
Injected				
Gas Transferred				

[Give description of what was found.]

A modified OGOR(s) for the months listed above must be submitted to the MMS.

If you have any questions, please contact _____, at

Sincerely,

Field Manager

Date:

Memorandum

To: Reporting Services Manager
Financial Management,
Minerals Management Service

P. O. Box 17110
Denver, CO 80217-0110

From: Field Manager, (Office)
Bureau of Land Management

Subject: Request for Modified Oil and Gas Operations Report (OGOR)

The _____ Field Office has determined that a modified OGOR(s) is required for the following:

BLM Agency Assigned Number:

Operator Name: _____

Production Month/Year: _____

	Barrels of Oil		MCF of Natural Gas	
	Reported	Corrected	Reported	Corrected
Produced				
Sold				
Spilled or Lost				
Used on or for Benefit of lease				
Injected				
Gas Transferred				

Reason for Request: _____

_____.

A copy of the letter to the operator is attached.

Please have the operator submit a modified OGOR(s) and notify this office when it has been received. If you have questions concerning the request, please contact _____, at _____.

Date:

Memorandum

To: Reporting Services, Manager
Financial Management
Minerals Management Service
Reports and Payments Division (MS3122)
P. O. Box 17110
Denver, CO 80217-0110

From: Field Manager, (Office)
Bureau of Land Management

Subject: Request for Missing Wells or Oil and Gas Operations Report (OGOR)

The _____ Field Office has determined that an OGOR(s) has not been filed for the following:

BLM Agency Assigned Lease/Agreement Number: _____
Operator Name: _____
Production Month/Year: _____
API Well Number: _____

Please have the operator submit the missing OGOR(s) and notify this office when it has been received. If you have questions concerning the request, please contact _____, at _____.