

# Chapter 2

## Reporting Requirements

This chapter addresses production reporting processes, record retention requirements, and the roles of ONRR's financial accounting system and other Government agencies.

### 2.1 The Financial Accounting System's Functions

ONRR's financial accounting system is a comprehensive accounting system that:

- Monitors production and disposition activity on all Federal and Indian mineral leases and agreements,
- Accounts for royalties and related information,
- Compares production information to actual royalties paid on that production, and
- Analyzes results and interprets them for reasonableness.

This handbook deals with the production portion of the financial accounting system. With the information obtained from the financial accounting system production reports, the system tracks lease production through the various inventory and processing facilities to the point of royalty determination. Metered sales volumes and quality are verified for accuracy using the Liquid and Gas Verification Systems.

ONRR's financial accounting system receives WELL and FMP reference data from:

- The Bureau of Safety and Environmental Enforcement's (BSEE) regional and district offices for offshore leases and facilities, and
- The Bureau of Land Management's (BLM) field offices for onshore Federal and Indian leases.

The surface management agency, Bureau of Ocean Energy Management (BOEM), BSEE, BLM, or Bureau of Indian Affairs (BIA), is responsible for:

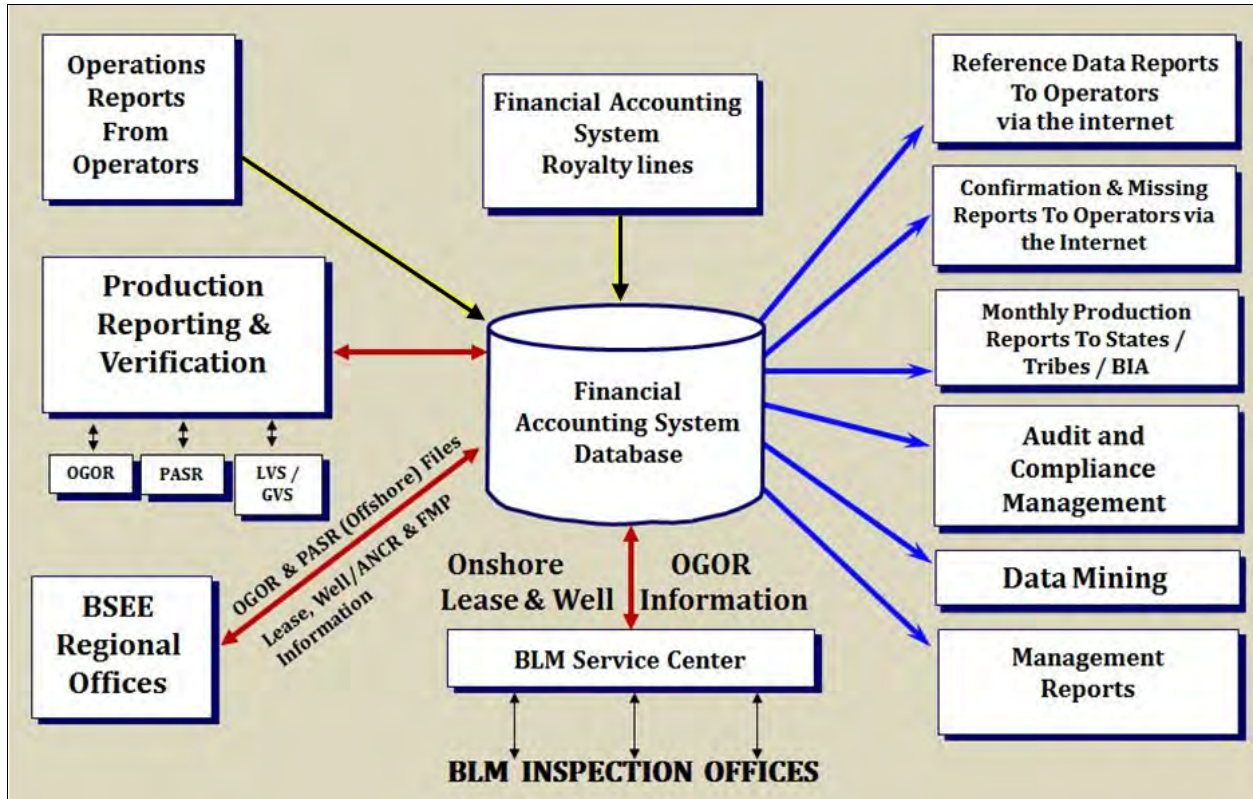
- Applications for Permit to Drill,
- Well completion reports,
- Sundry Notices,
- Leasing,

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- Production verification,
- Inspection and enforcement actions, and
- Designation of operator.

Figure 2-1 shows the production reporting process.

**Figure 2-1** Production Reporting Process



## 2.2 Production Reporting and Verification

ONRR's Production Reporting and Verification (PRV) is responsible for:

- Receiving, processing, and correcting production reports;
- Collecting production and sales data;
- Tracking production from the source of production to the point of royalty determination;

- Providing timely production data to BLM, BSEE, BIA, States, tribes, and the public;
- Verifying metered sales volumes and quality against the run tickets and gas statements; and
- Overseeing Meter Inspection functions.

## 2.3 Who Must Report, When to Begin, and What to File

If you are a designated operator of Federal and/or Indian leases/agreements and/or facilities, you must begin reporting when the well is no longer in active drilling status or if you operate certain meters or facilities. (See **Table 2-1**.)

Submit the appropriate reports electronically to ONRR as summarized in **Table 2-1**. For ONRR financial accounting system purposes, a report entity refers to a combination of data elements/fields that set up the reporting requirement for that entity in the financial accounting system. ONRR requires that each of the data elements/fields that make up the report entity be completed for each report. These entities are established by our two reference information documents, the WELL and the Facility/Measurement Point (FMP). The WELL establishes the report entity for the OGOR, and the FMP establishes the report entity for the Production Allocation Schedule Report (PASR) and lease-to-sales point relationships. (See Chapter 4 for more information on the WELL and FMP documents.) When any **one** of these fields changes, a new report entity exists.

The data elements required on each production report for each report entity are as follows:

Report	Required data element/field
OGOR (any or all parts)	Report Type (Original, Modify or Replace) Production Month ONRR Operator Number ONRR Lease/Agreement Number or Agency Lease/Agreement Number
PASR	Report Type (Original, Modify or Replace) Production Month ONRR Operator Number FMP Number

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Use the following table to find out when you must begin submitting reports and which reports you must submit.

**Table 2-1** Reports to submit and when to report if you are an onshore/offshore reporter

If you are reporting this:	then you must file this report:	Other filing information:
Federal or Indian leases that, during the production month:		Electronically submit the appropriate OGOR part(s) monthly. You must report all wells to ONRR's financial accounting system on OGOR-A from the date drilling is completed (no longer in active drilling status unless the lease/agreement expired or was terminated) until the well is permanently plugged and abandoned. For onshore, report only until abandoned. For offshore, report until the completion is squeezed <u>and</u> the borehole is plugged and abandoned. Report permanently plugged and abandoned wells <b>one time only</b> on OGOR-A; after that, your reporting requirement ceases for that well. If all wells on a lease/agreement are plugged and abandoned and reported one time, your reporting requirement for that lease/agreement ceases <b>unless</b> you have inventory remaining. In this case, you must report all remaining inventory on an OGOR-C until the inventory is disposed. (See <b>Chapter 5</b> for (OGOR instructions.)
<ul style="list-style-type: none"> <li>Contain wells not permanently plugged and abandoned, including leases with workover, production, and/or shut-in wells.</li> </ul>	OGOR-A	
<ul style="list-style-type: none"> <li>Have production disposition.</li> </ul>	OGOR-B	
<ul style="list-style-type: none"> <li>Have storage data (inventory) activities.</li> </ul>	OGOR-C	
Meters or facilities that sell or store production (for example, lease automatic custody transfer [LACT] units, orifice meters, or tank batteries); or	Reporters do not send FMPs; see the next column.	<p><b>Offshore only</b>—Regional BSEE offices submit all FMPs to ONRR. (See <b>Figure 4-2 on page 4-7</b> for an example of the FMP Confirmation Report.) Confirmation Reports may be viewed in the ONRR Data Warehouse. (See <b>Appendix O</b>). The ONRR Data Warehouse is a web portal where industry production and financial reports can be viewed.</p> <p><b>Onshore only</b>—FMP numbers are not currently preassigned, however BLM is projected to assign FMP numbers. Operators are encouraged to populate the FMP fields on the OGOR with internal serial numbers.</p>
An FMP that handles production from Federal leases prior to or at the point of royalty determination; or		
An FMP that another operator currently reports.		

If you are reporting this:	then you must file this report:	Other filing information:
Certain offshore facilities or metering points that handle commingled production from Federal and State production (other sources).	PASR, Form ONRR-4058	<b>Offshore only</b> —If the FMP Confirmation Report identifies an FMP that has a commingling code of <b>3</b> , you must file the PASR monthly. (See <b>Chapter 6</b> for PASR instructions.)

2.3.1

### ***Categories of Financial Accounting System Reports***

ONRR uses the **WELL** and **FMP reference information reports** to monitor your reporting requirements to the financial accounting system. The data you submit to BSEE and BLM offices for approval (for example: Application for Permit to Drill, Deepen, or Plug Back, Well Summary Report, Sundry Report, and Commingling Application) – after approved – are entered into their database system. The WELL and FMP reference data is uploaded to ONRR’s financial accounting system. Refer to **Chapter 4** for examples of the confirmation reports regarding the WELL and FMP information and how to interpret them.

The **OGOR** is the **operations report**. It includes all wells for a lease/agreement and volumes produced and/or injected for each well. The lease or facility operational data, such as production disposition, sales, quality, and inventory volumes, are also included on the OGOR. Because the OGOR contains such a large number of data elements, it is organized into Parts A, B, and C. This format enables you to group functionally-related data and submit only the part(s) relevant to your reporting situation. The OGOR contains sales and disposition volumes to facilitate comparison with other financial accounting system reports (for example, Form ONRR-2014, Report of Sales and Royalty Remittance, run tickets/gas volume statements) and your own internal records. (See **Chapter 5**).

The **PASR** is a **corroborative report**. It provides allocation information used to corroborate the accuracy of reported production and sales volumes commingled from Federal and State leases (Other Sources). The PASR is required if there are sales from an offshore sales meter commingled with production from other sources and is assigned a Commingling Code 3. (See **Chapter 6**).

The OGOR and PASR are designed so you can report Original, Modify, or Replace reports. See **Chapter 5** for Modify and Replace reporting instructions.

## **Relationships among Financial Accounting System Production Reports**

This section briefly describes how the data reported on one financial accounting system production report relates to data on the others.

### **WELL**

A well (an American Petroleum Institute [API] well number and producing interval code combination) reported on the OGOR-A is established by the WELL reference data.

### **FMP**

- The metering point and/or the gas plant number on the OGOR-B, is established as a Facility/Measurement Point (FMP) by the FMP reference data. Except for the gas plant number, a metering point is currently optional for onshore reporting. (See **OGOR-B Detail Information** on page 5-11.) The gas plant number is required for onshore and offshore reporting.
- The inventory storage point number and/or the metering point number on the OGOR-C are established as an FMP by the FMP reference data. These numbers are currently optional for onshore reporting. (See **OGOR-C Detail Information** on page 5-15.)
- The FMP and metering point data reported on the PASR are established by the FMP reference data (offshore only).
- The facility number for gas plants reported on OGOR-B when gas is transferred to a gas plant is established by ONRR for onshore leases/agreements and by BSEE for offshore leases/agreements.

#### **NOTE**

*The ONRR Lease/Agreement Number field on the FMP identifies the relationship for sales facilities/meters to oil and gas leases and agreements by production month. If the FMP is identified as a sales type meter (FMP type 01, 20, 21, 30, 31, or 50), BSEE establishes and submits the lease number/FMP relationship. Offshore operators must receive written approval from the BSEE regional office before reporting the FMP.*

### **OGOR**

The total production volume for each product reported on the OGOR-A must equal the total disposition volume for each product reported on the OGOR-B. If the disposition code on the OGOR-B is **10** (Produced into Inventory Prior to Sales), this volume must equal the total production volume reported on the OGOR-C. Enter all volumes as whole numbers, rounding appropriately.

PASR

The FMP is designated by BSEE and reported on the PASR for commingled production identified by a Commingling Code of “3.” See **Appendix K** for commingling code descriptions.

**Figure 2-2** illustrates how all financial accounting system production reports relate to each other. **Figure 2-3** provides a conceptual overview of reporting.

**Figure 2-2** Relationships among financial accounting system production reports

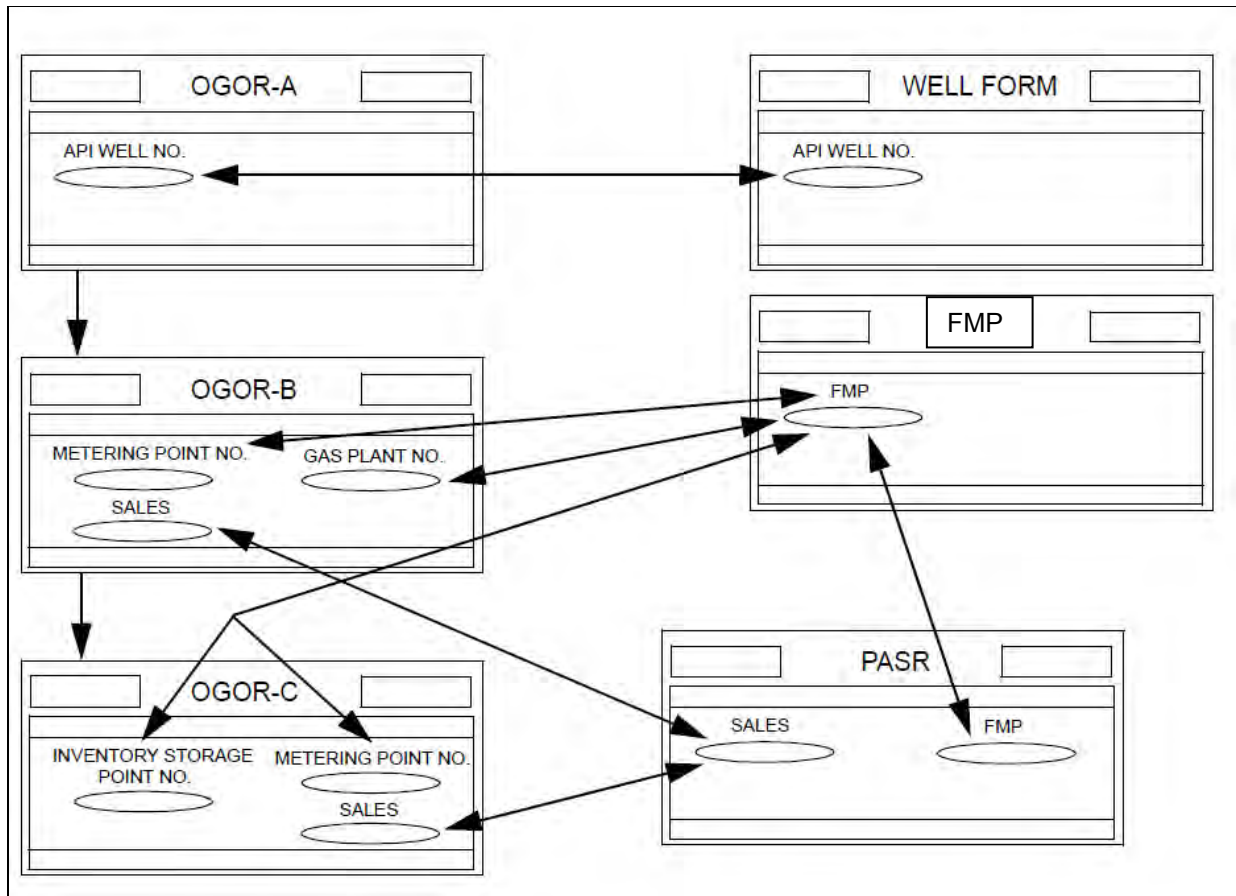
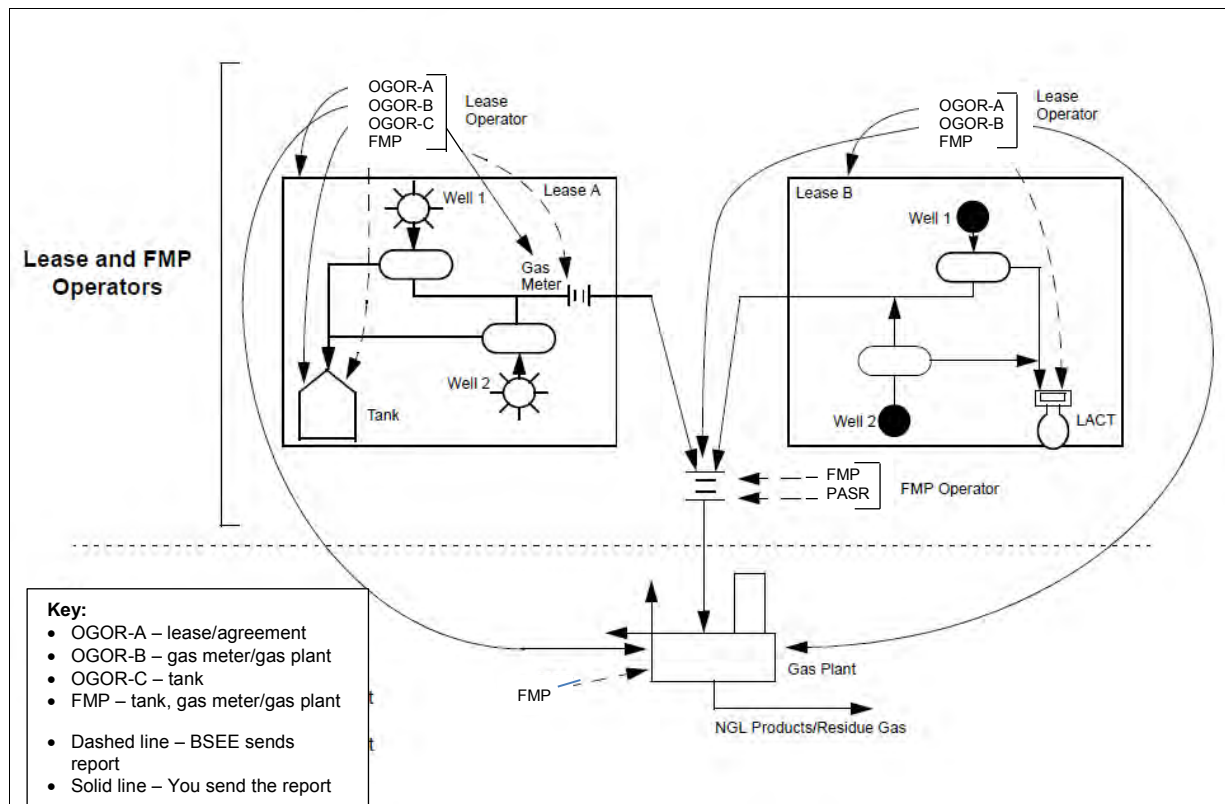




Figure 2-3 - Conceptual overview of reporting



## 2.4 When Reports Are Due

The OGOR and PASR are due monthly. ONRR must receive your **electronic reports** by 6:00 p.m. mountain time on the **15th** day of the second month following the production month being reported. For example, if the production month ends on March 31, ONRR must receive your report no later than May 15. If the 15th falls on a Saturday, Sunday, or Federal holiday, the due date is the next official workday.

Electronic reporting is required, unless you qualify for an exception under 30 CFR, Part 1210.105. You must receive prior approval from ONRR to report via paper reports. If you receive approval from ONRR, the official OGOR form must be utilized to report. See ONRR's web site to obtain the required form, ONRR-4054, to submit and send to the address listed in **Appendix O**. (See **Chapter 3** for electronic reporting requirements).



**NOTE**

*A report is defined as each line of oil or gas production information required by the financial accounting system. You may be subject to penalties for chronic incorrect reports or failure to report production information required by the financial accounting system.*

## 2.5 Error Detection and Correction

Situations may arise that require you to file a replace or modify report. Our Production Reporting Contact personnel are available to assist you. See **Appendix O** to locate your error correction contact.

You are responsible for submitting accurate reports. Before the financial accounting system can accept your data, it must be free of errors.

### 2.5.1 **What to Do When You Discover an Error**

If you discover an error in a report you have already submitted to ONRR, submit a replace or modify report. If you identify that the OGOR that needs to be replaced or modified is on hold with errors, contact your ONRR Production Reporting Contact to remove the rejected report. Follow the instructions provided for the document type being replaced or modified. (See **OGOR Correction Reporting** on page 5-70, or **PASR Correction Reporting** on page 6-17.)

### 2.5.2 **What ONRR Does When We Discover an Error**

ONRR's eCommerce and financial accounting system edit routines may detect errors on OGOR and PASR reports. These edits verify that all records needed to form a complete report are present and in the proper format. If they are not, the financial accounting system cannot accept the records until either the report is corrected with the operator's permission or it is mutually agreed that a **new** report must be submitted to replace the one that was rejected.

If you submit a production report that generated errors preventing it from updating in the ONRR database, usually you will be required to submit new reports. In some instances, such as a new well that hasn't yet been loaded to the ONRR database, we will allow your report to remain on-hold until ONRR can get the new information loaded.

There are times you will need to correct a report at a later date. If you use the "Modify" method, the delete (**D**) line must match the data that was accepted into the financial accounting system database. Otherwise, you may use the "Replace" method that overlays all lines previously reported for that report entity. See **OGOR Correction Reporting Examples** starting in Section 5.3.3. You may review your OGOR Confirmation Reports in the Data Warehouse Portal to confirm the changes discussed. (See **Appendix O**).

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Prior to resubmission of a corrected OGOR, **you must** contact your ONRR production reporting contact so the previously rejected report is removed. Do not submit a new Original OGOR unless your error correction contact requests one.

**NOTE**

*Resubmit a new original report only when ONRR requests it.*

### 2.6 Record Retention Requirements

Section 103 of FOGRMA stipulates record maintenance and retention requirements. You must make available any information ONRR considers necessary to conduct an audit or investigation to determine compliance with the regulations.

You must maintain records tracking production to the point of final disposition. Keep these records for a minimum of 6 years after they are generated. For audit or investigation purposes, you must maintain records until the Secretary of the Interior releases the record holder from the obligation to maintain the records.

If you are a lease operator, you must keep the OGORs and all documentation necessary to support the information reported to the financial accounting system.

If you are an FMP operator, you must keep the PASRs and all documentation necessary to support the information reported to the financial accounting system.