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Director Neil Kornze (630)
Bureau of Land Management
U.S. Department of the Interior
1849 C St., NW, Room 2134 LM
Washington, DC 20240

Attention: 1004-AE37. Onshore Oil and Gas Operations; Federal and Indian Oil and Gas Leases;
Onshore Oil and Gas Order Number 1, Approval of Operations

Dear Director Kornze:

The American Petroleum Institute (API) appreciates the opportunity to comment on the Bureau of Land Management's (BLM's) proposed amendments to existing Onshore Order No.1.

API is a national trade association representing over 650 member companies involved in all aspects of the oil and natural gas industry. API's members include producers, refiners, suppliers, pipeline operators, and marine transporters, as well as service and supply companies that support all segments of the industry. Many of API's member companies have a direct interest in how BLM administers public lands. These companies hold valid existing leases and are interested in future oil and natural gas leasing, exploration, and production activities in areas that will be directly affected by BLM's management decisions. These companies are also dedicated to meeting environmental requirements, while economically developing and supplying affordable energy to consumers.

In general, API and its members support the objective of BLM to modify Onshore Order 1 to require operators to submit Notices of Staking (NOSs) and Applications for Permits to Drill (APDs) through the BLM's electronic permitting (epermitting) system as the primary mode of submission, as opposed to the current system, which allows either hardcopy or electronic submission. We believe that transition to an electronic system, properly carried out, will in time improve the efficiency of BLM's administration of oil and gas leases on America's public lands, reduce paperwork burdens, and assist lessees and operators with up to date information on the status of their leasehold rights, permit applications, and permits. We support the agency's proposed reliance on the Automated Fluid Minerals Support System (AFMSS) as a viable database system to track various types of information relating to oil and gas leases and operations on public lands, including the processing of APDs.

API recommends, however, that BLM allow a reasonable period of transition to the fully automated system anticipated in the revisions to Onshore Order No. 1. The preamble in the Federal Register notice describing the proposed rule acknowledges that as a practical matter, it would likely have a greater impact on those lessees and operators that do not currently use the BLM's e-permitting system. Some API members that operate in North Dakota have reported that despite attempting to utilize the AFMSS 2 system, in some cases they have yet to receive an approval of an APD from BLM through the system, after delays that are beginning to accumulate into months. These experiences (however infrequent) argue for a troubleshooting period of sufficient length for a change of this nature during which issues can be identified and addressed in order that the system or systems can function at the desired efficiency and effectiveness. A suitable transition period will also allow BLM to provide training on AFMSS 2 and the features of the new electronic system for agency staff across its many different field offices as well as to offer training for end users. We believe that it is in the interest of BLM, the oil and gas industry and all those who will ultimately rely on the functionality and integrity of the fully automated systems to provide for a transition period of at least one year from final adoption of a revised Onshore Order No. 1, and urge BLM to incorporate such a transition period into its implementation plan for Onshore Order No. 1.

API also requests that BLM clarify the proposal for on-site inspections scheduled for projects that are covered by Instructional Memorandum (IM) 2009-078 pertaining to APDs for directionally or horizontally drilled well bores that extend into Federal mineral estate from multiple-well pads that are located entirely on non-Federal surface not subject to Federal mineral estate ownership. Current implementation does not typically require an onsite inspection by BLM if the project is reasonable and the surface owner agrees. We recommend that the current practice be continued that recognizes the rights of the private surface owner, under which BLM inspection and enforcement is limited to the Federal portion of the action and does not apply to drilling non-Federal wells or handling and storage of non-Federal production off lease.

Should you have any questions, please contact Richard Ranger at 202.682.8057, or via e-mail at ranger@api.org.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Richard Ranger". The signature is fluid and cursive, with the first name "Richard" and last name "Ranger" clearly distinguishable.

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American Petroleum Institute