

Clarification of New Inspection Codes

Records Analysis

The Washington Office (WO) previously provided the new inspection codes in the Automated Fluid Minerals Support System (AFMSS). The field offices (FO) had varying interpretations of the new codes, and the WO received some requests for the definitions to be changed. Therefore, the WO is providing this clarification.

The objective of the new Records Analysis (RA) inspection type is to capture and account for a complete review of all of the records associated with a case for a specified time. Many offices have often referred to this as a complete “audit” of the case. The office requests the records from the operator, and completes a review of these records. The Government Accountability Office (GAO) and the Office of Inspector General (OIG) for the Department of the Interior have asked in the past and continue to ask, “How many production accountability inspections have you completed?” While all of our production-related inspections have a production accountability component, the GAO and OIG are referring to the complete records audits. Therefore, the AFMSS strategy development team developed the new RA inspection type to capture this work. The definition the WO previously issued adequately captures this type of inspection. The definition remains as:

RA - Records Analysis: An in-office detailed review of all production records associated with a case (including but not limited to Oil and Gas Operations Report (OGOR), run tickets, gas charts, integration statements, calibration/proving reports, volumes calculations, flaring/venting approval, etc.) for a given reporting period. Other records the FO may review include but are not limited to state or other third party records (e.g., purchaser and/or transporter records).

Since the RA inspection type requires a review of all records, FOs can use the Production Records Review (PR) activity code to capture all of the work completed. Some offices, however, prefer to track the activities with more specificity. Therefore, FOs can use numerous activity codes to track the work if preferred, but it is not required. The definition of the PR activity code is as follows:

PR - Production Records Review: An office review of all production records (operator, or third party, such as purchaser or transporter, etc.) associated with a case (including but not limited to OGORs, run tickets, gas charts, integration statements, calibration/proving reports, volumes calculations, flaring/venting approvals, etc.) **for a given reporting period.** If a volume discrepancy is detected during a PR, the specific record should be identified in the remarks section of AFMSS. Coded as TH/PR, RA/PR or OV/PR.

If the FO conducts a production inspection on a case, and conducts a complete records analysis, enter two separate inspections into AFMSS. Enter a PI inspection for the production inspection and enter an RA for the records analysis.

The WO also received requests to allow the use of the OGOR Review (RR) inspection activity with the Records Verification (RV) inspection type. When the WO previously sent out the new

codes, the WO did not include this inspection type. Upon reviewing concerns expressed and the work that offices have accomplished in the past, the RR activity will be a valid code under the RV inspection type. Following is the updated definition for the RV inspection type code:

RV - Records Verification Review: An office only review of production records (e.g., spot checking meter calibration reports, spot checking tank gauging reports, reviewing OGORs, etc.) for a given period(s).

Following is the updated definition for the RR inspection activity code:

RR - OGOR Review: An office review of only OGORs in conjunction with a production inspection (PI), records analysis inspection (RA), or records verification review (RV). Coded as PI/RR, RA/RR, RV/RR, BU/RR, or TH/RR. If the RR is being conducted during an oversight (OV) inspection, the RR may include the review of AFMSS data, OGOR data, well, lease, unit, and/or CA official files. Coded as an OV/RR.

Following are some examples of inspections that FOs may conduct using these codes:

If the case reports (OGOR) both oil and gas production and all appropriate records are reviewed, use the RA Inspection Type code.

If the case reports (OGOR) both oil and gas production and only the records from either oil or gas, and not both are reviewed, use the RV Inspection Type code.

If the case reports (OGOR) only oil or gas and all appropriate records are reviewed, use the RA Inspection Type code.

Reviewing and verifying a run ticket (or several run tickets) on a case; coded as RV/TV.

Reviewing and verifying a proving report from a LACT on a case; coded as RV/MP
Reviewing OGORs on a case to look for “red flags” such as missing OGORs, excessive used on lease volumes, missing wells, etc.; coded as RV/RR.

Review and verify a meter calibration (or several meter calibrations) on a case; coded as RV/MC.

Beneficial Use

BU - Beneficial Use: Use this code when reviewing records only for beneficial use and not associated with any other inspection (PI, RA, RV) that is opened, closed, or planned on being performed during the current fiscal year (FY). This inspection is usually started as a specific request or Instruction Memorandum (IM).

- The Office of Natural Resources Revenue requests verification that the volumes claimed for beneficial use on a specific case/operator combination is reasonable or is approved (if

approval is required) and no other inspections have been opened, closed, or planned for the FY is coded as BU/RR.

- If during or as a result of the BU it is determined an additional inspection is to be performed (during the FY), complete the BU, open the appropriate new inspection (PI, RA, RV), and in the inspections “Remarks” of both explain the reason.
- An IM is issued requiring beneficial use review on a specific operator or on all cases where beneficial use meets specific requirements (100 percent of produced used for beneficial purposes). BU/RR is coded only if no other inspections have been opened, closed, or planned (PI, RA, RV) for the FY.
 - If during or as a result of the BU it is determined an additional inspection is to be performed (during the FY), complete the BU, open the appropriate new inspection (PI, RA, RV), and in the inspections “Remarks” of both explain the reason.

Beneficial use is always reviewed as part of any OGOR Review (RR) or Production Records Review (PR).

Changes to code definitions:

BU - Beneficial Use Inspection: An office review of records to determine if volumes claimed for beneficial use on the OGOR are reasonable, allowable, and in accordance with approval, if applicable.

RR - OGOR Review: An in office review of only OGORs in conjunction with a production inspection (PI) or records analysis inspection (RA). Coded as PI/RR, RA/RR, BU/RR or TH/RR. If the RR is being conducted during an oversight (OV) inspection, the RR may include the review of AFMSS data, OGOR data, well, lease, unit, and/or CA official files. Coded as an OV/RR.

Beneficial Use Inspections	Inspection Type Code	Inspection Activity Code
Records Review	BU	RR