



Misguided regulations threaten offshore boom

Five years ago, a grassroots group of Louisiana energy workers and home-grown oilfield service companies united to challenge the federal government's moratorium on deepwater drilling in the aftermath of the Deepwater Horizon catastrophe. This Gulf Economic Survival Team recognized the moratorium had devastating

consequences on the economies of our local oilfield support communities and the families who live here, especially while these same coastal communities grappled with the oil spill.

Our local workers and small businesses fought for their livelihoods, and their passion and determination resulted in an early

ending to the originally intended six-month moratorium. Getting back to work in the Gulf was not that easy, however.

In the months that followed the end of the moratorium, our offshore energy industry was faced with new drilling rules and requirements that sometimes defied best management practices, greatly increasing operational costs without substantive benefits, and resulting in serious delays for what otherwise would have been standard permit approvals. Industry and regulators worked together to resolve these challenges, and five years later, we are seeing a rebirth of the Gulf and our offshore energy industry as deepwater and ultra-deepwater projects fuel our national energy supply, federal treasury and U.S. economy. This economic engine is at risk, however, with proposed federal regulations that could result in a de facto moratorium as devastating as the first.

LMOGA and our member companies adamantly promote the safe and environmentally protective operations of offshore projects, and recent industry collaboration has resulted in new technology and standards for incident prevention, intervention and response. The Gulf is safer than ever before.

Enter federal regulators, who now are proposing a new well control rule that took four years to develop but for which they allow 90 days for public review and comment. Requirements that would be imposed by the proposed rule fail to take into account the best available and safest technologies and instead impose arbitrary requirements that are not reasonable, practicable, nor economically or technologically feasible. While we support continued improvements to safety and environmental protection measures, the proposed regulations do not adequately consider the impacts on the industry and the local, state and national economies. In fact, these new well control rules will decrease oil and gas development in the Gulf and

reduce U.S. energy production, resulting in increased oil imports from politically unstable countries that are much less focused on safety and environmental protection.

That's why members of the U.S. House Natural Resources Committee traveled to New Orleans in September to hear firsthand from industry leaders and small business owners in south Louisiana during a congressional hearing focused on "The Economic Impacts of Federal Policies on Energy Production and Economic Growth in the Gulf."

As U.S. Rep. Garret Graves (R-La.) so accurately put it, "Any regulation that prevents or discourages energy production would greatly impact local, state and federal government revenues through the loss of economic activity and through revenue sharing associated with the Gulf of Mexico Energy Security Act. Condensed compliance timeframes could shutdown industry operations — over half of the current rig operations by some estimates — reducing our nation's energy security and resulting in thousands of lost jobs."

Lori Davis, president of Houma-based offshore service company RIG-CHEM, told congressional leaders at the hearing, "My plea to you is to allow industry to work collaboratively with government to address the needs of safety and responsibility together. Let the experts in their respective fields guide the decisions that impact our energy future and ultimately energy independence."

LMOGA and other stakeholders have requested an extension on public comment for the proposed rule and the federal agency to step back and consider industry input to revise the rules in a manner that is protective of safety, environment and our delicate economy.

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