LOUISIANA MID-CONTINENT
OIL AND GAS ASSOCIATION

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March 18, 2016

The Honorable Howard A. Shelanski
Administrator
Office of Information and Regulatory Affairs
Office of Management and Budget
Executive Office of the President
Eisenhower Executive Office Building
1650 Pennsylvania Avenue, NW
Washington, DC 20503

Re: **Department of the Interior, Bureau of Safety and Environmental Enforcement Oil and Gas and Sulphur Operations in the Outer Continental Shelf—Blowout Preventer Systems and Well Control ("Well Control Rule")**

Docket ID BSEE-2015-0002; 15XE1700DX EEEE500000 EX1SF0000.DAQ000

Dear Administrator Shelanski:

The Louisiana Mid-Continent Oil & Gas Association (LMOGA) is Louisiana's longest standing trade association, exclusively representing all aspects of the oil and gas industry onshore and offshore, including exploration, production, mid-stream activities, pipeline, refining and marketing. We are writing to you to express our serious concerns regarding the U.S. Department of Interior's (DOI) proposed Well Control Rule and respectfully request that OIRA direct the Agency to address the technical flaws and reassess the economic impacts of the proposed rule.

America's offshore industry has a long history of safe operations that have bolstered our nation's energy security and strengthened America's economy. LMOGA supports offshore operations that are conducted safely and in a manner that protects the environment, and we recognize that industry and the federal government have worked together since 2010 to make offshore operations the safest they have ever been.

While we support continued improvements to safety and environmental protection, we are concerned about the safety and economic impacts of the Department of Interior's Bureau of Safety and Environmental Enforcement's (BSEE) proposed Well Control Rule. The Well Control Rule will likely hinder offshore oil and gas development, putting our local, state and national economies at risk, as well as the safety of our workers and environment. As such, it is critical that DOI revise the proposed rule to address these potential impacts and submit the revised rule for public review and comment.

The oil and gas industry is Louisiana's economic engine and an important economic engine for our American economy as well. Since the beginning, the Gulf of Mexico has produced 90 percent of domestic U.S. crude oil from all OCS territories. Louisiana is a significant supporter of OCS activity in the Gulf, which accounts for more than 16 percent of the Nation's oil production and about five percent of natural gas production, contributing to more than $7.4 billion in federal revenues in

2014. In addition, Louisiana's oil and gas industry has a total annual economic impact of over $70 billion annually to our state alone; the offshore industry alone has a $44 billion impact.

Global crude oil prices are temporarily taking their toll on local communities and our entire state with jobs losses, business closures, and significant reductions in local and state revenues. According to a Wood Mackenzie macroeconomic study released on February 1, the proposed Well Control Rule will exacerbate these impacts on our hard-working residents and economy, and result in long-term reductions in government revenues and energy production.

Based on the assumption of $80 oil, comparable to the price assumptions used by BSEE in developing the rule, the Wood Mackenzie study found that the Well Control Rule would:

- Decrease exploration drilling by up to 55 percent or 10 wells annually;
- Reduce Gulf of Mexico production by as much 35 percent by year 2030;
- Risk 105,000 to 180,000 jobs, including jobs beyond the energy sector, with 80 percent of those job losses right here in Louisiana and in Texas;
    - Job losses in Louisiana alone are estimated to be 32,000 by 2025.
- Reduce industry investment by up to $11 billion annually, which would greatly impact our local drilling contractors and service providers and their employees; and
- Reduce government tax revenues up to $5 billion annually through 2030.
    - Louisiana could be impacted by as much as $1.1 Billion over a 15-year period.

Clearly, if left unchanged, the Well Control Rule will have significant long-term impacts to American jobs, our national economy, revenues generated for the U.S. Treasury, and America's energy security. It is critical that these expected impacts be addressed.

Implementation of the Well Control Rule as it is currently written would also reverse safety improvements made within the industry over the past five years by increasing safety risks with a prescriptive one-size-fits-all approach. Additionally, substantial cost of compliance would force some oil and gas operators to simply shut down in the Gulf, reducing current and future energy production.

Louisiana's oil and gas industry places the highest priority on safety and environmental protection, and at LMOGA we also value the significant economic contributions of this industry that fuels our nation. As such, we strongly urge you to direct the Department of Interior to re-evaluate the economic impacts and technical flaws within the proposed Well Control Rule and re-propose the rule for public comment before it is finalized.

Sincerely,

Chris John
President
Louisiana Mid-Continent Oil & Gas Association