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March 10, 2016

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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:

South Central Industrial Association (SCIA) represents more than 200 member companies with over 100,000 employees, many of whom are engaged in servicing the oil and gas operations in the U.S. Gulf of Mexico and around the world. We serve as the economic engine for the bayou region, which is the hub for the offshore oil, gas and marine industries in Louisiana, while being interactive with the industry throughout the nation.

We are aware of the new Well Control Rule that has been proposed by the Bureau of Safety and Environmental Enforcement (BSEE) and are very concerned about the significant economic impacts it will have on our member businesses, employees, our local communities (with a collective population of well over 250,000), as well as our nation at large. We urge you to require the Department of Interior to address these economic impacts and save our region from the massive layoffs, local business closures, and a debilitating reduction in our local government revenue that the rule would cause, with further risk to worker safety and environmental protection.

As you know, oil-producing communities in the bayou region of South Louisiana are energy workhorses for this nation. Thousands of local residents and many more people who commute to the area, go to work each day at local fabrication facilities, shipyards, ports, and other oilfield support companies to fuel America, not to mention thousands more who go offshore to work in the drilling and production of oil and natural gas. Our communities are already suffering from increased unemployment and economic hardship due to the impacts of low crude oil prices.

President's Council

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Robert Clemons
SEACOR

As cited in a recent Wood Mackenzie macroeconomic study, the proposed Well Control Rule will exacerbate these impacts on our hard-working residents and local economy.

The Wood Mackenzie study found that, based on the assumption of \$80 oil, comparable to the prices assumptions used by BSEE in developing the rule, the draft 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 in Louisiana and Texas;
 - Job losses in Louisiana alone are estimated to be 35,000 by 2030
 - Job losses in Texas alone are estimated to be as much as 125,000 by 2030
- 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 the next 15 years.
 - Texas could be impacted by as much as \$5 billion over the next 15 years.

SCIA recognizes that industry and the federal government have worked together since 2010 to make offshore operations the safest they have ever been, while at the same time preserving the economic engine of the Gulf energy production. Implementation of the Well Control Rule, as it is currently written, would reverse all of these improvements made in the past five years – increasing safety risks with a prescriptive one-size-fits-all approach and pushing oil and gas operators to shut down in the Gulf due to the substantial cost of compliance. *We cannot afford to risk the safety of our working people or risk more local jobs and our economy.*

We urge you to direct the Department of Interior to re-evaluate the economic impacts and technical flaws within the rule. Furthermore, we request that BSEE re-propose the Well Control Rule with a public comment period before it is finalized.

We thank you for helping resolve this critical issue for the people of Louisiana, our productive business environment and our communities.

Sincerely,



SCIA Executive Director