



Bayou Industrial Group ||||

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March 15, 2017

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:

Bayou Industrial Group, representing businesses and industrial facilities in the Bayou Region of southeast Louisiana, is committed to supporting and strengthening business and community in Lafourche, Terrebonne, Assumption, and St. Mary Parishes. Our membership appreciates the jobs and economic contributions of the oil and gas industry in America’s Gulf and also endorses the safe and environmentally protective operations of our energy producers.

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 companies, their employees, our local community, and 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 like Lafourche and Terrebonne Parishes are energy workhorses for this nation. Thousands of local residents go to work each day at local fabrication shops, 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. 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 right here in Louisiana and in Texas;
 - Job losses in Louisiana alone are estimated to be 35,000 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

Bayou Industrial Group 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 that is Gulf energy production. Implementation of the Well Control Rule as it is currently written would reverse 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 local residents or 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.

Thank you for helping resolve this critical issue for the people of Louisiana and our local communities.

Sincerely,



Dwayne Bourgeois,
2016 President