

Congress of the United States
Washington, DC 20515

March 17, 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

Dear Administrator Shelanski,

We are concerned about the unintended consequences stemming from the Bureau of Safety and Environmental Enforcement's (BSEE) proposed new requirements for offshore Blowout Preventer Systems and Well Control. The proposed rule, entitled "Oil and Gas and Sulphur Operations in the Outer Continental Shelf - Blowout Preventer and Well Control" (80 Fed. Reg. 21504, referred to here as "proposed rule"), fails to address safety concerns cited by engineering and other field-level experts, may actually reduce safety offshore and appears to lack a thorough understanding of offshore technology. The proposed rule also grossly underestimates the economic impacts that will result if the rule goes forward without substantial modifications.

Following the Deepwater Horizon tragedy, BSEE and the offshore energy industry undertook significant efforts to implement changes to improve our nation's offshore oil and gas operations. These changes include a number of new regulations, updated industry standards, and new containment technologies and response capabilities. Safety must always be the driving force behind these initiatives, which is why we are troubled that a number of the proposed Well Control Rule's provisions may result in decreased factors of safety and inadvertently increase risk.

We imagine that this is not BSEE's intention and believe that with changes, BSEE can put forward a rule that improves the safety of offshore operations and, at the same time, does not unnecessarily negatively impact offshore operations, which would, in turn result in substantial economic impacts, result in less revenue collected by the federal government, decrease American Energy production, increase our reliance on foreign energy, force more Americans to lose their jobs and increase our trade deficit. We believe that BSEE's estimates to date regarding these impacts are grossly underestimated, which we attribute to the agency fundamentally not understanding the potential full impact of the proposed rule.

In early February, the international research consultants Wood Mackenzie released a study assessing the impacts the proposed rule would have. A few examples of the findings are that the proposed rule would:

- Decrease exploration drilling up to 55%;
- Reduce Gulf of Mexico production by as much as 35% by the year 2030, jeopardizing a critical source of energy for the nation;

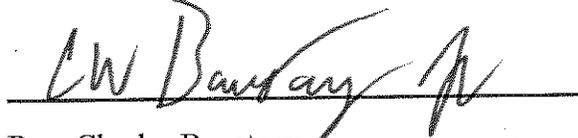
- Result in rig decline by 25-50% by the year 2030;
- Risk 105,000 - 190,000 jobs by 2030;
- Reduce industry investment by up to \$11 billion annually; and
- Reduce GDP by a cumulative total of \$260-390 billion by 2030.

Offshore energy is not only a key component of America's domestic energy portfolio, producing approximately 20% of our nation's oil and natural gas, but it is also a key source of funding for federal coffers, contributing about \$80 billion to the U.S. treasury from 2005-2014; in fact, revenues derived from offshore oil and gas activities remain one of the largest sources of revenue to the federal government. Jeopardizing this source of revenue through the uncertainty created by the proposed well control rule would have substantial ramifications for our federal budget.

As you continue your review of this rule, we urge you to consider the points we make above. As Members of Congress, we stand ready and willing to work with BSEE, the Administration, and other stakeholders to achieve our shared goal of enhancing offshore safety while ensuring a predictable and fair regulatory framework for offshore operations. Thank you for your consideration of our comments, and we look forward to hearing back from you on this matter.

Sincerely,

Rep. Garret Graves



Rep. Charles Boustany



Rep. Doug Lamborn



Rep. Jeff Duncan



Rep. Bruce Westerman



Rep. Steve Scalise



Rep. Cedric Richmond



Rep. Ralph Abraham



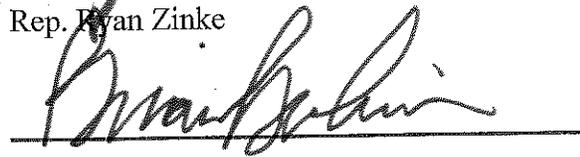
Rep. Blake Farenthold



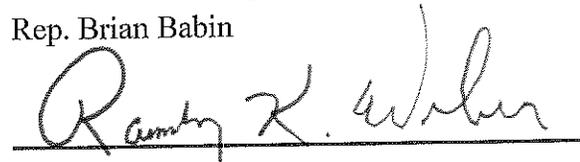
Rep. Steve Pearce



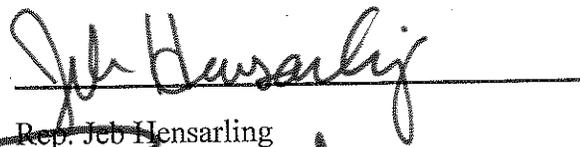
Rep. Ryan Zinke



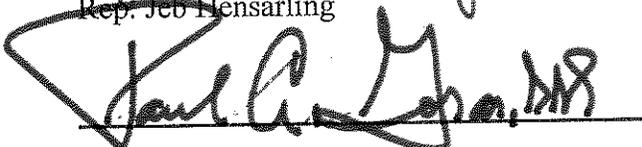
Rep. Brian Babin



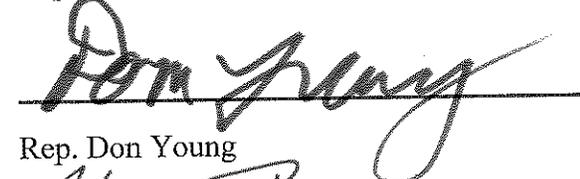
Rep. Randy Weber



Rep. Jeb Hensarling



Rep. Paul Gosar



Rep. Don Young



Rep. Kevin Brady



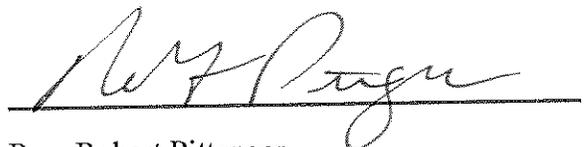
Rep. Rob Bishop



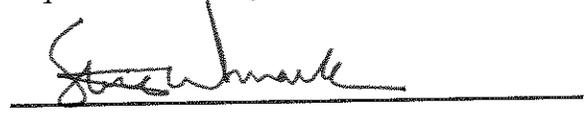
Rep. Bill Flores



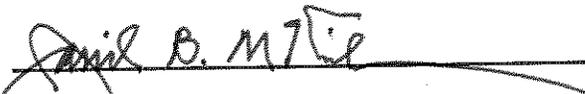
Rep. Rick Allen



Rep. Robert Pittenger



Rep. Steve Womack



Rep. David B. McKinley, P.E.



Rep. Mimi Walters



Rep. John Shimkus



Rep. Brett Guthrie



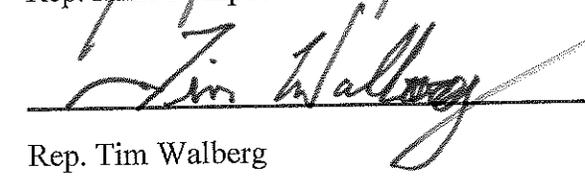
Rep. Bradley Byrne



Rep. Kevin Cramer



Rep. Mike Pompeo



Rep. Tim Walberg



Rep. Lynn Jenkins



Rep. Chris Collins



Rep. Joe Barton



Rep. John Culberson



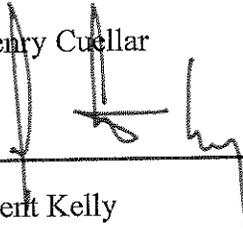
Rep. Cynthia Lummis



Rep. David Rouzer



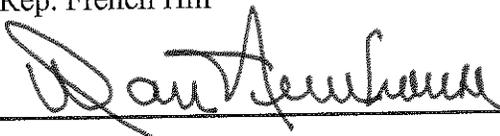
Rep. Henry Cuellar



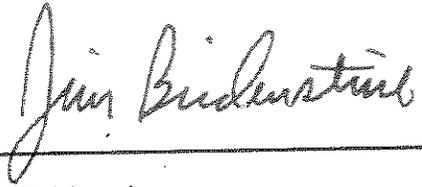
Rep. Trent Kelly



Rep. French Hill



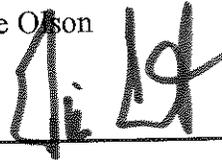
Rep. Dan Newhouse



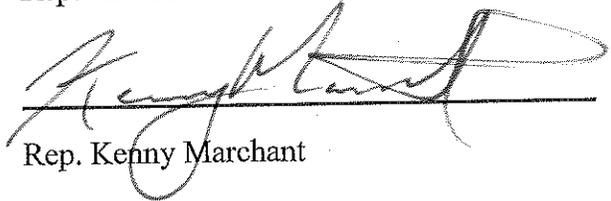
Rep. Jim Bridenstine



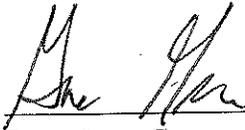
Rep. Pete Olson



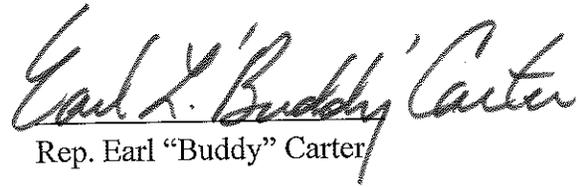
Rep. Jim Costa



Rep. Kenny Marchant



Rep. Gene Green



Rep. Earl "Buddy" Carter