



November 22, 2010

Michael R. Bromwich  
Director  
Bureau of Ocean Energy Management, Regulation and Enforcement  
United States Department of the Interior  
1849 C Street, N.W.  
Washington, D.C. 20240

Dear Director Bromwich,

On November 9, before the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, you expressed the imperative need for additional resources to support the mission of the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE). For an industry that has struggled to remain viable over the past several months due to a marked slowdown in shallow water permitting, your remarks came as a welcome declaration.

As you know, shallow-water drillers typically work in less than 500 feet of water, taking on projects in well-charted fields with known pressure and geology. In the sixty-plus years that we have been working in the Gulf, we have amassed an outstanding record of industry safety and best practices. Over the past 15 years alone, more than 11,000 shallow-water wells have been drilled in the Gulf, with a grand total of 15 barrels of oil spilled during that time from drilling-related incidents.

Our industry strongly supports your call for a robust allocation of resources to BOEMRE for permit processing. However, the continuing difficulties that shallow-water drillers have faced in obtaining drill permits stem from more than just a personnel shortage. Far more deep-seated problems in the agency's regulatory approval process appear to be responsible for the limitations on our industry's ability to develop the mature, accessible reservoirs of natural gas that lie just offshore the U.S. Gulf Coast.

While an array of significant differences exist between deep- and shallow-water drilling operations, BOEMRE has thus far failed to acknowledge those key distinctions in applying its new requirements and standards. Given our industry's proven track record of safety, it makes little sense to assign shallow-water operations the same level of risk as vastly more complex deep-water operations.

Thus, we strongly believe that a graduated risk analysis of permits promises the safest and most efficient continuation of energy production in the Gulf. A tiered evaluation model that would allow BOEMRE more efficiently to scrutinize and approve lower-risk shallow water permits while directing other resources to higher risk wells is a clear, common-sense approach to the permitting process.



On November 2, Houston-based Seahawk Drilling announced that, due to the current lag in permitting for shallow-water operations, it would "consider possible strategic alternatives for enhancing shareholder value," including a sale of assets, a recapitalization, or a merger. Others in the industry fear this is merely a harbinger of things to come.

We greatly appreciate your efforts to instill an effective regulatory regime to U.S. offshore drilling operations. Our companies – and the many thousands of workers whose livelihoods depend on developing our nation's plentiful shallow-water resources – now look to you for leadership in making the new regulatory regime work as efficiently as possible.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jim Noe", is centered below the text. The signature is fluid and cursive, with a large initial "J" and "N".

Jim Noe  
Executive Director  
Shallow Water Energy Security Coalition