

# State of Louisiana



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## OFFICE OF THE LIEUTENANT GOVERNOR

November 18, 2010

Mr. Michael Bromwich  
Director  
Bureau of Ocean Energy Management, Regulation and Enforcement  
U.S. Department of the Interior  
1849 C St., NW  
Washington, DC 20240

Dear Director Bromwich:

The issuance of only fifteen new drilling permits by the Bureau of Ocean Energy Management, Regulation and Enforcement ("BOEM") in the Gulf of Mexico during the previous five months clearly indicates that there are critical issues with the federal permit and plan process that need to be addressed and resolved immediately. While I appreciate our on-going dialogue regarding the risk-based tiering approach, I do not feel that the overall permit and plan review process has made significant progress in alleviating the continued bottlenecks. In fact, the plethora of new federal rules and requirements combined with the lack of communication between BOEM and industry has resulted in a gridlock of permit approvals in the Gulf of Mexico.

I recently met with members of the Shallow Water Energy Security Coalition and the Gulf Economic Survival Team and requested feedback on the issues they believe are currently hindering the permit and plan approval process. As such, I respectfully submit the specific issues outlined below and request a meeting with you in the near future in order to resolve these critical issues and get our men and women back to work in the Gulf of Mexico.

### ***1. Clarification of New Federal Rules & Policies:***

New federal rules, requirements and policy directives are resulting in ambiguities and industry is uncertain of what exactly is required for permit and plan submittals in order to comply. This is resulting in the time consuming recycling of permits and plans between BOEM and industry. More specifically, issues relative to the new rules, requirements and policies include:

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- Interim Drilling Safety Rules (Published in Federal Register on October 14, 2010)
  - Questions and requests for clarification are being submitted by industry to BOEM staff; however, there needs to be a streamlined and consistent methodology for responses, i.e., FAQs.
  - The Shallow Water Energy Security Coalition compiled and submitted FAQs on October 27, 2010 and a response from BOEM is still pending.
  - Uncertainty by BOEM staff on what is required with these new rules is delaying the approval process.
- NTL No. 2010-N06:
  - Provide an update on the risk based tiering approach as it applies to gas and oil wells.
- Internal Review & Policy Directive on Side Tracks:
  - Immediate clarification is required on whether or not a Revised Exploration or DOCD Plans will be required for sidetrack drill operations that were not required hereto before. Concern that this will require submittal/verification of NTL 2010-N06 data and will further delay those operators with rigs scheduled to arrive on location in the very near future.
- NTL 2008-G04 New Data Requirements:
  - Clarification is required regarding the potential for new data requirements in NTL 2008-G04 that were previously exempt. If submittal of new data is required than operator notification on the front end would eliminate the unnecessary recycling of plans.
- Oil Spill Response Plans:
  - Clarification is required on any new data requirements for the Oil Spill Response Plans as this has only been communicated via emails between Operators and BOEMR and it is not addressed in the recently issued NTL 201-N10.
  - Oil Spill Response Plans are not being approved by the BOEMR and these approvals are required in order for Operators to obtain consistency certifications from the Louisiana Coastal Zone Management.
- Environmental Assessments:
  - Clarification is required on the requirements necessary to comply with Environmental Assessments. Waiting until the approval of an EP or DOCD to request information could restart the regulatory time clock.

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- Idle Iron/Decommissioning Requirements:
  - The additional requirements of the Idle Iron NTL will require BOEMR staff to process the anticipated hundreds of applications
  - for platform removal and well abandonment work; which will also interfere with timely processing of new applications for structure installations, new well permits, etc.

## **2. *Regulatory Implementation Strategy:***

- Every new rule or regulation requires a clear and concise explanation of what exactly is required of industry in order to comply. Industry needs to know up front what needs to be submitted, what is the review process and what is the duration of the review process?
- Eliminate the “effective immediately” requirement of new rules and provide an appropriate transition period in order for industry and regulators to have a full understanding what is required in order to comply. Without a comprehensive understanding, permits and plans are being returned to the operators for additional information and it results in a time consuming process.
- New rules, requirements and policy directives should not apply to those permits already submitted and pending approval.
- Prepare an outline of what exactly is required for permit and plan submittals along with a Workflow and Timeline depicting the approval process.
- Policy and regulatory decisions from headquarters need to be supported by tactical implementation strategies at the District or Regional level.

## **3. *Conditional Approvals:***

- Allow for conditional approvals for the supplemental information required under NTL-06 and NTL-10 for subsea and floating drilling operations as long as the Operator certifies that the hydrocarbon bearing sections will not be drilled until such time that BOEMRE has approved the Operator’s containment & response sections of the EP, DOCD and/or OSRP.

## **4. *Working Towards a Culture of Excellence:***

- Allow professional interaction between the regulatory agency and industry in an effort to develop solutions that will strive for a culture of excellence that promotes effective and timely resource development.

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As always, I greatly appreciate your willingness to work with the State of Louisiana in resolving these issues and for giving this your urgent attention. I look forward to hearing from you and meeting with you in the near future.

Very truly yours,

A handwritten signature in black ink, appearing to read 'S. Angelle', written over the closing text.

Scott A. Angelle  
Lieutenant Governor