



International Association of
Drilling Contractors
10370 Richmond Ave., Suite 760
Houston, Texas 77042

P +1.713.292.1945
F +1.713.292.1946
www.iadc.org

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Submitted via: www.regulations.gov

Bureau of Ocean Energy Management
Ms. Patricia LaFramboise
Chief, Leasing Section, BOEM, Alaska OCS Region
3801 Centerpoint Drive, Suite 500
Anchorage, AK 99503-5823

Re: Outer Continental Shelf, Alaska OCS Region, Beaufort Sea, Proposed Oil and Gas Lease Sale for 2019(Docket: BOEM-2017-0063)

Dear Ms. LaFramboise,

The International Association of Drilling Contractors is a trade association representing the interests of drilling contractors, onshore and offshore, operating worldwide. Our membership includes all drilling contractors currently operating mobile offshore drilling units (MODUs) in the areas subject to the jurisdiction of the United States.

The purpose of this letter is to respond to the Bureau of Ocean Energy Management's 30 March 2018 Notice; Outer Continental Shelf, Alaska OCS Region, Beaufort Sea, Proposed Oil and Gas Lease Sale for 2019.

The below comments are offered without prejudice to those that may also be addressed or submitted directly by IADC members.

IADC is highly encouraged to see the Department of Interior (DOI) and BOEM's 30 March 2018 Call for Information regarding the Outer Continental Shelf, Alaska OCS Region, Beaufort Sea, Proposed Oil and Gas Lease Sale for 2019. This action continues to reflect a commitment to responsibly developing offshore oil and gas resources in a prudent and conscientious manner. To this end, recognizing the potential for oil and gas production across the entirety of the U.S Outer Continental Shelf brings with it the need to acknowledge certain geologic, geographic, and environmental considerations unique to the respective U.S. offshore regions.

One of the most challenging of U.S. offshore regions to explore and develop remains the Alaskan OCS. Weather constraints, remote locations, and limited infrastructure make for particularly demanding conditions in which to operate. While these arduous considerations certainly do not go unnoticed, a lesser known fact is the substantial progress made in the areas of technology and offshore process safety improvements achieved since 2010. Training and competence, work procedures, and equipment design and functionality have all aligned to enable a substantial step change in safety while proficiently mitigating risk.

Over this time, more than 100 industry standards have been created or strengthened. Significant improvements have been realized related to safety and environmental management, well-design, blowout prevention, and spill response to name a few. U.S. regulation and international compliance provisions have exacted a markedly higher level of scrutiny in the form of requirements specific to oil and gas operations in the polar environment. These recent developments illustrate the dedication and collaborative focus undertaken by industry and regulatory stakeholders to remain at the forefront of offshore drilling and production safety. With the advent of these and other safety improvements, industry and regulatory stakeholders are well positioned to meet the challenges of the Alaskan OCS.

MODUs have come under much closer scrutiny by regulatory compliance and industry auditing regimes since 2010, which has led to the evolution of modern safety features, revised national and international safety regulations, and performance management requirements. In 2017, the International Maritime Organization's MODU Code was revised based directly on investigatory findings related to the 2010 Deepwater Horizon incident. Additionally, the Coast Guard and Bureau of Safety and Environmental Enforcement have implemented a variety of safety measures involving the operation of dynamically positioned MODUs, electrical equipment in hazardous locations, and the enhanced safety of well control operations among others. The preventative barrier management concepts introduced by the Center for Offshore Safety have provided the offshore industry with sophisticated methodologies that enable more thorough assessment processes for preventing low probability, high consequence incidents such as oil spills.

The safe and efficient development of oil and gas resources in the Beaufort Sea will impart extraordinary economic benefits to Alaska and the larger U.S. economy. According to a recent study undertaken by the Northern Economics Consulting Group, the total projected revenue to state and federal jurisdictions would likely total more than \$314 million and \$8.2 billion, respectively, for the ten-year period of forecasted production. Employment directly attributed to the region's development could result in an annual average of 1,760 additional jobs over the corresponding ten-year period, comprising an annual income over this same timeframe of \$91.6 million. Indirect employment in Alaska and other U.S. regions could yield an upwards of 3,080 jobs with corresponding annual wages in excess of \$206.3 million.

It is well understood that offshore oil and gas production is entirely dependent upon the invaluable technologies and the expertise that drilling contractors and associated service contractors bring to a successful drilling campaign. In 2016 alone, drilling and well maintenance activities were supported by a workforce in excess of 70,000 and accounted for more than \$7 billion in wages nationwide. This activity was reflective of only a peak number of 30 MODUs working throughout 2016. Contrasted with a peak of 65 plus rigs working during the period between 2013 and 2014, the economic impact will certainly grow if BOEM's

more inclusive Draft Proposed Program leads to more offshore areas, such as the Beaufort Sea, being opened for exploration, development and production. On average, a single deepwater mobile offshore drilling unit (MODU) directly employs 200 persons with an additional ancillary staff of three persons for every one working offshore. Consequently, one MODU employs upwards of 800 total persons, along with the tens of thousands of third party support staff and technicians. Offshore drilling provides jobs and revenues for our economy, but it is also a safer industry than it's ever been.

IADC fully supports the work the DOI has completed toward the implementation of the 2019-2024 leasing plan including its Call for Information in preparation for the 2019 Beaufort Sea lease sale.

IADC appreciates the opportunity to provide comments and recommendations and asks that they be given due consideration. Should you have any questions about any portion of this correspondence, please contact Elizabeth Craddock, VP of Policy and Government Affairs, at (202) 293-0670.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason McFarland". The signature is written in a cursive, flowing style.

Jason McFarland President, IADC