



Proposed Well Control Rule COSTS MANUFACTURERS Jobs and Economic Growth



Key Points

Economic Analysis found that the BSEE rule could:

- **Reduce U.S. GDP by \$32 Billion** over 10 years
- Result in **78,833 jobs lost** in the Manufacturing Sector by 2030
- Cost Manufacturers a cumulative **\$6.5 Billion in lost revenue** from 2017 to 2030

The Proposed Well Control Rule

In April 2015, the Bureau of Safety and Environmental Enforcement (BSEE) proposed the Blowout Preventer Systems and Well Control Rule (Well Control Rule). These expansive new requirements on offshore oil and gas drilling, which, in many cases, exceed industry standards designed to maintain safe and environmentally sound operations, could curtail oil and gas production in the Gulf of Mexico, threatening jobs for the manufacturers that supply and use this energy.

Well Control Rule Could Harm Gulf Region Manufacturing Jobs

A recent analysis by Quest Offshore and Blade Energy Partners found that Texas could lose as many as 29,430 manufacturing jobs and \$2 billion in GDP; Louisiana could lose 21,884 manufacturing jobs and almost \$2 billion in GDP; Mississippi could lose 3,632 manufacturing jobs and \$322 million in GDP; and Alabama could lose 7,042 manufacturing jobs and \$514 million in GDP.

BSEE Economic Analysis Underestimates True Well Control Rule Costs

BSEE underestimates the costs of implementation, estimating a 10-year cost at approximately \$883 million, while Quest/Blade analysis found the real cumulative costs are almost \$32 billion. Quest/Blade analyzed the broader economic impacts of the Well Control Rule on industry and the nation from the immediate and long-term reduction of offshore oil and gas development, while the BSEE did not.

Unachievable and Unrealistic Implementation Period

The Well Control Rule's time frames for compliance begin just three months after the rule's expected final publication date. This unrealistic deadline will create a de facto moratorium on Gulf of Mexico exploration because newly-required equipment cannot be manufactured and procured in such a short time.

NAM Recommendation

Manufacturers need a better Well Control Rule. At a minimum, BSEE should withdraw the current Well Control Rule and re-propose it after thoroughly engaging the industry in a meaningful dialogue and taking public comment.