August 21, 2009

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Department of the Interior
Minerals Management Service (MS 4024)
Attn: Rules Processing Team (Comments)
381 Elden Street
Herndon, VA 20170-4817

RE: Comments on Proposed Regulations for Implementation of Safety and Environmental Management System (SEMS) – Federal Register Notice of June 17, 2009 (RIN 1010-AD 15)

Ladies and Gentlemen:

Arena Offshore, LLC (Arena) appreciates this opportunity to provide written comments to your office on the proposed rulemaking referenced above; which will add yet another regulatory process for the Outer Continental Shelf oil and gas lessees/operators which we feel will not justify the root causes as detailed below.

Arena recognizes that your office has conducted a significant review of the OCS safety issues and has determined that a mandatory Safety and Environmental Management System (SEMS) program is necessary, and using plain language has developed the rule to address concerns that the agency has determined to exist. However, Arena does not reach the same conclusion given the actual safety record of the OCS when compared to other similar industries engaged in oil and gas exploration and production on land operations.

Arena appreciates that your agency wrote the proposed rulemaking with the expectation that it would address major concerns you have in OCS safety; however industry notes that the prescriptive rule will not specifically address root causes, and will in all likelihood fail to achieve the benefits that the agency believes will occur.

This proposed rulemaking effort clearly attempts to more rigidly prescribe new reporting, documentation and record keeping requirements far above current levels and will do little to address the human behavior issues raised by the MMS' review. This proposed action is a major, paperwork-intensive, rulemaking that will significantly impact our business, both operationally and financially, and will bring little or no benefit towards improving safety of offshore operations. In addition to the unnecessary burden to industry, it will create an additional unwarranted burden to your staff that will require additional inspector/auditor training, increased workload demand, and another avenue for individual interpretation and inconsistencies.

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Arena fully endorses the comments that have been filed on behalf of industry by the Offshore Operators Committee (OOC) and the American Petroleum Institute (API); and has the following comments:

- The US offshore industry has an excellent safety record; though while continuous improvement is needed, this course of action is not justified.
- MMS opinion that the "root cause analysis" points to the need for requiring the four proposed SEMP elements is not supported by the agencies incident analysis.
- The MMS opinion that the "root cause analysis" points to the need for requiring the four proposed SEMP elements is not supported by the agencies incident analysis.
- The job safety analysis/job hazard analysis is the only significant portion of the proposed rule that could affect the behavioral change that is more appropriately identified as the root cause of the incidents reviewed.
- We strongly disagree that a mandated program as proposed is needed. The majority of the comments received on the advanced notice of proposed rulemaking in support of a regulatory action came from organizations that do not operate on the US OCS. Further, the foreign government agencies that commented in support do not have mandated programs such as the one being proposed, yet were given equal weight to those organizations that represent members produce over 90% of the offshore oil and natural gas on the OCS.
- MMS should rescind the proposed rule immediately and reevaluate the cost/benefits of mandating a program that, as recently as 2003, was determined by the agency to be performing well as a voluntary program. ***Another option is for your agency to only propose a mandated program to those operators who have a historical record of poor performance.***

Arena believes the proposed rule is broadly targeted at three critical areas: safety, reliability, and environmental. Arena agrees these areas are important to the industry, customers, general public, and regulators. With this in mind, Arena would like to know specifically where MMS believes the industry is falling short of expectations in these areas and why the MMS has not shared this information in the rule making. .

The comment period allocated for industry's response to such a significant formal rule making did not allow Arena to develop detailed comments on the various parts of the rule making and it is recommended that further discussions with industry be carried out prior to any final rule making on the issue.

Arena has noted that the new rule defines a larger more proactive role by the MMS in operations activities and a significant upturn on the amount and technical detail of information that would be required to be developed, recorded and reported without a strong driver for the additional information. Arena is concerned this new role will have a negative impact to critical cycle times in the ongoing development of the OCS.

Arena would be happy to discuss these comments in more detail with you; and at your election, please contact the undersigned at 281.210.3111 or debbs@arenaenergy.com.

Sincerely,

Arena Offshore, LLC

Debbs N. Nelson
General Manager

DNN:CJG