CIPA

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September 21, 2009

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

Re: RIN 1010-AD 15; SEMS
FR Vol. 74, No. 115 6-17-09

Ladies and Gentlemen:

The California Independent Petroleum Association (CIPA) represents over 450 independent oil and natural gas producers, service and supply companies, and royalty owners with operations in California. CIPA appreciates this opportunity to provide written comments on the proposed rule to amend regulations associated with Outer Continental Shelf oil and gas and other mineral operations as published in the June 17, 2009 Federal Register.

CIPA recognizes that MMS has conducted a significant review of the OCS safety issues and has determined that a mandatory SEMS program is necessary and using plain language has developed the rule to address concerns that the agency has determined to exist. CIPA, however, does not reach the same conclusion given the actual safety record of the OCS when compared to other similar industries.

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

CIPA notes that unlike recent rule making efforts, this effort clearly attempts to prescribe rigid 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 benefit towards improving safety of offshore operations. In addition to the unnecessary burden to industry, it will create an additional unwarranted burden to the limited regional MMS staff that will require additional inspector/auditor training and increased workload demands.

CIPA notes that the new rule defines a larger more proactive role by the MMS in operations activities and a significant increase in the amount and technical detail of information that operators would be required to develop, record, and report without a strong driver for the

additional information. CIPA is concerned that this expanded MMS role will have a negative impact on critical cycle times in the ongoing development of the OCS.

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

1) The US offshore industry has an excellent safety record; while continuous improvement is needed, the proposed regulations are not justified given the available incident data and trends.
2) The MMS opinion that the "root cause analysis" points to the need for requiring the four proposed SEMP elements is not supported by the agency's incident analysis.
3) 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 majority of incidents reviewed.
4) We strongly disagree that a mandated program, as proposed, is needed. The majority of the handful of comments that were received on the ANPRM in support of a MMS regulatory action came from organizations that do not operate on the US OCS. Further, the multiple foreign government agencies that commented in support of additional regulation do not have mandated programs such as the one being proposed, yet were given equal weight to those organizations that represent companies that produce over 90% of the offshore oil and natural gas on the U.S. OCS.
5) We believe that MMS has significantly underestimated the cost of developing and/or revising existing company safety and environmental management programs to be consistent with the proposed rule. We also believe that MMS has dramatically underestimated the major new documentation and reporting burden that the proposed rule imposes on offshore operators.
6) MMS should reconsider the need for the proposed rule 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.

Again, thank you for the opportunity to comment. If you have any questions, please contact me at 916-447-1177.

Sincerely,

Rock Zierman
CEO