

ROWAN COMPANIES, INC

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September 14, 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:

Rowan Companies, Inc (Rowan) appreciates this opportunity to provide written comments on the subject 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. Rowan is a provider of offshore drilling services and drilling equipment and as such provides services for numerous companies engaged in oil and gas exploration and production operations offshore US waters.

Rowan notes that although MMS has conducted a significant review of the OCS safety issues, the MMS determination that a mandatory SEMS program is necessary and that plain language be used to address concerns that the agency has determined to exist does not make sense when OCS safety records are viewed in comparison with other industries. Likewise, Rowan does not reach the same conclusion as MMS 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.

Rowan appreciates that MMS wrote the proposed rule with the expectation that the rule would address major concerns that the agency has in OCS safety, however Rowan believes that prescriptive rulemaking will not specifically address root causes and will in all likelihood fail to achieve the benefits that the agency believes will occur.

Rowan believes the proposed rule is broadly targeted at three critical areas: safety, reliability, and environmental performance. While we are in agreement that these areas are important to all parties concerned, Rowan would like to know specifically where MMS believes the industry is falling short of expectations in these areas. Rowan would also like to know why the MMS has not chosen to include this information in the preamble discussion of the proposed rule.

Rowan notes that unlike other 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 customer's business, both operationally and financially, and will bring little benefit towards improving safety of offshore operations. It is quite likely that the increased financial impact and burdensome nature of the proposed rulemaking will result in a lessening of activity on the OCS and premature abandonment of wells at a time when energy independence should be a major focus of our nation. These consequences will in addition to increasing our dependence on foreign energy sources will also lessen the amount of work available to numerous companies such as Rowan, with the inevitable loss of jobs both directly, and indirectly in manufacturers of oilfield related items. 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. At a time when national deficits are running at all time highs, any unwarranted increase in agency costs should not be welcomed.

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

Rowan fully endorses the comments that have been filed on behalf of industry by the Offshore Operators Committee (OOC) and the American Petroleum Institute (API). Rowan 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 and should have no voice in the

development of rules for 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.
- 7) It is our belief that MMS should have held meetings with industry in which industry comments and views could have been placed on the record. An informal "workshop" without public recording of industry views is insufficient to reflect the depth of concern held by exploration and production companies operating on the OCS and the numerous other companies which support their activities.

The limited comment period provided by MMS for industry's response to such a significant formal rulemaking did not allow our company to develop detailed comments on the various parts of the proposed rule and it is recommended that further discussions with industry be carried out prior to any final rulemaking on the issue. As such, Rowan Companies, Inc recommends that the current regulatory process be suspended and that any future SEMS regulations only be considered following discussions with the regulated community regarding the need and potential impacts of various regulatory approaches.

If you have any questions, please contact me at the above address.

Very truly yours,

A handwritten signature in black ink, appearing to read "M.R. Marcom". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

M.R Marcom