



September 15, 2009

Department of the Interior
Minerals Management Service (MS 4024)
Attn: Rules Processing Team (Comments)
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Re: RIN 1010-AD 15; SEMS
FR Vol. 74, No. 115 6-17-09

Ladies and Gentlemen:

Shell 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.

Shell acknowledges 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.

We applaud the MMS for seeking systematic processes to improve the industry's safety and environmental record. However, while we agree that we can always work to improve in this regard, we are also sensitive to the specific changes to our business and the counter effects that can surface. We agree that a system for managing the health, safety and environmental aspects of a complex offshore oil and gas operation is essential for successful performance. In early 2000, Shell formally implemented a very robust HSEMS as part of a global Shell initiative, which includes all the elements (and more) that are covered in the proposed rule. Our own experiences and growing pains with our own HSE management system over the last ten years has given us some insights from which our comments are based.

Shell agrees with the three main areas (safety, reliability, and environmental performance) cited by the proposed rule as being important to the industry, our customers, the general public, and regulators. However, it was not clear from the preamble discussion as to what specifically in these areas the MMS was targeting and seeking to improve upon from implementation of this rule as proposed. The proposed rule lacks specificity in some areas as well such as in the discussion on hazard/safety analyses

required. It is our concern that without specifics, there will be inconsistency with regard to interpretation, which will be difficult on the industry as well as the MMS to implement and enforce.

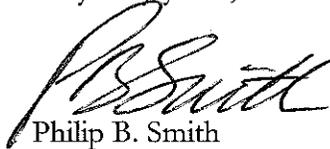
Additionally, the complexity and breadth of scope of the proposed rule to be implemented across the Gulf of Mexico should not be underestimated. As an example, Shell has an established Management of Change (MOC) system, which generates approximately 5,000 MOCs per year. These MOCs are reviewed and worked by various operational and technical professionals, with level of rigor depending on the complexity of the change. It is our concern that the proposed regulation will add undue burden to our system and require additional collection of information and reporting the MMS. It is our opinion and desire that the MMS simply review our MOC system for applicability and completeness. These records are available to the MMS at any time under the current voluntary SEMS program philosophy.

It is apparent that this rulemaking prescribes rigid new reporting, documentation and recordkeeping requirements above current levels. We also believe that the rule as interpreted, could be a significant, paperwork-intensive, rulemaking that will impact our business, both operationally and financially. Furthermore, we believe that many elements of the rule lack adequate specifics and will be interpreted differently by various operators. This will in turn cause confusion and an additional unwarranted burden to the limited regional MMS staff that will require additional inspector/auditor training and increased workload demands. With the above concerns comes the possibility that the rule will not fulfil the intended purpose of improving safety of offshore operations.

In light of our review and based on our ten-year experience with a formal HSE MS and in light of the review of the proposed rule as drafted, Shell recommends the suspension of the rulemaking and return to the Advance Notice of Proposed Rulemaking phase along with focused dialog and engagement sessions with committed industry groups. Shell would be happy to arrange for a separate meeting with the MMS to review all elements of our HSEMS as well as take part in focused industry/MMS engagement sessions to further work this rulemaking. It is our belief that when taken in smaller pieces, the concepts of the SEMS can be effectively implemented to suit all over a reasonable amount of time.

If you have any questions, please contact me at 504-728-4252.

Very truly yours,



Philip B. Smith
Manager, Regulatory Affairs and Incident Command