Anadarko
PETROLEUM CORPORATION

DARRELL E. HOLLEK
VICE PRESIDENT - GULF OF MEXICO OPERATIONS

December 13, 2010

Department of the Interior
Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE)
381 Elden Street, MS–4024
Herndon, Virginia 20170–4817

Attn: Regulations and Standards Branch (RSB)

Re: Increased Safety Measures for Energy Development on the Outer Continental Shelf, 1010–AD68

Dear Sir or Madam:

Anadarko Petroleum Corporation ("Anadarko"), one of the world's largest independent exploration and production companies with major operations in deepwater Gulf of Mexico, has a substantial interest in the referenced interim final rule, which affects its offshore oil and gas operations. Anadarko appreciates the opportunity to provide written comments on the Bureau of Ocean Energy Management, Regulation and Enforcement's (BOEMRE) already-implemented interim final rule, *Oil and Gas and Sulphur Operations in the Outer Continental Shelf—Increased Safety Measures for Energy Development on the Outer Continental Shelf, 75 Fed. Reg.* 63346 (Oct. 14, 2010) ("interim final rule") and respectfully offers the following comments. Anadarko, as a member American Petroleum Institute ("API"), has contributed to the comments jointly submitted by API, the International Association of Drilling Contractors, the Independent Petroleum Association of America, the National Ocean Industries Association, the US Oil and Gas Association, the Offshore Operators Committee and several offshore industry task forces to BOEMRE. Further, Anadarko supports and adopts, by reference, the comments filed by API, et al on December 13, 2010 in response to BOEMRE's request for comments on the referenced interim final rule.

Anadarko, as one of the largest independent oil and natural gas producers in the United States, holds an extensive leasehold position in the deepwater of the Gulf of Mexico. Specifically, Anadarko holds more than 3 million gross acres and operates eight hub facilities, including the Independence Hub, the Constitution and Nansen Spars, and the

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Marco Polo TLP. Because of its extensive leasehold and its active exploration and development efforts, Anadarko has a clear interest in this interim final rule. Anadarko is committed to conducting offshore operations safely and in a manner that protects the environment.

As noted above, Anadarko generally supports the recommendations of API, et al that BOEMRE: (1) complete notice and comment rulemaking as required by Federal law for future BOEMRE regulatory actions, (2) revise 30 CFR §250.198(a)(3) remove new language which would effectively revise more than 14,000 discretionary provisions in 80 API standards to be read as mandatory requirements, and (3) review the questions and technical issues provided by industry and publish a response to these comments in the form of a final rule. Anadarko wishes to emphasize the importance of the following recommendations presented by API, et al in their comments.

I. BOEMRE should open its regulatory process to the public, and should participate in API's open standards-setting process. Notice and comment rulemaking in future actions will serve BOEMRE's interests by making its rulemakings more efficient, legally defensible and likely to achieve a safety benefit.

II. BOEMRE should immediately issue a final rule that revises 30 CFR §250.198(a)(3) to clarify that it will not attempt to read the word "should" as "must," revising more than 14,000 discretionary, non-mandatory provisions in 80 API standards to mandatory without any review by BOEMRE as to the effects of its actions because:

A. Changing discretionary provisions to mandatory provisions will result in serious confusion and is not likely to result in auditable mandatory provisions. For example, certain provisions are internally inconsistent for mandatory compliance purposes and may conflict with each other.

B. As noted in the comments of API, et al, some provisions are simply impossible to comply with in a mandatory compliance regime.

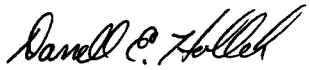
C. Blanket revisions of the word "should" to be read as mandatory could actually increase safety risks in some cases as is evidenced in the comments of API, et al.

While Anadarko supports the reliance on industry standards in the interim final rule, Anadarko is very concerned about new language in 30 CFR §250.198(a)(3) stating: " . . . If any incorporated document uses the word *should,* it means *must* for purposes of these regulations." 30 CFR § 250.198(a)(3). As discussed at length in the comments of API, et al, BOEMRE should immediately issue a final rule that omits the above quoted sentence of 30 CFR § 250.198(a)(3). The blanket revisions of the word "should" to the word "must" in 30 CFR § 250.198(a)(3) will impose many confusing – or impossible – compliance requirements without any additional safety benefit. Further, BOEMRE did

not state why it was changing its interpretation of the word "should" as used in API standards to mean "must." Performance based standards are designed to allow for safe operations and innovation and ,by design, will provide for a variety of compliance methodologies. Requiring industry to treat over 14,000 "shoulds" as "musts" in the 80 referenced API standards will create conflicts due to potential confusion and existing mutually-exclusive requirements. The problem is further exacerbated as industry is faced with complying with the "statement of compliance with all applicable" provision, including this interim final rule, which is set forth in the *National Notice to Lessees and Operators of Federal Oil and Gas Leases, Outer Continental Shelf: Statement of Compliance with Applicable Regulations and Evaluation of Information Demonstrating Adequate Spill Response and Well Containment Resources*, NTL No. 2010-N10, dated effective November 8, 2010. In short, Anadarko supports the recommendation of API, et al that BOEMRE retract its prior language, review the individual provisions it considers important, and make actual determinations as to whether: (1) mandatory compliance with a specific standards provision could result in some regulatory benefit, and (2) mandatory compliance is actually possible for regulated entities.

Anadarko appreciates the opportunity to provide comments on the interim final rule. Anadarko strongly urges BOEMRE to consider the comments submitted herein and by API, et al and publish a final rule that addresses these comments and concerns. Further, Anadarko encourages BOEMRE to adopt open, notice and comment rulemaking as its standard process going forward for regulation. Anadarko, as a key participant in the nation's oil and natural gas industry, looks forward to working with BOEMRE to continue to maintain safe operations and advance the nation's energy security.

Sincerely,



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