



LANA H. SACKETT
 c 504-352-4934
 o 443-6464, ext 214



**MAKING HOME OWNERSHIP
 DREAMS COME TRUE!**

CLICK HERE FOR MY LISTINGS

[Menu](#)

[Set Weather](#)

[Greater New Orleans](#)

[Subscribe](#)

[Sign In](#) [Search](#)

Feds, oil and gas industry at odds over well safety costs



A drilling rig in the Gulf of Mexico in this 2009 file photo. (David Grunfeld, NOLA.com | The Times-Picayune)



By **Jennifer Larino, NOLA.com | The Times-Picayune**
[Email the author](#) | [Follow on Twitter](#)

on September 15, 2015 at 1:49 PM, updated September 15, 2015 at 2:10 PM

[Print](#)
[Email](#)

It is going to cost oil and gas companies a pretty penny to comply with new federal rules aimed at preventing the type of well blowout and explosion that led to the 2010 BP oil disaster in the Gulf of Mexico. Getting regulators and industry to agree on a projected price tag, however, is not so easy.

U.S. Rep. Garret Graves, R-Baton Rouge, underscored the disparity Tuesday morning (Sept. 15) during a House Natural Resources Committee hearing in New Orleans. The hearing focused on the Obama administration's proposed well control rules, which outline guidelines for design, maintenance and repair of key equipment and introduce a schedule for safety inspections. The rules were made public in April.

ENERGY NEWS

[Chalmette refinery buyer picks up 2nd ExxonMobil plant, Los Angeles Times reports](#)

[Hercules Offshore cuts drilling jobs off Louisiana coast](#)

[Hercules Offshore laying off employees as oil prices remain low](#)

[Democratic bill would block offshore revenue sharing for Louisiana](#)

[Halliburton to pay \\$18 million to end overtime probe](#)

[All Stories](#)

ELTON LAGASSE
 PARISH PRESIDENT
 VOTE FOR QUALIFICATIONS & LEADERSHIP
 OCTOBER 24TH
GET IN THE GAME

more in business



[Real Estate Transactions](#)



[New Orleans Top Workplaces](#)



[Auto Reviews](#)

Most Read



[What are the hottest jobs in New Orleans right now?](#)



[New Orleans startup airline launching flights to Memphis, Shreveport, Little Rock](#)



[Raising Cane's owner Todd Graves pays \\$150,000 for 'Fast N' Loud' Cadillac convertible](#)



[Ira Thomas sentenced to 1 year, 1 day in prison in bribery scheme](#)

The Interior Department predicts the rules will add about \$880 million in industry costs over the next decade. A July study by the American Petroleum Institute pegged the cost at a crippling \$32 billion over the same period.

Graves, a vocal advocate for the oil and gas industry, said the disparity shows regulators are out of touch with industry. The consequences could be devastating for the economy and jobs, especially in south Louisiana, he said.

"The first and foremost concern I have is you've got folks sitting in an ivory tower writing these regulations that have no understanding of what's actually happening on the ground," Graves said.

The Tuesday hearing, held at the Louisiana Supreme Court building in the French Quarter, drew comments from several witnesses, including Louisiana's two Republican senators, David Vitter and Bill Cassidy. Both testified regulations under the Obama administration were choking off oil and gas production in the Gulf of Mexico and killing jobs.

No Democrats from the Natural Resources Committee Democrats the hearing.

Joe Leimkuhler, vice president of drilling for LLOG Exploration, a Covington-based exploration company, said the company has already scaled back drilling plans amid falling oil prices. The well control rules could sideline entire projects, he said.

Leimkuhler said regulators have adopted an "overly prescriptive" approach to rulemaking that is hurting investment in the Gulf of Mexico. One tenet of the proposed rules requires companies to set up onshore bases to conduct real-time monitoring of drilling data during high-risk operations.

Leimkuhler thinks real-time monitoring is a good idea. LLOG is willing to share the data it collects with regulators, but it does not need to build and staff an onshore base to make that happen, he said.

"The applications have become so prescriptive that they're counterproductive," Leimkuhler said.

Rep. Bruce Westerman, R-Ark., echoed Leimkuhler, worrying the proposed rules go too far, specifying how particular pieces of well control equipment should be designed.

"Is the Bureau of Safety and Environmental Enforcement prepared to fully warrant or back up the designs and take full liability for those?" Westerman asked.

Lars Herbst, regional director of the Gulf of Mexico region for the Bureau of Safety and Environmental Enforcement (BSEE), said the proposed rules codify the latest technology and safety standards. He said the \$880 million in costs the government predicts fold in benefits such as avoided oil spills.

Herbst said the agency wants to collaborate with the energy industry. The 60-day public comment period on the rules was extended in June. BSEE is reviewing comments now. Final rules are expected in 2016.

Herbst expects the proposal will undergo several changes before it is complete.

"Our mission is to safeguard the people and environment of the coastal states," Herbst said.

Jonathan Henderson, manager of Gulf of Mexico field operations for the Gulf Restoration Network, said regulators are not doing enough.



Hercules Offshore cuts drilling jobs off Louisiana coast

GREATER NEW ORLEANS BUSINESS NAMES IN THE NEWS

does your company have a recent hire, promotion, appointment or honoree to announce?

[SEE ALL »](#)

30 Greater New Orleans business people making a move

[SUBMISSION FORM »](#)

greater new orleans business news

Local, small business, finance and economy news for greater New Orleans.

Enter your e-mail address OPTIONAL Enter Zip

Sign up today!

Check here if you do not want to receive additional email offers and information.

[See our privacy policy](#)

business in-depth

New Orleans confronts unlicensed short-term rentals: to legalize or keep ban?

Robert McClendon & Katherine Sayre, NOLA.com | The Times-Picayune

More in-depth reporting

Real estate frenzy fueled by demand, few choices

Once-bustling Tulane Avenue is a hub for prostitution and crime, hindering its revival

Top 50 local restaurants with the most critical violations

Louisiana Seafood after BP oil spill

Active Discussions

1 **Ira Thomas sentenced to 1 year, 1 day in prison in bribery scheme**

Henderson said spills are still occurring. He added industry and regulators have no protocol for how to handle an oil spill and a major hurricane simultaneously.

"Congress needs to start taking the quality of our air, land and water as seriously as it does homeland security," Henderson said.

Rep. Tom Rice, R-S.C., who is not a member of the House Natural Resources Committee, sat in on Tuesday's hearing as a guest. He asked the panel whether his state should allow drilling off its coast in the Atlantic. Henderson urged him to oppose it. The rest of the panel supported the idea.

Graves pointed out that the airplanes and boats Henderson uses to observe oil spills run on gasoline. Revenue from oil and gas production provides dollars for coastal restoration and education in Louisiana, he said.

Oil and gas "is a big part of what we do here," he said. He worries tougher rules in the Gulf could tilt economics in favor of oil producing countries where safety rules are more lax.

"You don't just change the rules here and then everywhere else falls in line," Graves said. "We've got to get this right."

Other witnesses at Tuesday's hearing included Lori Davis, president of RIG-CHEM, an oilfield services firm based in Houma, and Joseph R. Mason, an economics and finance professor at Louisiana State University.

Other representatives in attendance included Reps. Rob Bishop, R-Utah, chairman of the House Committee on Natural Resources; John Fleming, R-Minden; Jason Smith, R-Mo.; and Bruce Westerman, R-Ark.

- (12 comments)

2 **What are the hottest jobs in New Orleans right now?**
(37 comments)
- 3 **Chalmette refinery buyer picks up 2nd ExxonMobil plant, Los Angeles Times reports**
(1 comments)
- 4 **University of New Orleans, real estate community mourn loss of Ivan Miestchovich**
(1 comments)
- 5 **At 12:01 a.m., control of West Jefferson Medical Center changes**
(5 comments)

video of the day

Columnists Jeff Duncan, Larry Holder sort through Saints' 27-22 loss at Carolina: Video

- See, share your New Orleans videos!
- NOLA.com TV

7 Outrageous Credit Cards For Those Of Us That Have Excellent Credit
NextAdvisor

Harry Connick Jr.'s daughter arrested, various media outlets report
Nola.com

Two Savings Accounts That Pay 10x What Your Bank Pays
WiserSaver Bank Referrals

New Orleans nightclub owner gunned down in his driveway Wednesday morning