



Randall Luthi
President

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**NATIONAL
OCEAN
INDUSTRIES
ASSOCIATION**

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Dear Mr. Abbey:

Congratulations and best wishes in your new assignment.

As you know, the National Ocean Industries Association (NOIA) consists of over 250 companies representing all aspects of offshore energy development. Our member companies and the thousands of employees and their families are acutely aware of the ongoing crises in the Gulf of Mexico. This is very personal to them. They think of the eleven who perished as their friends, families and neighbors. And for some, they were. Our members make their home in the Gulf of Mexico and share the emotional and financial distress of all those either directly or indirectly affected by the Deepwater Horizon accident. They are among those most interested in seeing that the flow of oil is stopped and the waters, shorelines and natural and commercial resources are protected.

Although as this accident shows, one accident is one too many, a lengthy shutdown of drilling will only multiply the economic and emotional stress and loss of jobs that has already devastated the region. This industry has operated in the Gulf of Mexico for over 50 years, and is a vital piece of the region's economy. The offshore industry is responsible for nearly 200,000 jobs in the Gulf of Mexico region, and provides 30 percent of our nation's domestic oil production and 11 percent of our domestic gas production. The deepwater regions alone generate 80 percent of the Gulf's oil production and 45 percent of its natural gas production.

Industry estimates show that the President's recent order to halt work on 33 exploratory wells in the deepwater Gulf of Mexico and institute a six-month moratorium on all drilling in water depths greater than 500 feet will result in crippling job loss and significant economic impacts for the Gulf region. For each rig idled by the work stoppage, up to 1,400 jobs are at risk, and lost wages could reach \$10 million per month per rig and up to \$330 million per month for all 33 drilling platforms. Add to this the cancelled lease sales in the Western Gulf, Virginia, and Alaska, and the potential for long term job loss, economic hardship, increased dependence on foreign oil and decreased energy security and the negative impacts become national, not just regional.

Compounding these impacts, your recent rescissions of recently approved APDs for some wells send a signal that a moratorium on drilling exists in both shallow and deep water. To that end, we urge you to issue guidance, possibly in the form of a Notice to Lessees (NTL), as soon as possible outlining the additional safety measures referenced by Secretary Salazar to be taken in order to proceed with the approval of APDs or exploration plans. Such guidance should be timely, measurable and achievable.

I understand the difficulty of your position, since the exact cause of the well failure, which resulted in the tragic loss of life and the ongoing oil discharge, has yet to be determined. However, based upon preliminary reports, we recommend that your upcoming guidance should increase the number of spokes, lug nuts and inspections, rather than reinvent the entire wheel.

The identification and prescribed use of the best practices regarding fluid displacement, casing and cementing, casing installation procedures and testing of cement and well integrity are measures that are available or in use now. Increased inspections and verification of response plans are certainly steps that would allow drilling to resume in the very near future. You might also consider the establishment of a small panel of industry and government safety and well experts that could rapidly review and approve plans.

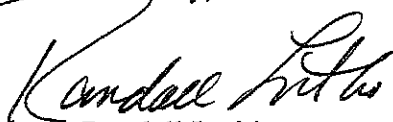
Should you consider rulemaking, we encourage you to provide immediate interim guidance that would allow exploration and production during the course of the rulemaking process.

It is certainly a time for extreme caution and enhanced awareness of safety and well integrity and those in the business are most keenly aware that drilling is a matter not to be taken lightly. However, it is not a time for a lengthy and undefined ban or suspension on all drilling.

Finally, as indicated in my recent testimony before the House of Representatives Committee on Natural Resources, we and our fellow associations are in the process of establishing an Industry Response Team to review and examine the ongoing oil spill response in the wake of the accident and will make recommendations for enhancements to subsea and surface oil spill response protocols. We will be seeking participation from MMS, or the Department of the Interior, at an appropriate time. I hope you will join and support this effort.

Our members stand ready to provide information and a willingness to assist you at this difficult time.

Sincerely,

A handwritten signature in black ink, appearing to read "Randall Luthi". The signature is fluid and cursive, with a long, sweeping underline that extends to the left.

Randall Luthi
President