



WILLIAM K. COATES
SCHLUMBERGER
CHAIRMAN, PETROLEUM EQUIPMENT SUPPLIERS ASSOCIATION

June 28, 2010

The Honorable Ken Salazar
Secretary of the Interior
U.S. Department of the Interior
1849 C Street, NW
Washington, DC 20240

Dear Secretary Salazar:

The Petroleum Equipment Suppliers Association (PESA) represents 190 companies, some big, some mid-size, and some small. We supply the equipment, the technology, and everyday services and supplies that are needed to produce oil and gas. With few exceptions, these are American-owned and operated companies rooted in the Gulf Coast. PESA member companies employ more than 400,000 people, have 200,000 suppliers and support directly or indirectly more than 1 million jobs. We operate in 37 states and nearly every major technological advance that has impacted the oil and gas industry in the past 30 years has originated from within a PESA member company.

Like everyone, we are shocked and saddened by the Deepwater Horizon accident and want the leak stopped and oil cleaned up as soon as possible. We believe that effective and timely improvements in safety systems can be put in place to ensure that such an accident does not happen again.

In response to the Deepwater Horizon event, however, the Department of Interior (DOI) instituted an offshore drilling ban for all wells in water deeper than 500 feet. We understand the circumstances that led to the moratorium, but are concerned that inadequate time and analytical effort was spent understanding its consequential impacts. While the Gulf Coast states of Louisiana, Texas, Alabama, and Mississippi will see an immediate impact through the loss of industry jobs, our country will suffer from delayed and lost production of oil and gas as well as the potential movement of critical industry talents to overseas opportunities. Make no mistake, the experience and technical abilities of the oil and gas workers of the Gulf Coast are world class.

Layoffs have already started and many of our companies simply do not have the resources to survive a six-month drilling ban. In short, American oil and gas production—its jobs and tax base in tow—will be compelled to move overseas, and perhaps permanently so. There are simply too many jobs and too many American companies at stake to leave a broad offshore drilling ban in place.

We urge the DOI to reconsider both the scope and purpose of the deepwater moratorium and are willing to discuss reasonable alternatives that allow our member companies to put people back to work.

Sincerely,