Executive Summary

The proposed Well Control Rule is expected to reduce offshore activity, both development and exploration, due to higher incurred costs and technical constraints of implementation

- **Based on the analysis, the most notable impacts of the WCR could be:**
  - Exploration drilling: **decreased by 35 – 55% or up to 10 wells per annum**
  - Industry investment: **reduced by up to $11 Billion per annum, on average**
  - Production at risk by 2030: **>1 mmboe/d (~35%)**
  - Jobs at risk by 2030: **105 – 190k**
  - GDP reduction: **cumulative reduction of $260 - $390 Billion through 2030**
    - GDP could decrease by **$27 – 45 Billion (25 – 40%) in 2030**
  - Government taxes: **cumulative drop of up to $70 Billion (20%) through 2030**
  - Lease sale bonuses: **reduced by $3.5 Bil (>40%)** over the period through 2025
  - Rig decline: **25-50% by the year 2030**
- **Because the prospect inventory on currently held leases will likely be condensed and fewer leases will be acquired in upcoming bid rounds, it is anticipated the production gap will continue to widen and could be irreversible post-2030, further limiting jobs, GDP and taxes**
- ***Note: This executive summary assumes an $80 reference oil price***

Key Impacts of the Scenario Modelling

$80/bbl Oil Price	$80 Base Case	$80 WCR Scenarios	WCR IMPACT (Reduction from Base)	
Avg. Exploration Wells per Year	19	9 – 12	35 – 55%	7 – 9 wells p.a.
Total CAPEX: 2016-2030 ($ bil)	$460	$300 – 365	20 – 35%	$6 – 11 Bil p.a.
Production in 2030 (kboe/d)	3,030	1,905 – 2,280	25 – 35%	0.8 – 1.1 mmboed
Total Revenues: 2016-2030 ($ bil)	$930	$735 – 780	15 – 20%	$10 – 13 Bil p.a.
Total Govt Taxes: 2016-2030 ($ bil)*	$310	$240 – 260	15 – 20%	$3 – $5 Bil p.a.
Employment in 2030 ('000)	425k	235 – 320k	25 – 45%	105 – 190k
GDP in 2030 ($ bil)	$110	$65 – 83	25 – 40%	$27 – 45 Bil

** Does not include leasing or unemployment claims*

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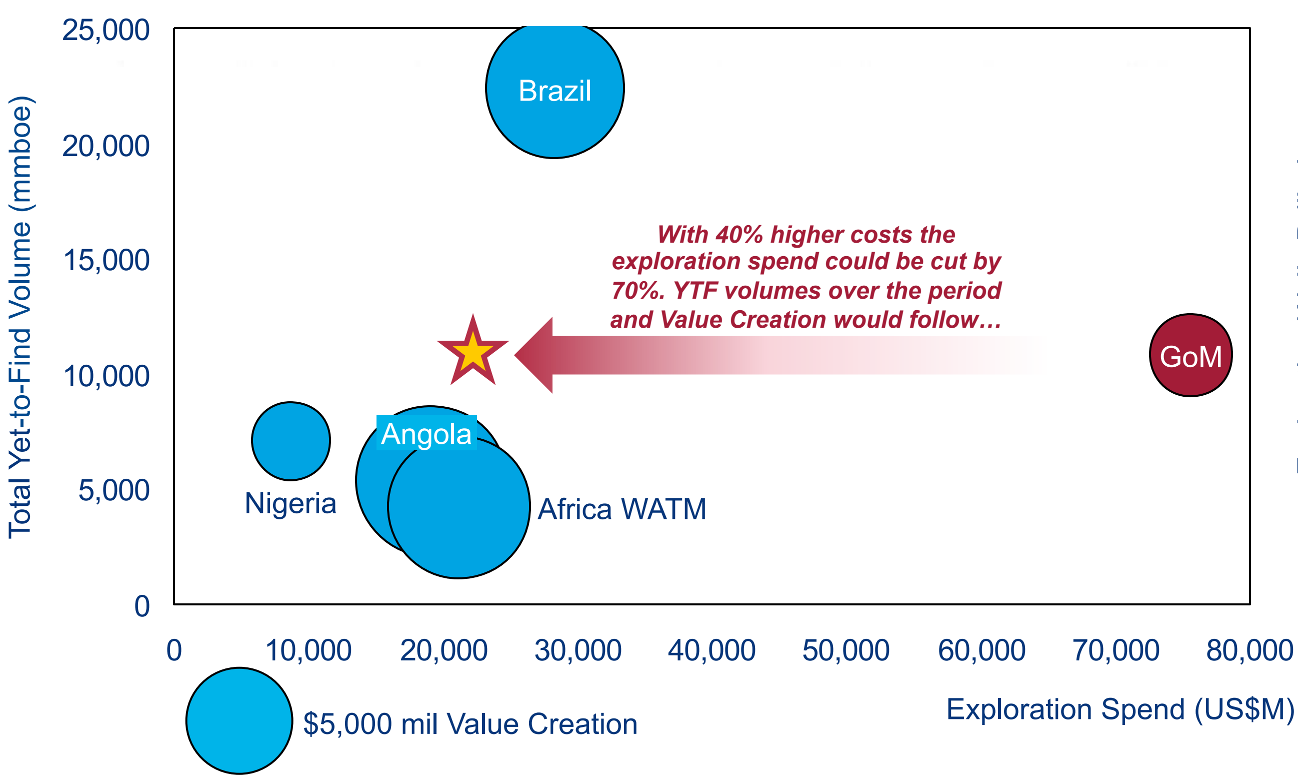
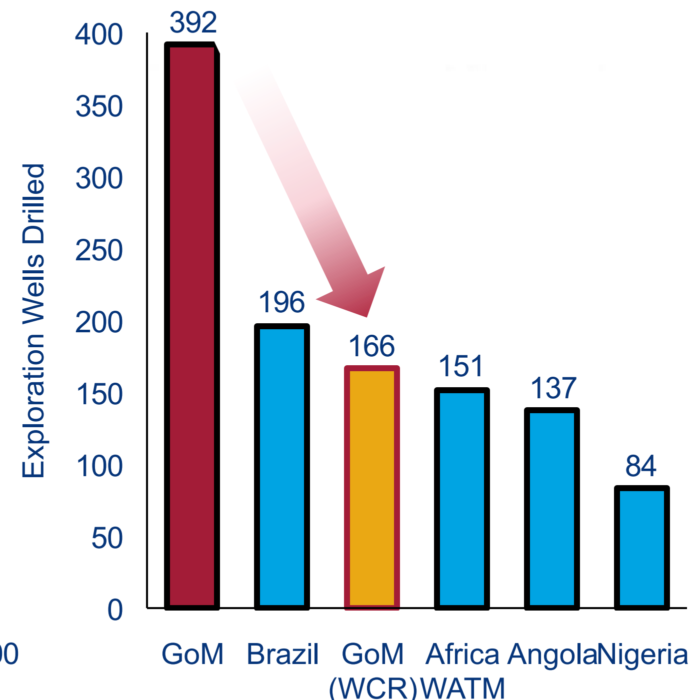
Although we expect DW GoM to have material activity, value creation relative to other competitive basins could be significantly eroded from the WCR

Exploration Basin Comparison – Outlook through 2035*





From a government perspective, significant spend results in job creation - these jobs would potentially be in jeopardy with higher costs

**Source: Wood Mackenzie Exploration Service, assumes long term price of $85/bbl*
WATM is W Africa Transform Margin and includes Ghana, Cote d'Ivoire, Sierra Leone and Liberia