

Firm Entry and Exit in Deepwater Gulf of Mexico

- **Dr. Sunding argues that entry has decreased and exit has increased for firms in the deepwater Gulf of Mexico after the United States announced it was seeking a penalty against Anadarko**
 - Dr. Sunding fails to establish that any change in entry or exit was *caused* by a proposed penalty against Anadarko
 - Any change in non-operator entry/exit could also have been caused by influences such as:
 - A reassessment of the risk of a future blowout following Macondo
 - Opportunities in onshore oil development

- **Dr. Sunding's 1983-2013 entry/exit analysis**
 - Sample size is small
 - Fails to account for technological leaps occurring during his time frame that may have influenced firms' decisions to enter or exit deepwater
 - Does not consider how oil futures prices may have influenced firms' decisions to enter or exit deepwater