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.