

article in the 2014 May issue of the *Journal of Petroleum Technology*.⁵ A key parameter of deepwater activity is the number of active rigs. In the figure below, the number of "floater" rigs (semisubmersibles and drillships) are meant for deepwater while the number of "jackups" are meant for shallow waters. As can be seen in the figure, deepwater activity has clearly accelerated and is now greater than before Macondo. The shallow water activity level has not materially changed. This contradicts Dr. Sunding's conclusion that capital contributions for deepwater activities has decreased because of a threat of CWA penalties on NOPs.

I conducted an analysis to gain insights on NOP participation by looking at the average ownership of current and future projects based on publically-available information.⁶ The greatest economic contribution is the result of development (when most of the capital is spent) and production (when most of the revenues are collected). I have thus focused my analysis on determining whether there are any changes in NOP behavior tied to development and production activities (in contrast to Dr. Sunding's analysis of lease owner behavior, which is not closely tied to economic activity). My analysis shows that the average equity share of operators on projects with start dates of 2010 or earlier is 65% while the average equity share of operators on projects with start dates after the filing of the United States' complaint of 2011 or later (i.e. includes projects under-construction

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⁵ Parrshall, J. "Industry Flexes Muscles Again in Gulf of Mexico," *Journal of Petroleum Technology*, May 2014.

⁶ Credit Suisse, "US Gulf of Mexico" August 15, 2013 (US_PP_WAL000459-US_PP_WAL000495); Research Spreadsheet Prepared in Connection with Report (US_PP_WAL003615).