

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF LOUISIANA

HORNBECK OFFSHORE SERVICES, L.L.C.	*	CIVIL ACTION
VERSUS	*	NO.: 10-1663
KENNETH LEE "KEN" SALAZAR, IN HIS OFFICIAL CAPACITY AS SECRETARY, UNITED STATES DEPARTMENT OF INTERIOR;	*	SECTION "F"
ROBERT "BOB" ABBEY, IN HIS OFFICIAL CAPACITY AS ACTING DIRECTOR, MINERALS MANAGEMENT SERVICE; AND MINERALS MANAGEMENT SERVICES	* * *	MAGISTRATE "2"

\* \* \* \* \*

AFFIDAVIT

STATE OF FLORIDA

Bay County

Hornbeck Offshore Services, L.L.C. v. Salazar et al

Doc. 139 Att. 6

BEFORE ME, the undersigned authority, personally came and appeared:

\_\_\_\_\_  
Brian D'Isernia

who, after being duly sworn, deposed and stated as follows:

1. I am over 18 years of age and competent to execute this affidavit.
2. I am the President/CEO of Eastern Shipbuilding Group, Inc., and I execute this affidavit on the basis of my personal knowledge and my review of records maintained in the regular course of Eastern Shipbuilding Group, Inc.'s business, 2200 Nelson Street, Panama City, FL 32401.
3. Eastern Shipbuilding Group, Inc. employs approximately 800 full time employees.



4. Our company operates directly and/or indirectly to support oil and gas exploration and production companies drilling in the Gulf of Mexico's Outer Continental Shelf by providing the following services and/or products:

**New Construction/Conversion of Offshore Support Vessels.**

5. How has your company been affected as a result of the First Moratorium, United States Department of Interior's Secretarial Directive of May 28, 2008 suspending all pending, current and approved deepwater drilling operations for six months?

**Eastern Shipbuilding Group, Inc.'s business has been impacted as a result of the moratorium by customers placing new construction option contracts on hold pending the outcome of the Gulf Oil crisis. This action has also led to a reduction in our labor force, mostly through attrition, but delaying any new hires. Note that Eastern Shipbuilding Group is one of Bay County's largest employers.**

6. Explain whether there has been any change due to the affects to your company as a result of the United States Department of Interior Secretary Salazar's new decision issued on July 12, 2010 ("Second Moratorium") which suspends certain drilling operations and the cessation of approval of pending or future applications for such drilling until November 30, 2010?

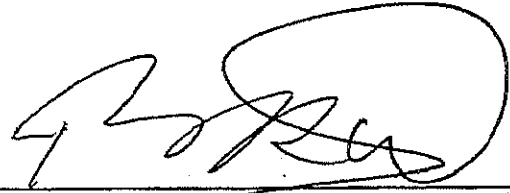
**The impact of the Second Moratorium continues the delay of our customers placing new construction option contracts along with continued labor force reduction.**

7. Does your company anticipate changes in its work force due to the "Second Moratorium," new decision issued on July 12, 2010 by the United States Department of Interior, Secretary Salazar, (ie. Layoffs, reduction in man hours, transition from full time workers to part-time workers)? If so, how?

**It is fully expected that Eastern's customers will continue with their "wait and see" attitude to see what other legal actions (or inactions) dictate how they pursue their business. Most of what has been seen to date is that our customers are taking their business foreign.**

8. Please explain how you believe your company and its employees will be economically impacted by the second drilling moratorium.

**Please refer to Question #6 above for details. The moratorium can impact as many as 200-300 employees and their families.**



SIGNATURE OF AFFIANT  
Print Name: Brian D'Isernia

SWORN TO AND SUBSCRIBED  
BEFORE ME THIS 21<sup>st</sup> DAY OF  
JULY, 2010.

*Carol R. McMillin*

NOTARY PUBLIC

La. Notary/Bar No.:

My Commission is for Life.



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EASTERN DISTRICT OF LOUISIANA

HORNBECK OFFSHORE SERVICES, L.L.C. \* CIVIL ACTION  
VERSUS \* NO.: 10-1663  
KENNETH LEE "KEN" SALAZAR, IN HIS \* SECTION "F"  
OFFICIAL CAPACITY AS SECRETARY, \*  
UNITED STATES DEPARTMENT OF INTERIOR; \* MAGISTRATE "2"  
ROBERT "BOB" ABBEY, IN HIS OFFICIAL \*  
CAPACITY AS ACTING DIRECTOR, MINERALS \*  
MANAGEMENT SERVICE; AND MINERALS \*  
MANAGEMENT SERVICES \*

\* \* \* \* \*

AFFIDAVIT

STATE OF LOUISIANA

PARISH OF Mobile  
County

BEFORE ME, the undersigned authority, personally came and appeared:

**Travis R. Short, President, Horizon Shipbuilding, Inc.**

who, after being duly sworn, deposed and stated as follows:

1. I am over 18 years of age and competent to execute this affidavit.
2. I am the President of Horizon Shipbuilding, Inc. and I execute this affidavit on the basis of my personal knowledge and my review of records maintained in the regular course of business at Horizon Shipbuilding, Inc. 13980 Shell Belt Road, Bayou La Batre, Alabama, 36509.



3. Horizon Shipbuilding, Inc. employs approximately 140 full time employees and no part-time employees.
4. Our company operates directly and/or indirectly to support oil and gas exploration and production companies drilling in the Gulf of Mexico's Outer Continental Shelf by providing the following services and/or products:

Designs and builds offshore support vessels, crew/supply vessels, platform supply vessels, and offshore oilfield security vessels.

5. How has your company been affected as a result of the First Moratorium, United States Department of Interior's Secretarial Directive of May 28, 2008 suspending all pending, current and approved deepwater drilling operations for six months?

Horizon's current projects were not immediately affected by the first moratorium.

6. Explain whether there has been any change due to the affects to your company as a result of the United States Department of Interior Secretary Salazar's new decision issued on July 12, 2010 ("Second Moratorium") which suspends certain drilling operations and the cessation of approval of pending or future applications for such drilling until November 30, 2010?

The biggest change is to the future stability of Horizon's workforce. If Horizon cannot secure future contracts and maintain backlog, layoffs will inevitably occur as backlog is worked down.

7. Does your company anticipate changes in its work force due to the "Second Moratorium," new decision issued on July 12, 2010 by the United States Department of Interior, Secretary Salazar, (ie. Layoffs, reduction in man hours, transition from full time workers to part-time workers)? If so, how?

At this time, Horizon does not anticipate laying off workers in the short term. However, as stated previously, layoffs will occur as current backlog is worked down. The scope and extent of these layoffs are unknown at this time.

8. Please explain how you believe your company and its employees will be economically impacted by the second drilling moratorium.

The offshore oil industry is one of Horizon's largest markets. In the past several years, Horizon has invested millions of dollars in shipyard infrastructure anticipating a strong Gulf of Mexico service vessel repair market. Businesses review market conditions on a regular basis and adjust their business plans accordingly. The Deepwater Horizon disaster did not, in and of itself, greatly impact the dynamics of the offshore industry as a whole. However, the offshore drilling moratorium could not have been anticipated and all businesses associated with the offshore oil industry were unable to prepare for such a drastic change in the market.

With offshore drilling at a standstill, work boats are tied up at their berths. This is commonly referred to as "stacking." If vessels are stacked, owners/operators have no incentive to pursue new build contracts. They are also unwilling to invest in the repair, conversion or renovation of existing vessels because they cannot quantify the timeframe the vessel would be unable to produce revenue. Consequently, return on investment figures necessary for such projects cannot be quantified. This has the potential to impact Horizon greatly as new vessel construction and repair is Horizon's core business.

Additionally, as the moratorium continues oil rig owners will be forced to move rigs out of the Gulf of Mexico to other areas of the world. In fact, this has already occurred. When the rigs move, support vessels for those rigs are no longer required in the US. The impact will directly affect the shipyards that build and repair the support vessels, resulting in an overall reduced market for shipyard services. Unless shipyards successfully penetrate new markets, which is an expensive and time consuming effort, many will be faced with bankruptcy.

The moratorium is unnecessarily damaging previously vibrant industries associated with offshore drilling. Unless the moratorium is rescinded quickly, thousands of jobs in many industries will be lost.



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SIGNATURE OF AFFIANT

Print Name: Travis R. Short,  
President  
Horizon Shipbuilding, Inc.

*Elizabeth D. Bentwell*

NOTARY PUBLIC STATE OF ALABAMA AT LARGE  
MY COMMISSION EXPIRES: Dec 11, 2010  
BONDED THRU NOTARY PUBLIC UNDERWRITERS

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF LOUISIANA

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UNITED STATES DEPARTMENT OF INTERIOR; \*  
ROBERT "BOB" ABBEY, IN HIS OFFICIAL \*  
CAPACITY AS ACTING DIRECTOR, MINERALS \*  
MANAGEMENT SERVICE; AND MINERALS \*  
MANAGEMENT SERVICES \*

\* \* \* \* \*

**AFFIDAVIT**

**STATE OF LOUISIANA**

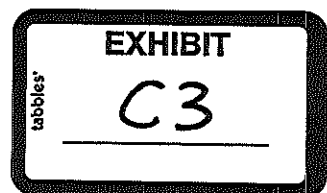
**PARISH OF ORLEANS**

**BEFORE ME**, the undersigned authority, personally came and appeared:

**James M. Rice**

who, after being duly sworn, deposed and stated as follows:

1. I am over 18 years of age and competent to execute this affidavit.
2. I am the President of Master Boat Builders and I execute this affidavit on the basis of my personal knowledge and my review of records maintained in the regular course of Master Boat Builders business, P.O. Box. 702, Bayou LaBatre, Alabama, 36509.



3. Master Boat Builders, Inc. employs 200 full time employees.
4. Our company operates directly and/or indirectly to support oil and gas exploration and production companies drilling in the Gulf of Mexico's Outer Continental Shelf by providing the following services and/or products:

We build vessels for the offshore industry.

5. How has your company been affected as a result of the First Moratorium, United States Department of Interior's Secretarial Directive of May 28, 2008 suspending all pending, current and approved deepwater drilling operations for six months?

Prior to the moratorium, we had six or seven customers discussing building Offshore Supply Vessels from 185 to 200 feet. Since the moratorium, we do not have any customers discussing building vessels. We do not expect to have any orders for vessels as long as the moratorium continues.

6. Explain whether there has been any change due to the effects to your company as a result of the United States Department of Interior Secretary Salazar's new decision issued on July 12, 2010 ("Second Moratorium") which suspends certain drilling operations and the cessation of approval of pending or future applications for such drilling until November 30, 2010?

There has been no change due to the second moratorium. As long as there is a threat of a moratorium, no one will build anything. Everyone is scared to build vessels because of the moratoriums.

7. Does your company anticipate changes in its work force due to the "Second Moratorium," new decision issued on July 12, 2010 by the United States Department of Interior, Secretary Salazar, (ie. Layoffs, reduction in man hours, transition from full time workers to part-time workers)? If so, how?

If there is no change to the offshore industry, we expect a 50% or greater layoffs of our workforce. As soon as we finish building the boats we have on contract right now, we will likely have no further work if the moratorium is in effect.



James M Rice  
SIGNATURE OF AFFIANT  
Print Name: JAMES M RICE

SWORN TO AND SUBSCRIBED  
BEFORE ME THIS 21 DAY OF  
JULY, 2010.

Kelley Ann Sevin

NOTARY PUBLIC  
La. Notary/Bar No.: 25871  
My Commission is for Life.

Kelley Ann Sevin, Notary Public  
Louisiana Bar No. 25871  
Duncan, Courington & Rydberg, L.L.C.  
400 Poydras Street  
Suite 1200  
New Orleans, Louisiana 70130  
My Commission is for Life

**UNSWORN DECLARATION PURSUANT TO 28 U.S.C. § 1746**

STATE OF ALABAMA

COUNTY OF MOBILE

BEFORE ME, personally came and appeared:

**EMORY ANDREW OVERSTREET, JR.**

who did, being first duly sworn, upon oath at law, deposes and says that:

This statement is made and presented to OMSA for purpose of comment on the current moratorium in place affecting drilling in the Gulf of Mexico. I declare under the penalty of perjury that the following is true and correct.

1. I am over 18 years of age and competent to execute this affidavit.
2. I am the **Vice President of Steiner Shipyard** and I execute this affidavit on the basis of my personal knowledge and my review of records maintained in the regular course of business at Steiner Shipyard, 8640 Hemley St., Bayou La Batre, AL 36509.
3. Steiner Shipyard, Inc. employs 40 full time employees and 0 part-time employees.



4. Our company operates directly and/or indirectly to support oil and gas exploration and production companies drilling in the Gulf of Mexico's Outer Continental Shelf by providing the following services and/or products:

**New construction, repairs and conversion of offshore support vessels such as supply vessels, crew vessels and barges.**

5. How has your company been affected as a result of the First Moratorium, United States Department of Interior's Secretarial Directive of May 28, 2008 suspending all pending, current and approved deepwater drilling operations for six months?

**Steiner Shipyard Inc. has not been immediately affected by the first moratorium.**

6. Explain whether there has been any change due to the affects to your company as a result of the United States Department of Interior Secretary Salazar's new decision issued on July 12, 2010 ("Second Moratorium") which suspends certain drilling operations and the cessation of approval of pending or future applications for such drilling until November 30, 2010?

**Steiner Shipyard has made no changes as of today.**

7. Does your company anticipate changes in its work force due to the "Second Moratorium," new decision issued on July 12, 2010 by the United States Department of Interior, Secretary Salazar, (ie. Layoffs, reduction in man hours, transition from full time workers to part-time workers)? If so, how?

**As of today, Steiner Shipyard, Inc. is not anticipating any changes; however, negative changes might occur as a direct consequence of the second moratorium.**

8. Please explain how you believe your company and its employees will be economically impacted by the second drilling moratorium.

**Steiner Shipyard, Inc biggest concern is for the future of its employees. The second moratorium could cause for Steiner Shipyard to lay off workers as a result of scarcity of new contract for the construction or repairs of offshore support vessels i.e. supply vessels, crew vessels. The offshore industry will suffer an economical crisis that will eventually be passed on to us.**

*Emory A. Overstreet Jr.*

SIGNATURE OF AFFIANT

Print Name: Emory Andrew Overstreet Jr.