

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 * 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

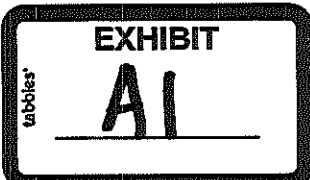
STATE OF LOUISIANA
PARISH OF ORLEANS

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

Kenneth R. Wells

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 Offshore Marine Service Association (OMSA) and I execute this affidavit on the basis of my personal knowledge and my review of records maintained in the regular course of OMSA's business, at 990 North Corporate Drive, Suite 210, Harahan, LA 70123.
3. OMSA employs six (6) full time employees.
4. Our association represents companies that directly and indirectly support the oil and gas exploration and production companies drilling in the Gulf of Mexico's Outer Continental Shelf. Our membership consists of over two hundred and fifty members: one hundred ten (110) members that own or operate vessels in oilfield service and one hundred fifty one (151) members that build vessels, repair



vessels, or that sell and service vessel equipment, or provide professional or logistic services to boat operators.

5. The announced deepwater drilling moratorium and the abrupt changes in the permitting of shallow draft drilling had a quick and chilling effect on the OMSA membership. To understand the impact, it is important to put it in the context of the scope of the offshore workboat sector and the trends within the industry over the last few years.
6. In late 2009, to demonstrate the value of the offshore support vessel sector, the related shipyards and other related businesses to the economy of the United States, OMSA contracted Loren C. Scott & Associates to measure "The Economic Impact of the Shipbuilders and Vessel Operators Servicing the Offshore Exploration, Development, and Production Industry on the U.S. Economy," (hereafter referred to as "Economic Impact Study") and publish the findings. The report documented those vessels and the shipyards that build those vessels are responsible for about \$18 billion in annual spending and more than 100,000 jobs, paying about \$4.6 billion in wages. The attached report by Loren C. Scott & Associates dated January 2010 documents the full details from this study.
7. Related to the Economic Impact Study, I also wanted to gain some understanding of the scope of recent vessel construction by the offshore support vessel sector. To measure the size of the impact, I compiled 2007, 2008 and 2009 ship construction data on the web site <http://www.coltoncompany.com/> to construct the attached excel spreadsheets. I placed all offshore vessels, as well as tugboats and barges suitable for offshore service into the tables. The table shows that 291 vessels appropriate for offshore work were built during that three year period. While a rough estimate, taken as a whole it indicates that the offshore vessel industry invested heavily and underwent a significant capital construction initiative in the past few years. Much of this construction was to replace vessels that were nearing retirement, but the types of vessels built largely reflected the changing needs of offshore operations.
8. Plans for new drilling projects were generally expected to take place in deepwater, many miles from shore. A key reason for these expectations were the size of potential reservoirs associated with deepwater projects. It could also be argued that government public policy was driven to projects further and further offshore. For example, the Administration's offshore drilling proposal announced on March 30th 2010 would have restricted new drilling off the coasts of Alabama and Florida to 125 miles or more from land and preliminary studies of lease sites off the east coast were limited to more than 75 miles from land. Meeting the needs of this deepwater drilling required larger, more sophisticated vessels, capable of carrying larger cargo loads and working in rougher seas, further from support bases. The construction carried out during the period analyzed clearly indicated a transition to the new class of vessels.

9. It is important to understand this context in assessing the damage caused by the moratorium. Immediately after the announcement of the moratorium we began engaging our members in discussion to gain some understanding of the potential impact. Early estimates were that the deepwater moratorium could throw 100 vessels out of work. The shallow water shutdown would potentially cut 50-100 vessels out of work.
10. Roughly one month ago, we began surveying our members to try to hone in on precise figures. It has proven to be difficult for a number of reasons, but we have identified 70-80 vessels that are out of work. We believe there are others, but have not been able to quantify precisely how many. It is important to recognize that the vessels immediately impacted by the moratorium have tended to be the newest, most expensive and, in many cases, the most highly leveraged vessels.
11. As vessel owners become increasingly concerned over the length of the moratorium and the uncertainty surrounding lifting the moratorium, they are cutting their own spending. This has taken the form of delaying or outright cancelling construction plans and cutting back spending on vendors. A number of vessels are due to come out of the shipyards this summer, with no prospects for work. In one case, a member reported to us that his bank had revoked a line of credit needed to complete a vessel that was partially constructed. There do not appear to be many new construction contracts under discussion.
12. Building support vessels requires large capital. Much of this capital is borrowed from financial institutions. Our members must work their vessels to generate cash flow to pay the vessel mortgage. A drilling stoppage could rapidly place under-capitalized vessel operators in bankruptcy. The loss of these members will hinder the funding of OMSA activities to protect the industry from other government regulations and decision.
13. Overall, the impact of the second moratorium, above and beyond the first moratorium, has been to create an atmosphere of uncertainty. Businesses may survive a cessation of operations if there is a clear terminus point for the disruption. The second announcement has fostered a view that the moratorium is open-ended. While there have been announcements that the moratorium is in effect until November 30th, there have also been strong signals that the drilling ban will continue until new recommendations are handed down, new regulations are in place or new laws have been enacted. The prospect of increasing numbers of drilling rigs leaving the Gulf creates additional uncertainty.
14. Under one scenario, the sudden influx of vessels that have lost drilling jobs competing for fewer and fewer jobs has the potential to present a shock to the supply/demand structure of our industry. This would have the effect of dropping the bottom out of our rate structure, causing even companies that do not typically compete for drilling jobs to suffer. This is a particularly disturbing possibility if one considers the number of new vessels that have been built and amount of borrowed or invested money that those vessels represent.

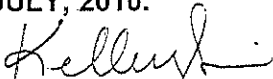
15. The twenty-one affidavits filed concurrently with this affidavit from OMSA members reveal the issues the vessel owners, suppliers, distributors, shipyards, and related companies are already coping with and expect to face as a result of the moratoriums. Our members' vessels are limited to offshore energy production service by their USCG issued (and required) Certificate of Inspection, and cannot move into another temporary service during the moratorium. As boats are laid off by a drilling company, that boat no longer needs to purchase repairs, food, fuel, or spare parts from these vendors. In the case of a prolonged absence of work, the vessel would be taken out of service and the crewmembers laid off work.



SIGNATURE OF AFFIANT

Print Name: Kenneth R. Wells

SWORN TO AND SUBSCRIBED
BEFORE ME THIS 23rd DAY OF
JULY, 2010.



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

**THE ECONOMIC IMPACT OF THE SHIPBUILDERS AND VESSEL
OPERATORS SERVICING THE OFFSHORE EXPLORATION,
DEVELOPMENT, AND PRODUCTION INDUSTRY ON THE U.S. ECONOMY**

PREPARED BY

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January 2010

EXECUTIVE SUMMARY

A number of studies have looked at the importance of offshore energy to the country. A study made by our firm for Port Fourchon, Louisiana indicated that a shut down of the offshore port for just three weeks would equate to a national economic impact of \$9.9 billion in sales loss, \$2.9 billion in household earnings loss, and over 77,000 jobs loss nationally. A June 2006 study by Global Insight and commissioned by the American Petroleum Institute entitled "The Economic Impact of Changing the Deep Water Royalty Relieve Act." indicated that a loss of deepwater production of oil and gas would cost the country 691,000 jobs. Because all of this activity requires vessels to carry cargo and workers and to perform offshore operations, it might be said that those vessels make that economic driver possible. As the Offshore Marine Service Association (OMSA) has pointed out, offshore vessels are "America's lifeline to offshore energy."

Despite the fact that many studies have looked at the overall impact of offshore energy—and since American vessels play a vital role in exploring, developing and producing that energy—there has not been a *specific study* that focused on the economic activity produced by the vessels themselves and the shipyards that build them. That was OMSA's purpose in contracting with Loren C. Scott and Associates to conduct such a study at this time.

Specifically, we estimate four separate impacts generated by offshore vessel operators and the U.S. shipbuilders that construct vessels for that market: (1) *new sales* for firms in the U.S., (2) *new household earnings* for residents in the U.S., (3) *new jobs* in the U.S. and (4) federal, state and local tax collections in the U.S. Our findings can be summarized as follows:

- Annually, the economic activity of U.S. shipbuilders and offshore vessel operations servicing the offshore exploration, development and production industry generates substantial benefits to U.S. businesses and workers.
 - U.S. businesses experience about **\$18.1 billion in new sales** annually as a result of economic activities within this segment of the U.S. shipbuilding and offshore vessel operations.
 - New business sales spawned by these specific U.S. shipbuilders and vessel operations help to generate about **\$4.6 billion in new household earnings** annually for U.S. workers.
 - Approximately **103,160 jobs** are supported by the economic activities of these U.S. shipbuilders and offshore vessel operators. This includes direct employment within these two industries of at least 29,000 workers. These estimates suggest a **job multiplier of about 3.6**—that is, for every one job created in these two sectors 2.6 other jobs are created elsewhere in the nation's economy.

- These new jobs appear to be well-paid, with average annual earnings of approximately \$43,992.
- Chief beneficiaries of the spillover effects generated by U.S. shipbuilders and offshore vessel operators servicing the offshore exploration, development and production industry appear to be businesses and workers in the manufacturing and transportation sectors of the nation's economy. For example:
 - About 52.4 percent (\$9.5 billion) of new annual business sales spawned by these U.S. shipbuilders and offshore vessel operators occurs within the manufacturing and transportation sectors.
 - About 42.9 percent (\$1.9 billion) of new household earnings generated by the multiplier effects benefits workers within these two sectors of the nation's economy.
 - Approximately 31.3 percent of the new jobs attributable to U.S. shipbuilding and offshore vessel operations can be found within the manufacturing and transportation sectors---13,679 and 18,587 jobs respectively.
- Annually the economic activity of U.S. shipbuilders and offshore vessel operations servicing the offshore exploration, development and production industry generates the following federal and state/local tax revenues:
 - We estimate that **the federal government collected nearly \$1.4 billion annually in taxes** directly and indirectly in 2008 due to the operations of these two industries. Of this total, \$385.3 is in direct taxes paid and just over \$1 billion is in indirect taxes generated via the multiplier effect.
 - We estimate that **state and local governments received about \$770.8 million annually in taxes** in 2008. Of this total, \$78.9 was in direct taxes paid and nearly \$700 million was in indirect taxes generated via the multiplier effect.

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**THE ECONOMIC IMPACT OF THE SHIPBUILDERS AND VESSEL
OPERATORS SERVICING THE OFFSHORE EXPLORATION,
DEVELOPMENT, AND PRODUCTION INDUSTRY ON THE U.S. ECONOMY**

I. Introduction

A number of studies have looked at the importance of offshore energy to the country. A study made by our firm for Port Fourchon, Louisiana indicated that a shut down of the offshore port for just three weeks would equate to a national economic impact of \$9.9 billion in sales loss, \$2.9 billion in household earnings loss, and over 77,000 jobs loss nationally. A June 2006 study by Global Insight and commissioned by the American Petroleum Institute entitled "The Economic Impact of Changing the Deep Water Royalty Relieve Act." indicated that a loss of deepwater production of oil and gas would cost the country 691,000 jobs. Because all of this activity requires vessels to carry cargo and workers and to perform offshore operations, it might be said that those vessels make that economic driver possible. As the Offshore Marine Service Association (OMSA) has pointed out, offshore vessels are "America's lifeline to offshore energy."

Despite the fact that many studies have looked at the overall impact of offshore energy---and since American vessels play a vital role in exploring, developing and producing that energy---there has not been a *specific study* that focused on the economic activity produced by the vessels themselves and the shipyards that build them. That was OMSA's purpose in contracting with Loren C. Scott and Associates to conduct such a study at this time.

II. Methodology

It is a well established principle that business investment decisions have both direct and indirect (secondary) impacts on the economy. The direct impact of a particular firm or establishment on income and employment can be measured by its revenue and payroll. However, these impacts would significantly understate the role of the firm in the economy. The reason is that the firm also buys from, and sells to, many other firms in the economy. The interactions caused by these purchases and expenditures are magnified by the spending of employees who earn income from the firm and the affected businesses.

The Multiplier Effect

Thus, any change in the activity of a particular firm **indirectly** affects these buyers and sellers, which in turn affects firms that buy from and sell to these buyers and sellers, etc. For example, when a decision is made by a firm that creates a new job, a chain-reaction is started which works its way throughout the economy. This chain-reaction (multiplier effect) causes even more jobs to be created. The analogy is of a rock being tossed into a pond. Not only is there an initial splash, but ripples are created that spread throughout the pond.

The Input-Output Table

A major difficulty lies in attempting to quantify these indirect impacts. Fortunately, a technique has been developed for precisely this purpose---an **input-output (I/O) table**. An I/O table is a matrix of numbers that describes the interactions between all industries in a geographical area (in this case, the continental U.S.). The I/O table provides a complete picture of the flows of products and services in the economy for a given year, illustrating the relationship between producers and consumers and the

interdependencies of industries in the state. An I/O table for the continental U.S. has been constructed by the Bureau of Economic Analysis (BEA), U.S. Department of Commerce. The BEA is the governmental agency responsible for measuring the nation's gross domestic product each quarter. This I/O table can be used to estimate three separate impacts generated by the shipbuilders and vessel operators: (1) *new sales* for firms in the U.S., (2) *new household earnings* for residents in the U.S., and (3) *new jobs* in the U.S.

Data Collection

In order to estimate the impacts of these two industries on the U.S. economy, data had to be gathered from the shipbuilders and vessel operators servicing the offshore energy industry to be injected into the I/O table. Separate questionnaires were designed to be sent to shipbuilders and vessel operators. These questionnaires are attached in Appendices A and B. Before being sent out to the firms, the questionnaires were field tested with a firm from each group to make sure the questions were clear and that there were no important sets of data we were missing. The questionnaires were sent out from the OMSA offices but were to be sent only to LCS, Inc. Answers were to be seen only by analysts within LCS, Inc., and strict confidentiality for the responses was imposed. Data in this report are only shown in the aggregate. No individual firm data are disclosed. Note that the data collected were only on activities by these shipbuilders and operators involving the offshore exploration, development and production industry.

Questionnaire Response Rate

The questionnaires were sent out to all OMSA members that were either shipbuilders or vessel operators. When soliciting information on sensitive financial data such as annual revenues, employment, payrolls, taxes paid, etc., it is unrealistic to expect

a 100 percent response rate. Often researchers expect a response rate in the 10 percent range and then blow up the results from those responses to what the population of shipbuilders and operators as a whole would be like. Fortunately, our response rate was much better than 10 percent. Based on total tonnage of vessels built to service the offshore exploration industry in 2008, we estimate that our shipbuilding respondents represented 72 percent of total tonnage built in that year. Based on the dues structure of the OMSA (which is based on size of the firm), we estimate that questionnaires received from vessel operators represented 57 percent of the total vessel operators that service the offshore exploration industry. Based on these unusually large samples, we feel very comfortable in extrapolating the replies of the respondents in the sample to an estimate of what the total population of shipbuilders and vessel operators servicing this sector did in 2008.

III. Impact of Shipbuilders and Vessel Operators on U.S. Economy

Based upon our sample of vessel operators and shipbuilders, **total annual revenues in both sectors in 2008 amounted to at least \$6.1 billion**; \$4.6 billion for operators and \$1.5 billion for shipbuilders, respectively. These revenues were inserted into the national I/O matrix to determine the impact of these revenues on business sales, household earnings, and employment in the U.S. Table 1 presents our estimates.

Table 1
Impact on the National Economy from the Operations of
Vessel Operators Servicing the Offshore Exploration,
Development & Production Industry and Related U.S. Shipbuilders

Period	New Sales (millions)	New Earnings (millions)	New Jobs
2008	\$18,086.1	\$4,538.2	103,160

Source: Author's calculations derived from US Bureau of Economic Analysis,
Input-Output tables

Impact on Business Sales in U.S Economy

Based upon the survey responses, U.S. shipbuilders and vessel operators servicing the offshore energy industry earned approximately \$6.1 billion in revenues in 2008. Using the I/O tables we estimate that the annual revenues earned by U.S. vessel operators and shipbuilders servicing the offshore energy industry in 2008 generated almost **\$18.1 billion in additional business sales in the nation's economy**. By any measure, this represents a rather impressive boost to businesses in the U.S. economy.

Impact on Household Earnings in U.S. Economy

The new business sales shown in column two obviously lead to new earnings for U.S. residents as a result of the multiplier effects. These earnings estimates are shown in column three of Table 1. Based on our estimates of new business sales nationally, **the operations impact of U.S. vessel operators and shipbuilders servicing the offshore energy industry generates about \$4.6 billion in household earnings for residents in**

the United States. This includes the direct earnings paid by U.S. shipbuilders and vessel operators and the indirect household earnings generated through the multiplier effects.

Impact on Jobs in U.S. Economy

Using the national I/O tables, we can also generate the impact that U.S. vessel operators and shipbuilders servicing the offshore energy industry have on jobs in the national economy. Based on these tables, **the economic activity of these U.S. vessel operators and shipbuilders spawned about 103,160 permanent jobs in the nation's economy.** This includes both direct employment in these two industries as well as the indirect employment generated through the multiplier effects.

These are very large numbers and reflect a rather substantial impact on the economy. Based upon the survey responses, there are at least 29,000 workers employed in these two industries. Thus, this suggests **a job multiplier of about 3.6**---that is, for every one job created in these two industries another 2.6 jobs are created elsewhere in the nation's economy. These jobs also appear to be well-paid, with average annual earnings of about \$43,992 (\$4.583.2 million divided by 103,160).

Distribution of Impacts by Industry within the U.S.

To illustrate how these impacts are spread through the national economy we generated the multiplier effects for the 19 industry sectors included in the national I/O tables. Separate impacts generated by U.S. shipbuilders and offshore vessel operators servicing the offshore energy industry on various sectors of the nation's economy are presented below. We report the impacts on business sales, household earnings and permanent employment for each of the 19 sectors.

Impacts on New Business Sales. The sales impacts on various industries that are spawned by the economic activities of U.S. shipbuilders and offshore vessel operations servicing the offshore energy industry are reported in Table 2. As might be expected, the largest impacts from U.S. shipbuilding and vessel operators occur in the manufacturing and transportation industries---which are the sectors where the shipbuilders and vessel operators are located. About 52.4 percent of new annual business sales spawned by U.S. shipbuilding and vessel operations occur within the manufacturing and transportation sectors of the nation's economy. Substantial sales impacts are also present in the finance and insurance sector, with about \$1.28 billion in annual sales, followed closely by the real estate and rental and leasing industry---\$1.25 billion.

Table 2
Impact on the National Economy of
U.S. Shipbuilders and Vessel Operators Servicing
The Offshore Exploration, Development & Production Industry

Industry Sector	Business Sales (millions)
Agriculture, forestry, fisheries	\$121.0
Mining	\$194.4
Utilities	\$212.7
Construction	\$69.0
Manufacturing	\$3,894.8
Wholesale trade	\$601.7
Retail trade	\$596.2
Transportation and warehousing	\$5,576.4
Information	\$689.9
Finance and insurance	\$1,284.7
Real estate and rental and leasing	\$1,253.5
Professional, scientific, and technical services	\$950.8
Management of companies and enterprises	\$352.1
Administrative and waste management services	\$539.3
Educational services	\$141.2
Health care and social assistance	\$702.8
Arts, entertainment, and recreation	\$98.0
Accommodation and food services	\$343.8
Other services	\$464.0
Total	\$18,086.1

Source: Author's calculations derived from US Bureau of Economic Analysis, Input-Output tables

Impacts on Household Earnings. As explained earlier, these new sales also generated new household earnings for workers in the U.S (Table 3). Again, as expected, workers within the nation's manufacturing and transportation sectors (where the shipbuilders and vessel operators are located) experience the largest bumps---over a \$1.9

billion annual boost in their household earnings. This is roughly 42.9 percent of the total household earnings impacts generated by U.S. shipbuilders and vessel operators servicing the offshore energy industry. Note in this table that there are 10 other sectors in the U.S. economy where workers gained over \$100 million a year in earnings due to the activities of shipbuilders and vessel operators serving the offshore energy industry.

Table 3
Impact on the National Economy of
U.S. Shipbuilders and Vessel Operators Servicing
The Offshore Exploration, Development & Production Industry

Industry Sector	Household Earnings (millions)
Agriculture, forestry, fisheries	\$21.6
Mining	\$46.5
Utilities	\$30.2
Construction	\$26.6
Manufacturing	\$919.9
Wholesale trade	\$200.9
Retail trade	\$201.5
Transportation and warehousing	\$1,025.1
Information	\$125.3
Finance and insurance	\$384.4
Real estate and rental and leasing	\$97.2
Professional, scientific, and technical services	\$425.9
Management of companies and enterprises	\$144.3
Administrative and waste management services	\$212.2
Educational services	\$65.2
Health care and social assistance	\$322.1
Arts, entertainment, and recreation	\$38.5
Accommodation and food services	\$101.2
Other services	\$149.7
Total	\$4,538.2

Source: Author's calculations derived from US Bureau of Economic Analysis, Input-Output tables

Impacts on Jobs. Finally, of the total number of jobs spawned by the economic activity of U.S. shipbuilding and vessel operations servicing the offshore energy industry, about 31.3 percent of those jobs are created within the nation's manufacturing and transportation sectors--13,679 and 18,587 jobs, respectively (Table 4). Additionally, heavy job impacts are felt in retail trade (8,762), the health care and social assistance industry (8,422 jobs), administrative and waste management services (8,683 jobs) and the professional, scientific and technical services industry (7,426 jobs). In only three sectors listed in Table 4 were there job benefits of less than 1,000 in 2008. Clearly, the benefits of these two industries' activities with the offshore exploration industry are very widespread.

Table 4
Impact on the National Economy of
U.S. Shipbuilders and Vessel Operators Servicing
The Offshore Exploration, Development & Production Industry

Industry Sector	Permanent Jobs
Agriculture, forestry, fisheries	1,356
Mining	437
Utilities	304
Construction	660
Manufacturing	13,679
Wholesale trade	3,468
Retail trade	8,762
Transportation and warehousing	18,587
Information	2,159
Finance and insurance	6,531
Real estate and rental and leasing	4,139
Professional, scientific, and technical services	7,426
Management of companies and enterprises	1,735
Administrative and waste management services	8,683
Educational services	2,601
Health care and social assistance	8,422
Arts, entertainment, and recreation	1,845
Accommodation and food services	6,298
Other services	6,069
Total	103,160

Source: Author's calculations derived from US Bureau of Economic Analysis, Input-Output tables

IV. Impact of U.S. Shipbuilders and Vessel Operators on Tax Revenues

In the sections above we concentrated our analysis on generating the impact of the U.S. shipbuilding and offshore vessel operations servicing the offshore energy industry on business sales, household earnings, and jobs. However, there are at least two other important contributions that the two industries make to national economy. First, firms in both industries directly pay taxes to federal, state and local governments. A second source of tax revenue results from taxes collected on household earnings these U.S. shipbuilders and vessel operators create indirectly through the multiplier effects.

Federal Tax Revenue Impacts: Direct Taxes

On the questionnaire firms were asked how much they paid in direct federal taxes in 2008. As it turns out, fewer respondents filled out this section of the questionnaire. Direct federal taxes paid were reported by 58.8 percent of the shipbuilding business and 43.9 percent of the vessel operations. Thus, those who did respond made up a more than adequate sample for estimating total direct federal taxes paid. Based on this sample of responses, these firms paid \$385.3 million in direct federal taxes in 2008---an obviously very significant figure. This figure is shown below in column 2 of Table 5.

Federal Tax Revenue Impacts: Indirect Taxes

In Table 1, we reported the new household earnings that are created nationally by the economic activities of U.S. shipbuilding and offshore vessel industries servicing the offshore exploration industry. Our I/O tables suggest that earnings for households in the U.S. were \$4,538.2 million higher as a result of the operations of these two industries. These household earnings in turn result in additional federal tax revenues via several

forms of taxes. While it is difficult to get precise figures on the magnitude of these tax revenues, we generate them indirectly. According to the *Economic Report of the President –Table B-82*, federal tax receipts from all taxes were approximately \$2.51 trillion in 2006. Also, the Bureau of Economic Analysis (BEA) estimated that total personal income in the U.S. was about \$11.3 trillion in that same year. Thus, total federal tax receipts are roughly 22.3% of total personal income. We assume that tax revenues derived from the increase in household earnings generated by the activities of these U.S. shipbuilders and offshore vessel operators can be estimated using this ratio. Based on this assumption, **the federal government collected a little over \$1.012 billion annually in taxes (\$4,538.2 million X 22.3 percent) indirectly due to the operations of these two industries** as they serviced the offshore energy industry (see the second number in column two of Table 5).

State & Local Tax Revenues: Direct Impacts

On the questionnaire firms were asked how much they paid in direct state and local taxes in 2008. As was the case for federal tax reporting, fewer respondents filled out this section of the questionnaire. Direct state taxes paid were reported by 60 percent of the shipbuilding businesses and 48 percent of the vessel operations. Direct local taxes paid were reported by 70 percent of the shipbuilding businesses and 48 percent of the vessel operations. Thus, those who did respond made up a more than adequate sample for estimating total direct state and local taxes paid. Based on this sample of responses, these firms paid \$78.9 million in direct state and local taxes in 2008---an obviously very

significant figure. This figure is shown below as the third number in column 2 of Table 5.

State & Local Tax Revenues: Indirect Impacts

The new household earnings attributable to operations of these U.S. shipbuilding and offshore vessel operating industries (the \$4,538.2 million figure back in Table 1) also generate substantial tax revenues for state and local governments. We assume that these tax collections can be approximated by using the same technique as employed for federal tax revenues. According to the *Economic Report of the President, Table B-86*, state and local governments collected \$1.733 trillion (apart from monies received from the federal government) out of the \$11.256 trillion in personal income earned that year in the U.S. That means state and local governments collect about 15.4 cents in taxes for every dollar in new household earnings created. Thus, state and local governments collect about \$698.9 million (15.4 percent X \$4,538.2 million) annually in taxes indirectly due to the operations of these two industries (see the last number in column two of Table 5).

Table 5
Impact on the Federal and State Tax Revenues from the
Operations of U.S. Shipbuilders and Vessel Operators Servicing
The Offshore Exploration, Development & Production Industry: 2008
(Millions)

Type of Tax	Revenues (millions)
Federal Tax Revenues:	
Direct Taxes	\$385.3
Indirect Taxes	\$1,012.0
Total Federal Taxes	\$1,397.3
State & Local Tax Revenues:	
Direct Taxes	\$78.9
Indirect Taxes	\$698.9
Total State & Local Taxes	\$770.8

V. Summary and Conclusions

A number of studies have looked at the importance of offshore energy to the country. A study made by our firm for Port Fourchon, Louisiana---which is the home for much of the offshore workboat fleet---indicated that a shut down of the offshore port for just three weeks would equate to a national economic impact of \$9.9 billion in sales loss, \$2.9 billion in household earnings loss, and over 77,000 jobs loss nationally. A June 2006 study by Global Insight and commissioned by the American Petroleum Institute entitled "The Economic Impact of Changing the Deep Water Royalty Relieve Act." indicated that a loss of deepwater production of oil and gas would cost the country 691,000 jobs. Because all of this activity requires vessels to carry cargo and workers and to perform offshore operations, it might be said that those vessels make that economic driver possible. As the Offshore Marine Service Association (OMSA) has pointed out, offshore vessels are "America's lifeline to offshore energy."

Despite the fact that many studies have looked at the overall impact of offshore energy---and since American vessels play a vital role in exploring, developing and producing that energy---there has not been a *specific study* that focused on the economic activity produced by the vessels themselves and the shipyards that build them. That was OMSA's purpose in contracting with Loren C. Scott and Associates to conduct such a study at this time.

Specifically, we generate four separate impacts generated by U.S shipbuilders and offshore vessel operators: (1) *new sales* for firms in the U.S., (2) *new household earnings*

for residents in the U.S., (3) *new jobs* in the U.S. and (4) federal, state and local tax collections in the U.S. Our findings can be summarized as follows:

- Annually, the economic activity of U.S. shipbuilders and offshore vessel operations servicing the offshore exploration, development and production industry generates substantial benefits to U.S. businesses and workers.
 - U.S. businesses experience about **\$18.1 billion in new sales** annually as a result of economic activities within this segment of the U.S. shipbuilding and offshore vessel operations.
 - New business sales spawned by these specific U.S. shipbuilders and vessel operations help to generate about **\$4.6 billion in new household earnings** annually for U.S. workers.
 - Approximately **103,160 jobs** are supported by the economic activities of these U.S. shipbuilders and offshore vessel operators. This includes direct employment within these two industries of at least 29,000 workers. These estimates suggest a **job multiplier of about 3.6**—that is, for every one job created in these two sectors 2.6 other jobs are created elsewhere in the nation’s economy.
 - These new jobs appear to be well-paid, with average annual earnings of approximately \$43,992.
 - Chief beneficiaries of the spillover effects generated by U.S. shipbuilders and offshore vessel operators servicing the offshore exploration, development and production industry appear to be businesses and workers in the manufacturing and transportation sectors of the nation’s economy. For example:
 - About 52.4 percent (\$9.5 billion) of new annual business sales spawned by these U.S. shipbuilders and offshore vessel operators occurs within the manufacturing and transportation sectors.
 - About 42.9 percent (\$1.9 billion) of new household earnings generated by the multiplier effects benefits workers within these two sectors of the nation’s economy.
 - Approximately 31.3 percent of the new jobs attributable to U.S. shipbuilding and offshore vessel operations can be found within the manufacturing and transportation sectors—13,679 and 18,587 jobs respectively.

- Annually the economic activity of U.S. shipbuilders and offshore vessel operations servicing the offshore exploration, development and production industry generates the following federal and state/local tax revenues:
 - **The federal government collected nearly \$1.4 billion annually in taxes** directly and indirectly in 2008 due to the operations of these two industries. Of this total, \$385.3 is in direct taxes paid and just over \$1 billion is in indirect taxes generated via the multiplier effect.
 - **State and local governments received about \$770.8 million annually in taxes** in 2008. Of this total, \$78.9 was in direct taxes paid and nearly \$700 million was in indirect taxes generated via the multiplier effect.

Appendix A

**OFFSHORE MARINE SERVICES ASSOCIATION
IMPACT QUESTIONNAIRE: SHIPBUILDERS**

- A. Name of firm (optional): _____
- B. Type of vessel(s) built, e.g., OSVs, tugs, barges, lift boats, crew boats, utility boats: _____
- C. What were the **annual revenues** of your firm by year from 2004-2008?
2004:\$ _____ 2005:\$ _____ 2006:\$ _____ 2007:\$ _____ 2008:\$ _____
- D. Of your revenues as listed in C above, how much came from constructing vessels to service the offshore oil and gas industry (as opposed to vessels built for the Defense Department, other public entities, or non-energy-related activities)?
2004:\$ _____ 2005:\$ _____ 2006:\$ _____ 2007:\$ _____ 2008:\$ _____
- E. How many people were **employed** at your facilities in 2008? _____
- F. What was the **annual payroll** at your facilities in 2008? _____
- G. How much did your firm pay in **direct taxes** (corporate income taxes, direct sales taxes, excise taxes, other licenses and fees) to the federal government in 2008? _____
- H. How much did your firm pay in **direct taxes** (corporate income taxes, direct sales taxes, excise taxes, other licenses and fees) to the state government in 2008? _____
- I. How much did your firm pay in **direct taxes** (direct sales taxes, excise taxes, property taxes, other licenses and fees) to the local governments in 2008? _____
- J. How much did your firm **contribute to non-profit organizations** (United Way, Boy Scouts, etc.) in 2008?: _____

Please either (1) fax your responses to Loren Scott at 225-751-2350, (2) mail to Loren C. Scott & Associates, Inc., 743 Woodview Court, Baton Rouge, LA 70810, or (3) email them to lorenscott@aol.com (please be sure to put the "c" in this email address). Responses will only be seen by two people within LCS, Inc. and will be held in strictest confidence. Data will only be reported in aggregate. No individual firm data will be released. Please return your responses by November 15th so we can complete the impact study on a timely basis for you. Thanks for your help!

Appendix B

**OFFSHORE MARINE SERVICES ASSOCIATION
IMPACT QUESTIONNAIRE: VESSEL OPERATORS**

- K. Name of firm (optional): _____
- L. Type of vessel(s) operated, e.g., OSVs, tugs, barges, lift boats, crew boats, utility boats:

- M. What were the **annual revenues** of your firm **2008?**:
\$ _____
- N. Of your revenues in 2008 (as listed in C above), how much came from operating vessels to service the offshore oil and gas industry (as opposed to vessels operated for the Defense Department, other public entities, or non-energy-related activities)? _____
- O. How many people were **employed** at your company in 2008?: _____
- P. What was the **annual payroll** at your company in 2008?: _____
- Q. How much did your firm pay in **direct taxes** (corporate income taxes, direct sales taxes, excise taxes, other licenses and fees) to the **federal government** in 2008? _____
- R. How much did your firm pay in **direct taxes** (corporate income taxes, direct sales taxes, excise taxes, other licenses and fees) to the **state government** in 2008? _____
- S. How much did your firm pay in **direct taxes** (direct sales taxes, excise taxes, property taxes, other licenses and fees) to the **local governments** in 2008? _____
- T. How much did your firm **contribute to non-profit organizations** (United Way, Boy Scouts, etc.) in 2008?: _____

Please either (1) fax your responses to Loren Scott at 225-751-2350, (2) mail to Loren C. Scott & Associates, Inc., 743 Woodview Court, Baton Rouge, LA 70810, or (3) email them to lorenscott@aol.com (please be sure to put the "c" in this email address). **Responses will only be seen by two people within LCS, Inc. and will be held in strictest confidence.** Data will only be reported in aggregate. No individual firm data will be released. Please return your responses by **November 15th** so we can complete the impact study on a timely basis for you. Thanks for your help!

2007 Offshore Vessel Construction

#	VIN	Name	Builder	Hull #
72 Offshore Se				
72	1205366	Seacor Sherman	Bender Shipbuilding	7876
71	1205361	Ms Megan	Thoma-Sea Shipbuilders	140
70	1207578	Mediterranean	C. & C. Boat Works	35
69	1207132	Mr Will	Geo Shipyard	189
68	1203989	Grand Slam	Bollinger Shipyards	524
67	1203577	Hammerhead	C. & G. Boat Works	84
66	1201896	Jo Lynn Tide	C. & G. Boat Works	89
65	1201664	Ms Wendy	Breaux Bros.	1299
64	1203475	Joshua Chouest	North American SB	234
63	1203989	Triple Play	Bollinger Shipyards	523
62	1203042	Wyatt Lee	Conrad Industries	763
61	1205478	RAM XVII	Halimar Shipyard	143
60	1206014	Candy Factory	Swiftships	572
59	1205526	M/V Port Eads	St. Johns Shipbuilding	1
58	1195644	Olivia Candies	Candies Shipbuilding	146
57	1196682	Andrew Charles	Master Marine	321
56	1202865	Barthel Tide	Quality Shipyard	1264
55	1205365	Seacor Grant	Bender Shipbuilding	7875
54	1201897	Cheryl Tide	C. & G. Boatworks	87
53	1201451	M V Norman F. McCall	Bender Shipbuilding	7874
52	1201047	Harvey Supplier	Eastern Shipbuilding	899
51	1204054	Aegean	C. & C. Boat Works	32
50	1193859	Adele Elise	Thoma-Sea Shipbuilders	105
49	1200748	Double Eagle	Bollinger Shipyards	522
48	1188175	Alexandra Danos	Intracoastal Iron Works	119
47	1200276	Hawk	Bollinger Shipyards	516
46	1198441	M V John Coghill	Bender Shipbuilding	7873
45	1196546	Randy J	Breaux's Bay Craft	1737
44	1193584	Delatte Tide	Leevac Industries	343
43	1195545	VADM K R Wheeler	North American SB	228
42	1201702	Celena Chouest	North American SB	236
41	1202699	Ms Bonnie	Halimar Shipyard	130
40	1202663	Miss Callie P	Breaux Bros.	1302
39	1202955	Gayla Graham	C. & G. Boatworks	85
38	1195773	First and Ten	Bollinger Shipyards	521
37	1200646	ACO Isaure Beinvenu	Master Boatbuilders	382
36	1197498	Louie Eymard	Conrad Industries	748
35	1201664	Miss Risa	Neuville Bost Works	466-6
34	1200240	Courtney Gabrielle	Halimar Shipyard	138
33	1201189	Adriatic	C. & C. Boat Works	31
32	1197514	Harlan S. McCall	Gulfcraft	463
31	1201501	Candy Counter	Swiftships	571
30	1180722	Warren Thomas	Lockport Fabrication	2

29	1198360	Miss Dorothy	Neuville Bost Works	466-5
28	1200644	Lauren Lacoste	Master Boatbuilders	394
27	1200624	St Ignatius Loyola	Master Boatbuilders	393
26	1196599	Eagle	Bollinger Shipyards	515
25	1192754	Southern Comet	Laforce Shipyard	149
24	1197162	Gloria A	Breaux Bros.	1297
23	1196160	M V Hansen	Acadian Contractors	1
22	1193585	Pat Tillman	Leevac Industries	342
21	1199076	Ms Caroline	Breaux's Bay Craft	1750
20	1195627	Sailfish	Midship Marine	314
19	1195538	Nanuq	North American	235
18	1191230	Harvey Spirit	Eastern Shipbuilding	881
17	1196515	Kathryn Eymard	Conrad Industries	744
16	1194416	Yellowfin	C. & G. Boat Works	83
15	1197834	Lady Eve	Neuville Boatworks	154-4
14	1193858	Kylie Williams	Thoma-Sea Shipyard	104
13	1199424	Seacor Columbus	Master Boatbuilders	401
12	1192977	Candy Barrel	Swiftships	570
11	1191733	Manresa	Master Boatbuilders	391
10	1193955	Max Chouest	North American	232
9	1195689	Ms Tami	Halimar Shipyard	137
8	1194253	ACO Keith Duggan	Master Boatbuilders	381
7	1193951	Carol Chouest	North American	233
6	1191732	St Martin de Porres	Master Boatbuilders	392
5	1195068	Lacie Bourg	Conrad Industries	743
4	1192674	K Marine XXII	Leevac Industries	341
3	1192958	John G McCall	Gulfcraft	462
2	1194027	Ram XVI	Halimar Shipyard	136
1	1192577	Miss Cissy	Neuville Bost Works	466-4

117 Tugs and

16 Other Vessels Over

11	1204819	CCC 2	Bludworth Shipyard	118
10	1204438	Fugro Enterprise	Boconco	127
9	1196009	Ms Cordelia	Halter Marine/Seacraft	1805

15 Oceangoing Bar

13	1196549	Energy 6507	Bollinger Shipyards	509
7	1196471	Energy 6506	Bollinger Shipyards	508

Owner/Operator	Type of Vessel	GT	Date
Service Vessels			
Seacor Marine	Offshore Service	2,188	5/22/2008
MNM Boats	Offshore Supply	97	3/21/2008
Adriatic Marine	Offshore Supply	84	2/11/2008
Oilfield Marine	Crewboat	13	12/14/2007
Rigdon Marine	Offshore Supply	1,455	12/7/2007
Rigdon Marine	Crewboat	98	12/6/2007
Tidewater Marine	Offshore Supply	197	11/30/2007
Gulf Logistics	Crewboat	97	11/23/2007
Edison Chouest Offshore	Offshore Supply	2,994	11/16/2007
Rigdon Marine	Offshore Supply	1,455	11/5/2007
Wyatt Lee, LLC	Lift Boat	185	10/29/2007
Aries Marine	Offshore Supply	173	10/29/2007
Candy Fleet	Crewboat	97	10/26/2007
Port Eads, LLC	Offshore Supply	99	10/15/2007
Otto Candies	Offshore Supply	1,227	10/5/2007
Gulf Alpha LLC	Offshore Supply	384	10/5/2007
Tidewater Marine	Offshore Supply	1,313	10/4/2007
Seacor Marine	Offshore Supply	2,168	10/4/2007
Tidewater Marine	Crewboat	197	10/4/2007
Seacor Marine	Offshore Supply	2,184	9/27/2007
Harvey Gulf	Offshore Supply	1,662	9/26/2007
Adriatic Marine	Offshore Supply	84	9/20/2007
Aries Marine	Offshore Supply	1,659	9/20/2007
Rigdon Marine	Offshore Supply	1,455	9/19/2007
Gulf Offshore Logistics	Offshore Supply	97	9/13/2007
Edison Chouest	Lift Boat	195	9/10/2007
Seacor Marine	Offshore Supply	2,174	9/7/2007
Tobias, Inc.	Crewboat	99	9/5/2007
Tidewater Marine	Offshore Supply	2,183	9/5/2007
Edison Chouest Offshore	OPDS	5,565	9/4/2007
Edison Chouest Offshore	Offshore Supply	2,994	9/4/2007
Barry Graham Oil Service	Crewboat	86	8/27/2007
St. Bernard Boat Rental	Crewboat	98	8/23/2007
Seacor Marine	Crewboat	92	8/22/2007
Rigdon Marine	Offshore Supply	1,455	8/6/2007
Abdon Callais	Offshore Supply	97	7/31/2007
Louie Eymard LLC	Lift Boat	185	7/26/2007
Parker Drilling	Crewboat	30	7/18/2007
Courtney Gabrielle LLC	Lift Boat	183	7/10/2007
C. & C. Boat Works	Offshore Supply	84	6/29/2007
Seacor Marine	Crewboat	98	6/29/2007
Candy Fleet	Crewboat	97	6/28/2007
Supreme Offshore Services	Offshore Supply	99	6/15/2007

Parker Drilling	Crewboat	30	6/14/2007
Abdon Callais	Offshore Supply	487	6/12/2007
Abdon Callais	Offshore Supply	487	6/12/2007
Edison Chouest	Lift Boat	196	6/11/2007
Southern States	Offshore Supply	387	5/21/2007
Gulf Logistics	Crewboat	97	5/18/2007
Mariner Energy		60	5/17/2007
Tidewater Marine	Offshore Supply	2,183	5/11/2007
Ms Caroline LLC	Crewboat	96	5/7/2007
Rigdon Marine	Crewboat	93	5/7/2007
Edison Chouest	Offshore Supply	3,542	5/1/2007
Harvey Gulf	Offshore Supply	2,261	4/30/2007
Offshore Marine	Offshore Supply	185	4/23/2007
Rigdon Marine	Crewboat	98	4/11/2007
Iberia Crewboats	Crewboat	95	4/5/2007
Aries Marine	Offshore Supply	1,659	4/5/2007
Seacor Marine	Offshore Supply	498	4/1/2007
Candy Fleet	Crewboat	97	3/27/2007
Abdon Callais	Offshore Supply	498	3/9/2007
Edison Chouest	Offshore Supply	4,918	3/9/2007
Barry Graham	Crewboat	88	2/28/2007
Abdon Callais	Offshore Supply	498	2/21/2007
Edison Chouest	Offshore Supply	2,996	2/15/2007
Abdon Callais	Offshore Supply	447	2/9/2007
Offshore Marine	Offshore Supply	185	1/24/2007
Kilgore Marine	Offshore Supply	1,153	1/24/2007
Seacor Marine	Crewboat	98	1/19/2007
Aries Marine	Offshore Supply	173	1/11/2007
Parker Drilling	Crewboat	30	1/5/2007

Total From Sheet 3 = 1

Towboats

er 50 feet in Length

CCC Group	Industrial Vessel	388	10/10/2007
Fugro Leasing	Research Vessel	99	9/12/2007
Global Geophysical	Research Vessel	245	7/25/2007

10
10
10

ges Over 5000 GT

Hornbeck Offshore	Tank Barge	5,778	11/8/2007
Hornbeck Offshore	Tank Barge	5,778	8/8/2007

20
20

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 * 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 ORLEANS

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

Richard E. Wells

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 Vice President of Offshore Marine Service Association (OMSA) and I execute this affidavit on the basis of my personal knowledge and my review of records maintained in the regular course of OMSA's business, at 990 North Corporate Drive, Suite 210, Harahan, LA 70123.
3. OMSA employs six (6) full time employees.
4. Our association represents the companies that support the oil and gas exploration and production companies drilling in the Gulf of Mexico's Outer Continental Shelf. Our membership consists of one hundred ten (110) members that own or operate vessels in oilfield service and one hundred fifty one (151)



members that build vessels, repair vessels, sell and service vessel equipment, or provide professional services to boat operators.

5. Our members' vessels are limited to offshore energy production service by their USCG issued (and required) Certificate of Inspection, and cannot move into another temporary service during the moratorium. As boats are laid off by a drilling company, that boat no longer needs to purchase repairs, food, fuel, or spare parts from their vendors. In the case of a prolonged absence of work, the vessel would be taken out of service and the crewmembers laid off work.
6. Capital-starved members may be forced into bankruptcy or sales of vessels at below-cost prices.
7. Members have stated to me and other OMSA staff members that they are reducing "optional" expenditures for new or updated equipment, attempting to cancel or delay the delivery of new vessels under construction, have deferred planned pay increases (i.e. undoing the pay cuts the recent down economy forced them to implement), and are making plans to allow their company to survive if offshore support work is halted for either a long determinant period or any indeterminate period.



SIGNATURE OF AFFIANT

Print Name: Richard E. Wells

**SWORN TO AND SUBSCRIBED
BEFORE ME THIS 22nd DAY OF
JULY, 2010.**



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**

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 * SECTION "F"
OFFICIAL CAPACITY AS SECRETARY, * MAGISTRATE "2"
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:

Charles M Callais

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 CEO of Abdon Callais Offshore and I execute this affidavit on the basis of my personal knowledge and my review of records maintained in the regular course of Abdon Callais Offshore business, 1300 North Alex Plaisance Blvd. Golden Meadow, LA 70357



3. Abdon Callais Offshore employs 375 full time employees and four 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:

Marine Transportation of below deck, above deck and offshore workers.

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?

The unknown of when this will end is killing our business. The spill is contained and efforts should be made to end this unjustified moratorium so we can get back to work supplying the nation's energy supply.

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?


We have stopped our future new build plans because of the uncertainty.

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 business is affected, we will need to layoff personnel and tie up equipment for an unknown period of time.

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

Uncertainty, uncertainty.


SIGNATURE OF AFFIANT
Print Name: Charley M Callais

SWORN TO AND SUBSCRIBED
BEFORE ME THIS 20 DAY OF
JULY, 2010.



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

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

HORNBECK OFFSHORE SERVICES, L.L.C. * CIVIL ACTION
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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 OF ARIES MARINE CORPORATION

STATE OF LOUISIANA §
§
PARISH OF LAFAYETTE §

On this 20th day of July, 2010, Mr. Courtney B. Ramsay, a person known to me, appeared before me, the undersigned notary public, and, upon his oath, deposed and stated as follows:

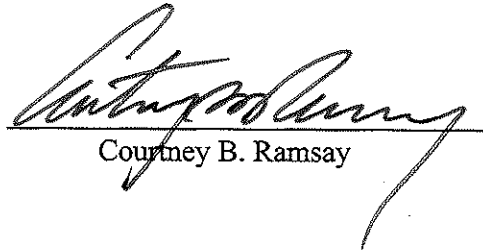
1. "My name is Courtney B. Ramsay. I am the President and Chief Executive Officer of Aries Marine Corporation ("Aries Marine"). I am competent in every respect to make this Affidavit. The facts stated in this Affidavit are based upon my personal knowledge and/or derived from business records of Aries Marine which are in my possession as one of the custodians of records. All information contained in this Affidavit is true and correct. I gained such personal knowledge in the course of performing my duties as an officer of and custodian of records for Aries Marine. I have been duly authorized to make this Affidavit on behalf of Aries Marine.
2. "A Louisiana corporation with its principal place of business in Lafayette, Louisiana, Aries Marine is family-owned and has been in operation since 1981.




3. "Aries Marine owns and operates 16 self-elevating vessels ("liftboats") and 12 offshore supply vessels ("OSV's") under time charter to oil and gas industry customers to service and supply offshore platforms in the Gulf of Mexico. The number of employees on Aries Marine's payroll is dependent on the number of vessels it consistently has under charter. Aries Marine employs 10 to 16 employees to man each vessel while under charter. At full employment with all or most of its vessels under charter, Aries Marine employs about 320 crew members and support personnel. Due to the uncertainty of the moratorium and the U. S. Department of Interior's refusal to issue permits on leases not otherwise covered by the moratorium, Aries Marine currently employs 280 people. Six Aries Marine vessels have been under charter to BP for oil spill clean-up, two of which recently came off-hire. Currently, Aries has three OSV's and one liftboat employed for oil spill clean-up. Once the three remaining OSV's come off charter from BP, Aries Marine will have 6 to 8 OSV's stacked at the dock and looking for work.
4. "Aries Marine has for the past couple of years had under construction two larger OSV's designed expressly for deep water (500 feet) and ultra deep water (beyond 1,000 feet). These two OSV's are due to come out of the shipyard in August and December of this year and are currently looking for work. Approximately 35 new personnel will be required to support just these two new boats. Assuming the uncertainty created by the multiple moratoriums on deep water operations remains, Aries Marine will be required to move these boats to foreign waters where only ship's officers will be retained for their support. Foreign crews will have to be used according to the nation's regulations in whose waters the boats will be operating.
5. "Aries Marine's liftboat activity has been impacted as well by the de facto moratorium on the shelf. While the liftboats only operate in shallow depths, the Department of Interior has refused to issue permits. Last year, one Aries Marine customer had sixteen liftboats under charter in the Gulf of Mexico; now, that same customer has six under charter, yet it had planned for more work for this year.
6. "Another Aries Marine customer, the largest turn-key driller in the Gulf of Mexico, is currently drilling one well and is awaiting a permit for a second well. This customer typically has about 10 wells drilling at a time with a back-log of work for up to three or four months. In March, this customer had permits in hand and was compiling the required equipment. However, the Department of Interior rescinded the permits after the Deep Water Horizon tragedy and has not yet granted these permits back.
7. "An added concern is that the industry is missing the current "good-weather" window during the moratorium. As the latter, more dangerous, part of the hurricane season

approaches and this gives way to the poor sailing conditions during winter, the industry will be sidelined even if the Department of Interior begins issuing permits again after the expiration of a six-month moratorium. Therefore, irreparable damage will be done to the industry if the moratoriums is not lifted and associated chilling-effect on Gulf of Mexico activity not removed.”

Further Affiant saith not.


Courtney B. Ramsay

SUBSCRIBED AND SWORN TO BEFORE ME this 20th day of July,
2010.


George C. Plauché
La. Bar Roll No. 23260
NOTARY PUBLIC IN AND FOR
THE PARISH OF LAFAYETTE
STATE OF LOUISIANA

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

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ROBERT "BOB" ABBEY, IN HIS OFFICIAL *
CAPACITY AS ACTING DIRECTOR, MINERALS *
MANAGEMENT SERVICE; AND MINERALS *
MANAGEMENT SERVICES *

* * * * *

AFFIDAVIT

STATE OF ALABAMA
COUNTY OF MOBILE

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

BARRY GRAHAM

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 Managing Member of Barry Graham Oil Service, L.L.C. and I execute this affidavit on the basis of my personal knowledge and my review of records maintained in the regular course of Barry Graham Oil Service, L.L.C. business, P.O. Box 982, Bayou La Batre, Alabama.
3. Barry Graham Oil Service, L.L.C. employs 147 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 are an offshore oilfield boat company providing: transportation of supplies and materials on deck and below deck cargo such as freshwater and diesel fuel to support operations, and personnel to and from shorebase facilities to offshore locations as well as transporting personnel between offshore locations.



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?

As of now, one vessel has been laid off. We currently have two deepwater vessels with two under construction that will have to compete with shallow water operations.

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?

Several of our vessels will likely lose work.

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?

We anticipate layoffs.

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

Our company will lose work and therefore will have to send workers home which will harm families who deserve much better. The personal cost to the families will be substantial.

9. Another effect will be our suppliers will lose much of their business which will hurt them, their employees and their families


SIGNATURE OF AFFIANT

Print Name: Barry A. Graham

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

Priscilla Steele
NOTARY PUBLIC

AL. Notary/Bar No.: _____

My Commission expires May 27, 2012

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 * 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 St. Mary

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

Kenny Nelkin
[INSERT NAME]

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 owner [insert job title] of Candy Fleet, LLC [insert company name] and I execute this affidavit on the basis of my personal knowledge and my review of records maintained in the regular course of Candy Fleet, LLC [insert company name] business, [insert address of company] P. O. Box 2444, Morgan City, LA 70381.



3. Candy Fleet, LLC [insert company name] employs 250 [insert number] full time employees and 2 [insert number] 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:

We have 19 supply and large crewboats (175'). We take materials and oil field employees to the drilling rigs offshore.

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?

We have lost 4 specific jobs for the vessels below because the oil companies could not obtain these permits to work: Candy Maker – Hilcorp Oil & Gas; Candy Store – LLOG; Candy Basket – DOR Dynamic Offshore; Candy Wagon – EPL Energy Partners

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?

Our oil companies have not been able to get their permits and are releasing our vessels. Cannot plan for our crews to work.

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?

Yes – We will be laying off everyone on an unemployed vessel. They will be stacked with no workers on board.

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

Approximately 225 workers will be jobless and existing workers will have pay reductions.

Kenny Nelkin
SIGNATURE OF AFFIANT
Print Name: Kenny Nelkin

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

Robert P Adams
NOTARY PUBLIC
La. Notary/Bar No.: 062881
My Commission is for Life.



THIS DOCUMENT NOT
PREPARED BY THE
UNDERSIGNED NOTARY
ATTESTING TO SIGNATURES ONLY

AFFIDAVIT OF WILLIAM R. SUMMERS

STATE OF LOUISIANA

PARISH OF ORLEANS

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

WILLIAM R. SUMMERS

who, after being duly sworn, did depose and state as follows:

1.

That William R. Summers is over the age of majority and otherwise competent to testify. Mr. Summers is Vice President at E.N. Bisso & Son, Inc. ("E.N. Bisso"). He is duly authorized to make this Affidavit on behalf of E.N. Bisso. In his capacity as Vice President, he has personal knowledge of the matters contained in this Affidavit or has obtained personal knowledge of these matters through contact with E.N. Bisso's other officers and employees. Mr. Summers, among other things, has more than 30 years experience in the maritime aspect of the offshore energy industry.

2.

E.N. Bisso is a New Orleans based tugboat company, with 15 vessels, some of which are ocean capable and certified, and about 140 employees. Its primary business is assisting ocean-going vessels safely in and out of berths and anchorages, and escorting those vessels for safety and security purposes. A secondary but extremely important segment of its business is the offshore towing of seagoing barges loaded with special project cargo typically related to the oil and gas industry, sometimes to foreign destinations, and tug support for offshore oil exploration and exploitation in the Gulf of Mexico.



3.

As part of his duties as Vice President, Mr. Summers is involved with various business dealings with offshore service companies that have vessels that operate from time to time in support of oil and gas exploration and exploitation in the Gulf of Mexico. In addition, E.N. Bisso offers its services to these customers for tug support for their offshore oil exploration and exploitation operations in the Gulf of Mexico. In years past, the ability for E.N. Bisso to provide tugboat support services to the offshore energy industry has had a significant and positive impact on its overall revenue especially where its other revenue streams may have declined due to global economic conditions or for other reasons.

4.

Through his interaction with the other officers and managers of E.N. Bisso and the advocacy of the Offshore Marine Service Association (“OMSA”), he has become aware of the Decision Memorandum issued by the U.S. Department of the Interior (“Department”) on July 12, 2010 that among other things suspends certain permitting and drilling activities on the Outer Continental Shelf, and in particular, suspends on-going drilling activities that utilize subsea blowout preventers or surface blowout preventers on a floating facility.

5.

It is his opinion that the Department’s decision to shut down an entire segment of the offshore energy industry will cause such an adverse impact that it will likely harm other marine companies, including E.N. Bisso, which provide support services to the offshore energy industry. Moreover, the cost of doing business could increase for E.N. Bisso if the suspension harms its marine suppliers, local shipyards or other marine businesses upon whom E.N. Bisso relies.

6.

In his opinion, the decision will cause a reduction in E.N. Bisso's revenue during the suspension of offshore energy activities. In addition, if marine vessels and equipment are idled, it will affect that ability of E.N. Bisso to sell or charter its own excess equipment. Finally, the uncertainty of what the Department's decision will have on fuel prices will create additional difficulties during a time of global economic crisis.



William R. Summers
Vice President
E.N. Bisso & Son, Inc.

SWORN TO AND SUBSCRIBED BE ME
ON THIS THE 21st DAY OF JULY 2010.


MICHAEL F. VITT, NOTARY PUBLIC

#64862

**MICHAEL F. VITT
NOTARY PUBLIC
LA BAR No. 27676**

**Parish of Orleans, State of Louisiana
My Commission is Issued for Life**

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 * 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

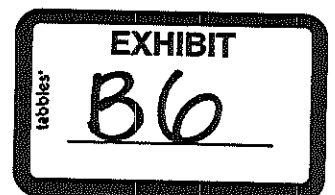
STATE OF LOUISIANA

PARISH OF Lafourche

BEFORE ME, the undersigned authority, personally came and appeared:
Minor A. Cheramie III

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 Vice President of L&M Bo-Truc Rental Inc. and I execute this affidavit on the basis of my personal knowledge and my review of records maintained in the regular course of L&M Bo-Truc Rental Inc. business, 18692 West Main Street Galliano, LA 70354.
3. L&M Bo-Truc Rental Inc. employs 200 full time employees and 5 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:
Maritime transportation through our fleet of 14 offshore supply 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?**

We are mostly shelf drilling maritime transportation providers. As a result of the moratorium there has been an oversupply of mostly deepwater vessels being idled in the GOM. Because of this oversupply of vessels vessel utilization and vessel day rates have weakened.

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?**

Both moratoriums have created uncertainty in the industry which has caused our clients to reconsider projects that could have provided work for our fleet. This uncertainty has caused us to suspend new hiring and put on hold giving back wage reductions that were put in place during 2009. Until we know that these projects are going to be allowed to occur we will have to put decisions on hiring and wage increases on hold.

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?**

Yes we do. If vessels are idled with no jobs then we will have to make up for the lost revenue. If a particular vessel is not on client charter for a long enough period we will have to make a decision on whether or not to stack that vessel. If the vessel is stacked for lack of available work then we would have to lay off the crew.

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

In much the same way as the first one. In our opinion the second moratorium is just an extension of the first one. We still expect to see an oversupply of charter available vessels which will result in weakened day rates and lower vessel utilization. This in turn will lead to wage reductions and in many cases workforce layoffs.

Minor A. Cheramie III
SIGNATURE OF AFFIANT
Print Name Minor A. Cheramie III

SWORN TO AND SUBSCRIBED
BEFORE ME THIS 20TH DAY OF
JULY, 2010.

[Signature]
NOTARY PUBLIC Lynn P. Pierce
La. Notary/Bar No.: 1D14929

My Commission is for Life.

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 * 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

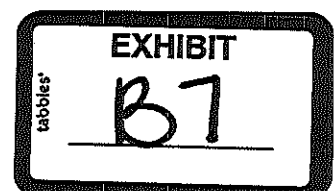
PARISH OF PLAQUEMINES

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

MARK ESTEVE

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 General Manager of Laredo Offshore Services, Inc. and I execute this affidavit on the basis of my personal knowledge and my review of records maintained in the regular course of Laredo Offshore Services, Inc.'s business at 110 Horseshoe Rd., Belle Chasse, LA 70037.
3. Laredo Offshore Services, Inc. and The Grand Ltd. operate vessels and employ 45 full time employees.



4. Our company operates directly and indirectly to support oil and gas exploration and production companies drilling in the Gulf of Mexico's Outer Continental Shelf by providing liftboat, derrick barge and heavy lift services for the offshore drilling and production, diving, construction and salvage industries in the US Gulf of Mexico.
5. The moratorium on offshore drilling operations has created an environment of insecurity within the entire offshore oil industry causing the oil companies to suspend operations and capital expenditures. This suspension has trickled down to all sectors of the offshore industry. Work has slowed down and we are anticipating a Fall and Winter business climate as bad or worse than anything we have seen since the mid 1980's.
6. 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, we anticipate that in order to survive the coming months of slowdown that we will be forced to stack a number of our vessels this Fall and Winter (and for perhaps longer).
7. As a result of the "Second Moratorium," new decision issued on July 12, 2010 by the United States Department of Interior, Secretary Salazar, we anticipate that pursuant to stacking the aforementioned vessels, we will lay off approximately 1/2 of our workforce.
8. The economic impact of the second drilling moratorium will be severe. Approximately 20 persons will lose their jobs resulting in an overall lost wages of around \$2,000,000 annually. Our annual gross revenue of \$20,000,000 will be cut in half (possibly more over an extended period of time). All of the associated industries that support our vessels, including parts houses, mechanical services and repairs, groceries and subsistence will be cut in half. And, our long term viability as a company and operating enterprise will be jeopardized.



SIGNATURE OF AFFIANT

Print Name: Mark Esteve

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

NOTARY PUBLIC

La. Notary/Bar No.:

My Commission is for Life.

GEORGE PIVACH, II

NOTARY PUBLIC, PARISH OF PLAQUEMINES, STATE OF LA.

MY COMMISSION IS ISSUED FOR LIFE

BAR NO. 10798

THIS DOCUMENT WAS NOT PREPARED
OR EXAMINED BY THE NOTARY
NAMED ABOVE AND THE NOTARY
ATTESTS ONLY TO THE SIGNATURES
OF THE PARTIES HEREIN.

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 * 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 ORLEANS

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

Robert Vosbein, Jr.

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 General Counsel and Chief Administrative Officer of Harvey Gulf International Marine, LLC ("Harvey Gulf"), which maintains its registered office at 701 Poydras St., Suite 3700, New Orleans, LA 70139. I execute this affidavit on the basis of my personal knowledge and my review of records maintained in the regular course of Harvey Gulf's business.
3. Harvey Gulf employs over two hundred (200) full time employees and two (2) 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 offshore towing services, specializing in the towing of deepwater



drilling rigs, such as semi-submersible drilling rigs and drill ships. Harvey Gulf also operates Offshore Supply Vessels and special purpose vessels, all of which work exclusively in support of exploration and production of oil and gas in the U.S. Gulf of Mexico.

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?

Harvey Gulf has lost, and continues to lose, revenue from towing vessels. These vessels almost exclusively support offshore towing of deepwater drilling rigs. While the loss of rig moves was mitigated initially by towing those rigs to port for stacking during the moratorium, since that time the loss of revenue has steadily increased. This revenue decline will continue for the remainder of the moratorium and thereafter due to the (undetermined at this time) number of drilling rigs that will have been moved to other regions of the world for operation.

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?

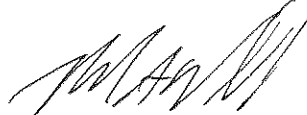
The impact to Harvey Gulf from the second moratorium is the same as the first. In each case, activities have been suspended until vague unspecified regulations and changes have been implemented, with no indication that any will be forth coming in the near future or that the Department of Interior is interested in having drilling operations resume. This can only lead to the continued departure of drilling rigs from the Gulf of Mexico, some for many years, and others permanently.

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?

Harvey Gulf values its employees tremendously and will avoid any changes in our work force for as long as possible. If the rig departures continue, however, Harvey Gulf will either be unable to work its vessels, or have to move them overseas and hire crew members from those regions. Under either circumstance, Harvey Gulf would have no choice but to lay off some of our employees.

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

The second drilling moratorium will still result in prolonged uncertain delays in permitting drilling rigs to resume operations in the Gulf of Mexico. As a result, Harvey Gulf will sustain a significant loss of revenue and may be required to operate some portion of our vessels in foreign waters. In such event, Harvey Gulf may not have any choice but to lay off our employees.



SIGNATURE OF AFFIANT

Print Name: Robert Voshein Jr.

SWORN TO AND SUBSCRIBED
BEFORE ME THIS 22 DAY OF
JULY, 2010.



NOTARY PUBLIC

La. Notary/Bar No.: _____

My Commission is for Life.

BENJAMIN C. NORWOOD
NOTARY PUBLIC
State of Louisiana, Bar Roll # 30986
My Commission is for life.

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 * 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

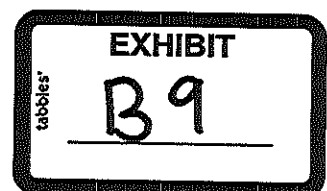
STATE OF TEXAS
COUNTY OF HARRIS

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

EDWARD S. SCHREIBER

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 Owner and Vice President of Southern States Offshore, Inc. and I execute this affidavit on the basis of my personal knowledge and my review of records maintained in the regular course of Southern States Offshore, Inc. business, 19101 Oil Center Blvd., Houston, Texas 77073.
3. Southern States Offshore, Inc. employs sixty-three (63) full time employees.
4. Our company operates directly to support oil and gas exploration and production companies drilling in the Gulf of Mexico's Outer Continental Shelf by providing marine transportation services (ferrying personnel and supplies from the dock to the rig and back again).



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?

We were denied a two million dollar line of credit due to the moratorium and suspension. We have also had two potential sales of equipment unravel due to the investor's fears of what negative effects the moratorium and subsequent suspension will have on our industry.

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?

Our clients have had to postpone projects that had been approved before the Deepwater Horizon blow out as well as future plans that had not yet been submitted and approved. Current submissions to the MMS that are in waters less than 500 feet are being delayed because the MMS approval process has been intentionally slowed to delay such projects. The postponement of these projects and MMS delays in approvals due to the moratorium and subsequent suspension has a direct negative impact on our business. It follows that if our customers are not working, we are not working.

Additionally, if our customers do not work and are prohibited from drilling offshore, the rigs that would have been utilized for drilling will seek employment elsewhere. Once these rigs leave, our customers will not be able to drill and that is a revenue source which will not be replaced in the foreseeable future. It is extremely costly to mobilize a rig from one area like the U. S. Gulf of Mexico to another area like Brazil, Nigeria or the Far East where there is not a moratorium.

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?

Yes. Once the spill has been plugged and BP releases the equipment it has rented for spill containment, the market will be flooded. It is very likely that day rates will collapse, vessels will be laid up and crews will be laid off.

In fact, given the current administrations attitude toward offshore drilling, it is likely that many smaller companies will go out of business and the offshore industry will be dealt an economic blow that may mark its end.

Offshore drilling will continue around the world regardless of the moratorium and suspension in the U.S. Gulf of Mexico. The jobs that will be lost here will be gained by our foreign competition and by non American workers and seamen.

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

If the moratorium is allowed to continue, then we will see drilling in the U. S. Gulf of Mexico grind to a halt. Offshore Drilling will continue but not here. Mexico will continue to drill in the Gulf. There will be drilling off Cuba in the Gulf. Drilling around the world will continue. Rigs will work and boats will service them – just not U. S. flag boats and not American crews.

Eventually, drilling will return to the U. S. Gulf of Mexico. However, our industry will be so devastated that it will not be able to respond with equipment or trained personnel. The Jones Act which protects American seaman and ship yards will be repealed. Foreign flag vessels manned by foreign crews will replace a once thriving industry that provided jobs for tens of thousands of American seamen and rig workers.

How will my Company and employees be impacted – we will be out of business and out of work.



SIGNATURE OF AFFIANT

Print Name: Edward S. Schreiber

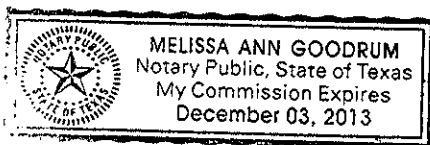
**SWORN TO AND SUBSCRIBED
BEFORE ME THIS 20 DAY OF
JULY, 2010.**



NOTARY PUBLIC

Texas Notary/Bar No.: 25891053N

My Commission expires on:



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 * 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 Iberia

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

Robert Fanguy

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 Vice President of Supreme Services and I execute this affidavit on the basis of my personal knowledge and my review of records maintained in the regular course of Supreme Services business, at 3507 Captain Cade Road Broussard, Louisiana 70518
3. Supreme Services employs 150 +or- full time employees and 4 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:

Offshore Supply Vessels
Rental Tools
Offshore Personnel

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?

We are fortunate to have equipment and tools on the location of the Blow Out. If not for this we would have already have had to lay off personnel. If the moratorium continues after the well has been sealed we will have no choice but to lay off over 10% of our work force.

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?

We are fortunate to have equipment and tools on the location of the Blow Out. If not for this we would have already have had to lay off personnel. If the moratorium continues after the well has been sealed we will have no choice but to lay off over 10% of our work force.

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?


We have reduced man hours and are considering a 10% reduction in work force.

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

Supreme Services is a small locally owned business. We have been operating in the GOM for 26 years. In that time we have not had to lay off one single employee. We have paid our taxes and concentrated on the steady, healthy growth of our business, putting nearly all of the profits back into the business to create a better life for our employees and their families. We have provided an excellent place to work with great pay and outstanding benefits.

Since the moratorium we have been forced to:
Cancel support of all charities.
Not support any fundraisers or sports teams.
Cancel a \$1,000,000.00 renovation of our Broussard Office.
Cancel a \$50,000,000.00 supply vessel new build program.
Cut all non essential spending.
Reduce workforce hours.
Consider reducing our work force by 10%.

Employees come to me on a daily basis stating that they cannot make ends meet with the reduction of hours.

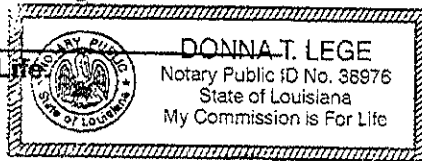

SIGNATURE OF AFFIANT
Print Name: Robert Fanguy

SWORN TO AND SUBSCRIBED
BEFORE ME THIS 20th DAY OF
JULY, 2010.


NOTARY PUBLIC

La. Notary/Bar No.:

My Commission is for Life



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 * SECTION "F"
OFFICIAL CAPACITY AS SECRETARY, * MAGISTRATE "2"
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:

Randy Reed

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 Vice President of Trinity Liftboat Services, L.L.C. and I execute this affidavit on the basis of my personal knowledge and my review of records maintained in the regular course of Trinity Liftboat Services, L.L.C. business, Trinity Liftboat Services, L.L.C.



3. Trinity Liftboat Services, L.L.C. employs 40 full time employees and ___ 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:

We own 4 liftboats providing work platforms, sleeping and eating quarters for offshore workers.

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?


Currently, our company has seen a high utilization rate for our vessels due to the BP oil spill. However, we are seriously concerned about what the future holds for our company. We are concerned about the uncertainty that the first and second moratorium has given to our industry. We are concerned that oil production will leave the Gulf of Mexico and go elsewhere because of the uncertainty for future business. As a result, our company will face a significant downturn in business.

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 uncertainty caused by the first moratorium is the same and has even been elevated in the second moratorium. The second moratorium has had a chilling effect to our industry.

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

The chilling effect and the uncertainty caused by the first and now second moratoriums are of great concern to our company. It is difficult to predict the estimated economic harm; however, uncertainty and confusion are never good for business. Additionally, if the drilling rigs and oil production companies leave the Gulf of Mexico, then it will be detrimental to our business.


SIGNATURE OF AFFIANT
Print Name: RANDY REED

SWORN TO AND SUBSCRIBED
BEFORE ME THIS 20 DAY OF
JULY, 2010.


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

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

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?

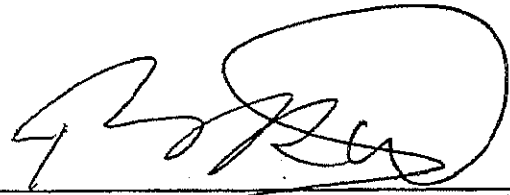
The impact of the Second Moratorium continues the delay of our customers placing new construction option contracts along with continued labor force reduction.

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

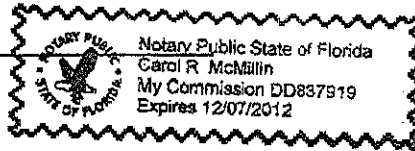
SWORN TO AND SUBSCRIBED
BEFORE ME THIS 21st DAY OF
JULY, 2010.

Carol R. McMillin

NOTARY PUBLIC

La. Notary/Bar No.:

My Commission is for Life.



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 * 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.



SIGNATURE OF AFFIANT

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



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

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

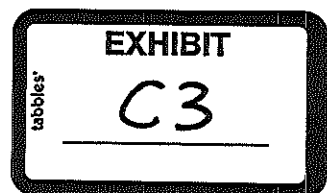
STATE OF LOUISIANA
PARISH OF ORLEANS

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.

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 * 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 ORLEANS

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

Jeffrey M. Svendson

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 and CEO of Advanced Logistics, LLC and I execute this affidavit on the basis of my personal knowledge and my review of records maintained in the regular course of Advanced Logistics, LLC's business, 2014 W. Pinhook Rd, Suite 310, Lafayette, LA 70508.
3. Advanced Logistics, LLC employs 16 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 provide technology to the marine industry, where we have software located on the vessels that allows the vessel owners to manage that particular vessel or their entire fleet. It creates the vessel's logs, give GPS locations for mapping, contains safety data, crew data, commodities on board, and we provide the same data to the oil and gas companies to be able to manage that particular asset and to use the logs for allocation purposes.

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?

Vessels that are not supporting drilling operations will go on standby. Those vessels that are on standby are not working, so my customers are not requiring the use of the technology. Commercially, I charge for web subscriptions, so if they are not using the vessel, I cannot charge to access the web subscription because there is no data use because the vessel is not working.

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 effect of the two moratoriums is the same. The effects just continue to get worse.

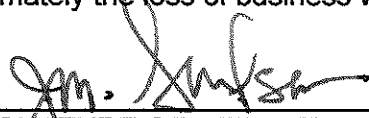
7. Does your company anticipate changes in its work force due to the "Second Moratorium," new decision issued on July 12, 2010 by the United States Department of Interior, Secretary Salazar, (ie. Layoffs, reduction in man hours, transition from full time workers to part-time workers)? If so, how?

We have already lost one employee because of the moratorium. If the moratorium continues, because no permits are being issued, vessels to support drilling operations will not be required, so the support requirements are declining and demand for my web subscriptions are declining.

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

The uncertainty of the continuation of the moratorium and other activities, drilling production activities, oil and gas companies are not interested at this time at pursuing any sort of new technology for the uncertainty of the industry. I have other applications beyond the marine applications that I provide to the oil and gas companies. No oil and gas company is

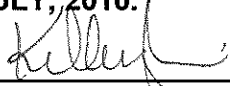
interested in talking about any type of new technology. The expansion of new business has come to a halt. There is no anticipated growth and ultimately the loss of business will continue.



SIGNATURE OF AFFIANT

Print Name: JEFFREY M. SVENDSEN

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



NOTARY PUBLIC

L.a. Notary/Bar No.: 25871 LA

My Commission is for Life.

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 * SECTION "F"
OFFICIAL CAPACITY AS SECRETARY, * MAGISTRATE "2"
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 MISSISSIPPI

COUNTY OF HARRISON

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

Mark A. Scairono, Sr.

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 Coastal Marine Equipment, Inc. and I execute this affidavit on the basis of my personal knowledge and my review of records



maintained in the regular course of Coastal Marine Equipment, Inc. business, Coastal Marine Equipment, Inc., 20995 Coastal Parkway Gulfport, MS 39503

3. Coastal Marine Equipment, Inc. is an associate member of OMSA. We are an equipment manufacturer and the vast majority of our business is derived from the oil field industry. Our equipment is installed on OSVs, PSVs, offshore tugs, barges and crew/supply boats.
4. If new vessels are not built, our equipment is not needed. What we are hearing from our customers (shipyards & vessel operators) is that new construction projects are either on hold or cancelled. Some examples of this are:

A South Louisiana vessel operator has a contract with a South Louisiana shipyard for four (4) ~300' PSVs. The first two (2) vessels are currently being constructed, but the second two (2) may be on indefinite hold.

An international vessel operator has a contract with another Gulf of Mexico shipyard for six (6) ~300' PSVs. The first three (3) vessels are currently being constructed, but the others may be on indefinite hold.

Yet another international vessel operator was in the market for several (possibly four) similar sized PSVs. This seems to have died as we have heard nothing in over 30 days.

A South Louisiana shipyard was in the process of building a new shipyard. This project was halted until the market for crew/supply boats rebounds.

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?

As 2010 began, we were encouraged by the prospects of new construction by many operators and the Gulf Coast shipyards. However, as the drilling moratorium(s) have halted all new potential, we have been forced to reduce our entire workforce to 36 hours per week in an effort to avoid layoffs. We are currently taking less profitable fabrication work just to keep the shop busy.

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

If the devastating results of the drilling halt continue, we will be forced to reduce our work force with layoffs. It could ultimately cost us our business!!!


Mark A. Scairono, Sr.

Subscribed and sworn to before me in my
presence, this 21st day of July
2010, a Notary Public in and for the
County of Stennis State of MS
Wanda F. Nease
(signature) Notary Public
My Commission Expires Jan 18, 2011

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

STATE OF LOUISIANA

PARISH OF TERREBONNE

BEFORE ME, personally came and appeared:

TERRY P. BRAUD, 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.

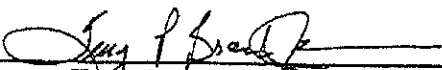
Cross Group, Inc. (www.thecrossgroup.com) of Houma, Louisiana is a diversified oilfield services company primarily focused on the support of offshore oil and gas activities in the Gulf of Mexico providing services relating to marine equipment sales, service, repair, rental, charter of multipurpose barges for shallow and deepwater applications, subsea field support, and logistical services.

Over the past five years in particular, the company has expanded its asset base through significant capital expenditures in anticipation of increased deepwater drilling and production. It was and remains, Cross management's opinion that these deepwater activities are essential in order for the United States to decrease its reliance upon energy imports.

Since the issuance of moratoriums on drilling by the Administration in response to the Deepwater Horizon incident, Cross has experienced a significant fall-off in inquiries and bid invitations from customers for our core business activities. In fact, there have been some work opportunities that have been cancelled as a direct result of permits not being awarded and/or rescinded by the federal agency formerly known as Minerals Management Service (MMS). Additionally, customers that had reduced activities during 2009 but were discussing more active 2010 activity have now again placed work opportunities into an undefined suspense mode awaiting a lift of moratoriums and the positioning assets by major producers to domestic or foreign venues.

Based on the initial evidence and indications of decreased activity resulting from the issuance and these moratoriums, Cross is very concerned about the potentially devastating long-term adverse effects on Cross' business, its employees, and the industry on a broader basis that will result from a continuation of the moratoriums.

I declare under the penalty of perjury that the foregoing is true and correct.


By: Terry P. Braud, Jr.



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 * 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 ORLEANS

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

HANS B. JONASSEN

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 Senior Vice-President of Dreyfus-Cortney Inc., dba DCL Mooring & Rigging (DCL) and I execute this affidavit on the basis of my personal knowledge and my review of records maintained in the regular course of DCL Mooring & Rigging's business, 4400 North Galvez St., New Orleans, LA 70117.
3. DCL 58 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:

Wire Rope and Rigging Products
Wire Rope Slings
Wire Rope Rigging Hardware
Anchors & Anchor Chain
Mooring Hardware

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?

As a result of the Moratorium (First and/or subsequent drilling stoppages) DCL has experienced a minimum 14% reduction in oil-field related sales comparing the average monthly revenue for the 1st four months of 2010 versus the average monthly sales revenue during the May-June 2010 period. This reduction is actually very conservative given the May-June period is seasonally the busiest time for our business. Actual sales losses might exceed 25%.

With a Moratorium in place, DCL has suspended all capital expenditures on equipment and facility improvements and is limiting inventory purchases. We have also reduced discretionary spending across the board. Such actions will have a long term impact raising inventory and operating costs. Our reductions in spending will also have a trickle-down effect on our vendors and suppliers locally and across the country.

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?

Given the continuing uncertainty in the drilling market due to the Second Moratorium, our customers have essentially stopped all but emergency purchases of our equipment and services. We have seen weekly sales quotes and call volumes decrease to levels not seen since the last offshore oil downturn. This will further aggravate an already weak sales volume outlook.

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 a result of the Moratoriums, DCL has developed a plan to be implemented in early August 2010 consolidating operating facilities and down-sizing the work force. This first phase will result in a 12% reduction in force.

Additionally, DCL has made plans for a possible second phase of reorganization that could result in an additional 20% reduction in force. Phase two is planned within 30-60 days of the first reorganization phase pending further clarification on the length and real impact of the Moratoriums.

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

In addition to 6 & 7 above, given our specialized work and the expectation that our competitors and customers will be forced to have a reduction in force due to the Moratorium, many employees released will either not be able to find similar work in this region or will be forced to relocate so as to apply their skills. We estimate that half will be unable to find employment within one year.



SIGNATURE OF AFFIANT

Print Name: HANS B. JONASSEN

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



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

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 * SECTION "F"
OFFICIAL CAPACITY AS SECRETARY, * MAGISTRATE "2"
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:

Daniel Brown

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 General Manager of Herbert S. Hiller Corporation and I execute this affidavit on the basis of my personal knowledge and my review of records maintained in the regular course of Herbert S. Hiller Corporation business, [S. Hiller Corporation.



3. Herbert S. Hiller Corporation employs 63 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:

Fire protection, gas detection and fire suppression.

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?

We had a contract for a vessel that has been cancelled as a result of the 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?

We are concerned that we are going to lose jobs because of the loss of business.

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?

We can foresee layoffs happening in the very near future.

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


Our company is going to layoff employees, adversely effecting our operations.



SIGNATURE OF AFFIANT

Print Name: DANIEL J BROWN

SWORN TO AND SUBSCRIBED
BEFORE ME THIS 01 DAY OF
JULY, 2010.



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

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 * 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 St. Mary

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

Alle Adams III

[INSERT NAME]

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 Sewart Supply, Inc. and I execute this affidavit on the basis of my personal knowledge and my review of records maintained in the regular course of Sewart Supply's business, P.O. Drawer L, Morgan City, La. 70381 with offices in Harvey, La. and Friendswood, Tx.,



3. Sewart Supply employs approximately 65 full time employees and 5 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:

Sewart Supply is a complete sales and service distribution company specializing in marine propulsion equipment. Twin Disc Marine Transmissions and Electronic Controls and Hamilton Water Jet Propulsion systems are all industry leaders and used by the companies operating their vessels in support of the Gulf Outer Continental Shelf business. Any change in new construction or relocation of vessels will have an adverse affect on our business.

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?

As a result of the first Moratorium, we have actually experienced new vessel construction cancellation and other projects have been temporarily put on hold should the Second Moratorium be carried out as planned.

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?

Vessel operators have made it perfectly clear that if the Second Moratorium is carried out as scheduled orders that have been put on hold will likely be cancelled. This could impact our new construction supply of equipment by as much as 40%.

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?

The Second Moratorium could impact both our new construction sales and service sales by as much as 40%. As a result, I could see us reducing our workforce by a proportional amount. This could result in layoffs of 20 – 25 staff across our 3 branches.

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

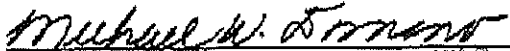
Should the second moratorium be carried out as proposed, Sewart Supply would be negatively impacted by as little as \$10,000,000 to \$25,000,000 over the next year or two depending on what the confidence level of the industry erodes to based on the length of this moratorium. In terms of payroll, anticipated layoffs would result in \$2-4 million dollars in loss salaries.



SIGNATURE OF AFFIANT

Print Name: ALLIE ADAMS III

SWORN TO AND SUBSCRIBED
BEFORE ME THIS 29th DAY OF
JULY, 2010.



NOTARY PUBLIC

Michael W. Domino
#1762

La. Notary/Bar No.: _____

My Commission is for Life.

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 * SECTION "F"
OFFICIAL CAPACITY AS SECRETARY, * MAGISTRATE "2"
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

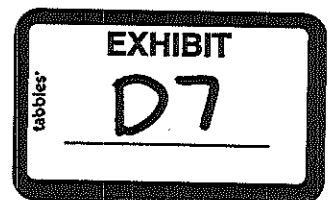
PARISH OF ORLEANS

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

Richard Tremayne

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 Marine Business Manager of Thompson Tractor Company, Inc. and I execute this affidavit on the basis of my personal knowledge and my review of records maintained in the regular course of Thompson Tractor Company, Inc. business, 30950 State Highway 181, Spanish Fort, AL 36906.



3. Thompson Tractor Company, Inc's marine division employs 14 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:

Thompson Tractor Company, Inc. is a manufacturer and distributor of equipment, including power packages based on Caterpillar engines. Our products are included in nearly all offshore equipment and vessels, including offshore supply vessels, crew boats, and rigs.

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?

The moratorium has affected the demand for new vessels, which negatively affects our sales volume.

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?


We forecast an 80% to 90% loss of sales volume based on the moratorium.

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?

The moratoriums will end up in layoffs. We could lose half the manpower we have right now; that is, 6 – 8 people. Indirectly, Thompson could easily lose another 25 – 30 people in the Gulf region.

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

Because of the ongoing moratorium, we could lose 80 – 90% of our sales volume.



SIGNATURE OF AFFIANT

Print Name: RICHARD R. TERMAIGNE JR

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



NOTARY PUBLIC

La. Notary/Bar No.: 25871 LA

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