

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

HORNBECK OFFSHORE SERVICES,
L.L.C.,

Plaintiff

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CIVIL ACTION NO. 10-1663(F)(2)

VERSUS

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SECTION F

KENNETH LEE "KEN" SALAZAR, IN HIS
OFFICIAL CAPACITY AS SECRETARY,
UNITED STATES DEPARTMENT OF THE
INTERIOR; UNITED STATES

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JUDGE FELDMAN

DEPARTMENT OF THE INTERIOR;
ROBERT "BOB" ABBEY, IN HIS OFFICIAL
CAPACITY AS ACTING DIRECTOR,
MINERALS MANAGEMENT SERVICE;
AND MINERALS MANAGEMENT SERVICE,

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MAGISTRATE 2
MAGISTRATE WILKINSON

Defendants

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**BOLLINGER AND CHOUEST ENTITIES' MEMORANDUM IN SUPPORT OF
MOTION FOR PRELIMINARY INJUNCTION**

Plaintiffs, Bollinger Shipyards, Inc., Bollinger Shipyards Lockport, L.L.C., Bollinger Algiers, L.L.C., Bollinger Amelia Repair, L.L.C., Bollinger Calcasieu, L.L.C., Bollinger Fourchon, L.L.C., Bollinger Larose, L.L.C., Bollinger Marine Fabricators, L.L.C., Bollinger Morgan City, L.L.C., Bollinger Quick Repair, L.L.C., Bollinger Texas City, L.P., Bollinger Gretna, L.L.C., Bee Mar LLC, Bee Mar Crews LLC, Bee Mar – Honey Bee LLC, Bee Mar – Worker Bee LLC, Bee Mar – Bayou Bee LLC, Bee Mar – Bumble Bee LLC, Bee Mar – Busy

Bee LLC, Bee Mar – Bee Sting LLC, Bee Mar – Queen Bee LLC, and Bee Mar – Bee Hive LLC, (**collectively the “Bollinger Entities”**); and Martin Holdings, L.L.C., C-Port, L.L.C., C-Port 2, L.L.C., Offshore Support Services, L.L.C., Fourchon Heavy Lift, L.L.C., Clean Tank, L.L.C., Sea Fluids, L.L.C., C-Innovation, L.L.C., Alpha Marine Services, L.L.C., Nautical Solutions, L.L.C., Nautical Ventures, L.L.C., Reel Pipe, L.L.C., North American Fabricators, L.L.C., North American Shipbuilding, L.L.C., Gulf Ship, L.L.C. and Tampa Ship, L.L.C. (**collectively, the “Chouest Entities”**) file this memorandum in support of their motion for preliminary injunction. To avoid repetition, the Bollinger and Chouest Entities adopt herein by reference the arguments supporting a preliminary injunction as set forth in the Motion for Preliminary Injunction and Memorandum in Support of Its Motion for Preliminary Injunction filed by Hornbeck Offshore Services, L.L.C., on June 9, 2010. In addition, the Bollinger and Chouest Entities adopt the allegations of the Verified First Supplemental and Amended Complaint for Declaratory and Injunctive Relief. This memorandum addresses the nature of the Bollinger and Chouest Entities’ businesses and the irreparable harm specific to the Bollinger and Chouest Entities that is being caused and will continue to be caused if the Defendants’ unprecedented and unlawful action is not preliminary enjoined.

BACKGROUND

The Bollinger Entities

Plaintiffs, Bollinger Shipyards, Inc., Bollinger Shipyards Lockport, L.L.C., Bollinger Algiers, L.L.C., Bollinger Amelia Repair, L.L.C., Bollinger Calcasieu, L.L.C., Bollinger Fourchon, L.L.C., Bollinger Larose, L.L.C., Bollinger Marine Fabricators, L.L.C., Bollinger Morgan City, L.L.C., Bollinger Quick Repair, L.L.C., Bollinger Texas City, L.L.C., and Bollinger Gretna, L.L.C., (collectively referred to herein as the **“Bollinger Shipyard**

Companies own and operate shipyards for the construction and repair of vessels and a significant part of their business is related to the construction and repair of vessels used to support Gulf of Mexico Outer Continental Shelf (“OCS”) deepwater exploration and production activities.

Plaintiffs, Bee Mar LLC, Bee Mar Crews LLC, Bee Mar – Honey Bee LLC, Bee Mar – Worker Bee LLC, Bee Mar – Bayou Bee LLC, Bee Mar – Bumble Bee LLC, Bee Mar – Busy Bee LLC, Bee Mar – Bee Sting LLC, Bee Mar – Queen Bee LLC, and Bee Mar – Bee Hive LLC, collectively referred to herein as “**Bee Mar Deepwater Vessel Companies**” own and operate vessels that support Gulf of Mexico OCS deepwater exploration and production activities.

The Chouest Entities

Plaintiffs, Martin Holdings, L.L.C., C-Port, L.L.C., C-Port 2, L.L.C., Offshore Support Services, L.L.C., Fourchon Heavy Lift, L.L.C., Clean Tank, L.L.C., Sea Fluids, L.L.C., and C-Innovation, L.L.C., collectively referred to herein as the “**Chouest Shore Side Companies,**” all perform various services to support and that are necessary for Gulf of Mexico OCS deepwater exploration and production.

Plaintiffs, Alpha Marine Services, L.L.C., Nautical Solutions, L.L.C., Nautical Ventures, L.L.C. and Reel Pipe, L.L.C., collectively referred to herein as the “**Chouest Vessel Companies,**” own and operate vessels that support Gulf of Mexico OCS deepwater exploration and production activities.

Plaintiffs, North American Fabricators, L.L.C., North American Shipbuilding, L.L.C., Gulf Ship, L.L.C. and Tampa Ship, L.L.C., collectively referred to herein as the “**Chouest Shipyard Companies,**” construct vessels intended for Gulf of Mexico OCS deepwater

operations and for owners who have already placed them under long-term contracts with operators and/or charterers.

All of the Plaintiffs operate to support oil and gas exploration and production companies drilling in the Gulf of Mexico's OCS either by providing Jones Act-complaint vessels specifically built and maintained to engage in the deepwater OCS Jones Act trade or providing services to the oil and gas companies engaged in Gulf of Mexico OCS deepwater drilling. The Bollinger and Chouest Entities in the aggregate employ over 10,575 employees, many of whom reside in Louisiana.

To conduct their business, Plaintiffs, Bee Mar Deepwater Vessel Companies and Chouest Vessel Companies, typically contract with OCS oil and gas exploration and production companies under time charter agreements, which require them, for a given period of time, to provide vessels, as called for, to the exploration and production companies to assist in their drilling activities. Many of the customers of Plaintiffs, Bee Mar Deepwater Vessel Companies and Chouest Vessel Companies, hold permits that were affected by the industry-wide suspension imposed by the Moratorium and the NTL.

Plaintiffs, Bollinger Shipyard Companies, have an aggregate of over 5,000 active vendors that buy equipment, products and services from vendors located in over forty states of the United States. Plaintiffs, Bee Mar Deepwater Vessel Companies, in the aggregate have several thousand vendors in almost all the states of the United States and have multiple master time charter agreements and contracts with their customers in the deepwater Gulf of Mexico OCS.

Plaintiffs, Bollinger Shipyard Companies, derived approximately 50% of their business in 2009 from vessels being repaired and constructed to support Gulf of Mexico OCS deepwater exploration and production activities. The value of deepwater vessels built by Plaintiffs,

Bollinger Shipyard Companies, in the last five years is in excess of \$200,000,000. Plaintiffs, Bollinger Shipyard Companies, have performed over 1,000 repairs to vessels that support Gulf of Mexico OCS deepwater exploration and production activities in 2008, 2009 and 2010.

Plaintiffs, Bee Mar Deepwater Vessel Companies, derive 100% of their business from vessels that support deepwater exploration and production activities, with 72% of those vessels in the Gulf of Mexico.

THE MORATORIUM AND NTL'S IRREPARABLE IMPACT ON PLAINTIFFS

On May 28, 2010, the Secretary of the United States Department of Interior, Kenneth Lee "Ken" Salazar ("Secretary Salazar") issued a memorandum entitled "Suspension of Outer Continental Shelf ("OCS") Drilling of New Deepwater Wells" to the MMS (the "Moratorium"). It imposed a "six month suspension of all pending, current, or approved offshore drilling operations of new deepwater wells in the Gulf of Mexico and the Pacific Regions." On May 30, 2010, MMS issued a Notice to Lessees (the "NTL"), implementing Secretary Salazar's Moratorium, prohibiting any new drilling in depths of water greater than 500 feet and requiring the 33 currently permitted wells drilling at depths greater than 500 feet to cease drilling. The Moratorium and the NTL effectively impose an industry-wide shut down on Gulf of Mexico deepwater drilling.

Just over a week into the six-month deepwater drilling Moratorium, its effects on the Gulf of Mexico OCS deepwater industry are real – there have been contract terminations and suspensions; deepwater rigs are pulling out of the Gulf to drill in international deepwater – and the industry is at, or at the very least, coming to a standstill. In short, the Moratorium is causing and will continue to cause immediate irreparable harm not only to Plaintiffs but also to thousands of Louisiana workers that support the Gulf of Mexico's deepwater exploration and production

operations. Specifically, the Bollinger and Chouest Entities are being irreparably injured in the following ways:

- Given that 50% of the vessel repair and construction business conducted by Plaintiffs, Bollinger Shipyards Companies, in 2009 related to vessels used to support Gulf of Mexico OCS deepwater exploration and production, the Moratorium and the NTL will harm Bollinger Shipyards Companies' business in ways that are irreparable.
- The vessels owned and operated by Plaintiffs, Bee Mar – Busy Bee LLC, Bee Mar – Bayou Bee LLC and Bee Mar – Bee Sting LLC, were previously assigned to several Gulf of Mexico deepwater exploration and development projects and now have had their contracts **cancelled or suspended** as a result of the Moratorium and the NTL.
- As a result of the Moratorium and the NTL and based on the contract cancellations and suspensions, the vessels, BEE STING and BUSY BEE, owned and operated by Plaintiffs, Bee Mar – Bee Sting LLC and Bee Mar – Busy Bee LLC, will be released and placed “off hire” this week by their customer. The vessels owned and operated by Plaintiffs, Bee Mar – Bee Sting LLC and Bee Mar – Busy Bee LLC, are now or soon to be idled and will not be able to return to their intended use in the Jones Act trade as a result of the Moratorium and the NTL.
- Two of the vessels, BUMBLE BEE and QUEEN BEE, owned and operated by Plaintiffs, Bee Mar – Bumble Bee LLC and Bee Mar – Queen Bee LLC, were recently delivered and, as a result of the Moratorium and the NTL, have only been able to obtain day-to-day contracts, rather than long-term time charter contracts as is typical.
- Given the contract terminations and suspensions and the lack of prospective long-term contract opportunities for Plaintiffs, Bee Mar Deepwater Vessel Companies, the

Moratorium and NTL have harmed and will continue to harm Bee Mar Deepwater Vessel Companies in ways that are irreparable.

- Given that Plaintiffs', Chouest Shore Side Companies, businesses primarily depend on and were formed to support Gulf of Mexico OCS deepwater drilling, the Moratorium and the NTL will harm Chouest Shore Side Companies businesses in ways that are irreparable.
- Plaintiffs, Chouest Vessel Companies, perform services to support Gulf of Mexico deepwater exploration and production activities that may include the provision of crew boats, platform supply vessels and anchor-handling towing supply vessels that are chartered under long-term contracts, one or more of which are in danger of being terminated as a result of the Moratorium and the NTL, and, accordingly, the Moratorium and the NTL will harm Chouest Vessel Companies in ways that are irreparable.
- Plaintiffs, Chouest Shipyard Companies, are currently constructing vessels intended for Gulf of Mexico deepwater operations for owners that have already placed the vessels under long-term contracts with operators and/or charterers who may or are terminating these contracts as a result of the Moratorium and the NTL, and, accordingly, the Moratorium and the NTL will harm Chouest Shipyard Companies in ways that are irreparable.

It is exceedingly difficult, if not impossible, to accurately measure the monetary damages and opportunity costs Plaintiffs will sustain if a preliminary injunction is not granted. Once the deepwater rigs depart to drill at other international basins, the Gulf of Mexico's deepwater industry will be at a standstill and the skilled workforce that supports the drilling effort will be forced to go elsewhere for employment. There is no way to measure the damage that will result

from an industry shut-down because each part of it depends on the others. The harm Plaintiffs are sustaining and will continue to sustain without an injunction qualifies as irreparable injury. The Bollinger and Chouest Entities hereby adopt and incorporate Hornbeck's Memorandum of Law in Support of Its Motion for Preliminary Injunction by this reference.

CONCLUSION

For the reasons set forth in the Motion for Preliminary Injunction and Memorandum of Law in Support of Its Motion for Preliminary Injunction filed by Hornbeck, adopted herein by reference, and because of the irreparable injury that has been and will continue to be sustained by the Bollinger and Chouest Entities, Plaintiffs are entitled to a preliminary injunction enjoining the six-month drilling moratorium as applied to all drilling in water at depths of greater than 500 feet.

Respectfully submitted,



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**Attorneys for Plaintiffs,
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing pleading has been served upon all parties by hand, email, or overnight mail this 9th day of June 2010.


