MMS OFFSHORE GULF OF MEXICO

ORAL HISTORY PROJECT

Interviewee: Leroy Molaison

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Interviewer: Jason Theriot

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Bio

Leroy Molaison is the owner and president of Main Ironworks in Houma, LA. He bought the company in 1986 during the downturn. He came into the company through his father-in-law, who was co-founder of the ship yard. Main Iron works specializes in tug/push boat new builds and repair.

Early career: Molaison dropped out of college to work at Main Shipyard in 1961. He started as a warehouse manager, then a welder/fitter, and worked his way up administration.

Work force/other issues: Most of the work force at Main historically comes from Terrebonne/Lafourche area. The ship yard has an "in-house" training program for new helpers. Much of Main's current work force (130 employees) is made up of old timers and supervisors who have been around for 30-40 years. Soon, those older hands will be retiring and Molaison wonders who will take their place.

Molaison commented that he could use an extra hundred hands to handle the demand for tugs. He is working his yard six days a week at nine hours a day, but is reluctant to expand the facility due to the cyclical industry and lack of labor pool to support the current growth spurt. He talks to the current labor crisis as a "labor war," referring to competition between ship yards to keep and hire skilled workers.

Some of the problems with labor that Molaison commented on was laziness on younger generation, government programs that reward for not working, and absenteeism within his current work force; they don't want to work a full 40 - 50 hours a week and Molaison is reluctant to fire them because he cannot replace them. This problem is causing his new builds to run longer than contracted for, which causes problems for both Main and the customer.

Main was built on the banks of Bayou Blue and the Intracoastal Cana in 1947l. They transport their tugs through the Houma Navigational Canal to the GOM to deliver to the customer. However, the HNC is silting and causing problems for deep draft ships. He has to take his boats out through Morgan City which has a deeper channel. This will become more of a problem as the new vessels increase in size and the channel remains under maintained.

Although environmental regulations have increased cost of business across the board in the ship building industry, it has fostered an increase in barge and tug boat activity. The brine water used in drilling and other contaminated fluids must now be barged back to land from offshore. This has spurred an increase in that activity.

Molaison is aware of the current softening of the market, when customers renegotiate contracts as day rates come down. His plan for surviving the next downturn: "stay smart, stay out of dept, stay lean, and always keep your key personnel at all costs" (p. 44-45).

Tape 1, Side 1

JT: This is an oral history interview with Leroy Molaison of Main Ironworks in Homer, Louisiana, by Jason Theriot. It is January 29th, 2007. This is tape one, Leroy Molaison for the MMS Ship Fab Project.

[Tape recorder turned off.]

JT: Introduce yourself and tell me where you're from, Mr. Leroy.

LM: Leroy Molaison, was born and raised in Thibodaux, Louisiana.

JT: How old are you, sir, if you don't mind me asking.

LM: Sixty-four years old.

JT: So you were born right around World War II.

LM: Yes.

JT: What did your folks do in Thibodaux when you were growing up?

LM: My dad did various things. The latest thing he did, he had a furniture store.

JT: Then how did you get involved in the shipbuilding industry?

LM: I was dating a girl from Houma, whom I married, who was babysitting for the owners of the shipyard at the time.

JT: Of Main?

LM: Yes. They were looking for workers, and I quit college to get married and decided to go to work instead of staying in college.

JT: Had you had any experience in this industry, fabricating or welding or fitting or anything like that before?

LM: No, no.

JT: This was a whole new world to you, huh?

LM: Exactly right. I didn't know what a cutting torch or a welding machine looked like when I came to work over here.

JT: So what year was that that you decided to come to work?

LM: 1961. January 1961.

JT: I guess your wife or your future wife had a lot to do with that, huh?

LM: Yes.

JT: Little bit of encouragement?

LM: Right.

JT: Tell me a little bit about the history of this company. If you came in 1961, the way I understand it, Main Ironworks has been here for a while.

LM: Yes. It's my understanding in speaking to the prior owners that Main Ironworks was actually started in 1947, and at that time they were just a welding shop. I think they built the first steel vessels in the fifties. Exactly what time in the fifties, I don't know. I don't have any prior knowledge of that.

JT: Who was the man who got it all started?

LM: A guy by the name of Jack Guidry and a guy by the name of Lawrence Mazerak started Main Ironworks.

JT: They were building tugs early in fifties?

LM: Yes.

JT: I'd imagine sort of maybe like a forty-, fifty-footers.

LM: Forty-, fifty-footers, stuff like that, yes, sir.

JT: The real small stuff?

LM: Right.

JT: How were they getting their steel, and how are you getting your steel today?

LM: At the present time, we're getting our steel in by trucks.

JT: How about way back when?

LM: Back then, I don't know.

JT: Okay. Are you in any location to a rail yard, railroad?

LM: No. No, there's no railroad near here.

JT: I guess they must have to truck it in.

LM: Right. Either truck it in or barge it in, depending on the quantities you buy, and we buy in truckload lots as we need it.

JT: So you came in in '61.

LM: Yes.

JT: What was your first experience in the yard?

LM: My first job was working in a warehouse as the warehouse manager, keeping track of the tools and fittings and the bolts and nuts and that type of stuff.

JT: What types of vessels were they building in the early sixties?

LM: The early sixties we were building some inland push boats, small inland push boats from the fifty-, sixty-foot range. We were building some small tugs in the fifty- to sixty-foot range, and they did have a hundred-foot tug under construction at the time I went to work for them. That was going to be working offshore.

JT: Who were some of the earlier clients that ya'll had?

LM: A lot of them are basically the same clients we have today, such as Cenac Towing Company. There were a few others back then who are no longer around, like Gulf Mississippi Marine and a few of the older companies like that.

JT: So with the emergence of the offshore oil and gas industry in the fifties and sixties, the equipment that ya'll were building was to service that industry.

LM: That is correct. Ninety percent of it was.

JT: Moving barges full of crude?

LM: Right, correct. Or working offshore hauling materials to the drilling rigs. Then you didn't have the deep-water drilling that you've got going on today. They were small coastline rigs, you could say.

JT: Just right on the edge of the shoreline?

LM: Right, correct, correct.

JT: You're talking twenty to thirty miles out.

LM: Right.

JT: Okay. All right. So when did you really start getting your hands dirty welding and helping to construct these vessels?

LM: Probably around '62, '63.

JT: Come rain or shine, and even in the cold weather like this, huh?

LM: Yes.

JT: Doesn't matter?

LM: Doesn't matter.

JT: How many ships was Main building at that time in the early sixties?

LM: In the early sixties, I can recollect we had maybe four or five under construction at the time.

JT: Now, if I'm looking out of your window, this is the Intercoastal?

LM: This is the Intercoastal waterway, yes.

JT: What is this bayou here, sir? Is this Bayou Blue?

LM: Yes. That drainage canal in the front of the office is actually Bayou Blue.

JT: Okay. That's what I drove up.

LM: Right.

JT: Followed all the way up here.

LM: Correct.

JT: So your yard is behind here, behind your office, and where are you putting your vessels in, launching your vessels?

LM: We have three launching waves in the back that we have the vessels under construction. We prefab them in modules and put them together on the launching waves and launch them.

JT: When I came over the Intercoastal bridge down here and I went over to Bourg because I got here a little bit early, I looked down this bayou here, and it looks like you've got several large vessels. Is that all for Main Iron or is it—

LM: Yes, it is. Yes, it is. We have a total of fifty-two acres here. Not only do we do new construction, but we do repairs also. We have five floating dry docks. We're a full-service yard.

JT: The dry-dock servicing could include any type of vessel?

LM: Yes.

JT: But mostly OSVs?

LM: No, it's mostly tugs.

JT: Mostly tugs.

LM: Mostly tugs and push boats. We specialize in tugs and push boats. We don't build any OSVs. We don't build any barges.

JT: These two guys that you mentioned, a Guidry fellow and the other guy, what was their background and how did they come up with the engineering and the design for these tugs? Where did they get that?

LM: To my knowledge, they were both ex-Texaco employees. Back then Texaco had a small shipyard down below Montegut that they built and did their own repairs, and both of those guys had worked over there, and that's where they got their expertise from.

JT: Were they in the war? You said they got started in '46? Were they—

LM: In '47 they started.

JT: 1947?

LM: Yes.

JT: I wonder if they were—had been involved in the war and then started after.

LM: I know Mr. Mazerak was. He was a tank commander during the war. Now Mr. Guidry, I don't know.

JT: Any chance those two gentlemen are still living today?

LM: Mr. Mazerak still is. Mr. Guidry passed away quite a few years ago.

JT: Does Mr. Mazerak live in this area?

LM: Yes, he does.

JT: Great. I may have to look him up, see if he's interested. Sounds like he'd have quite a story if he was involved in the thirties and forties.

LM: Quite a bit.

JT: Okay. So if by the mid-sixties and late sixties things were slowly but continuously building up as far as the offshore oil and gas industry, was there a major growth here or were you guys still just doing the four tugs a year?

LM: No, there was major growth until the early eighties. At one time, this yard employed right at five hundred personnel, and we were delivering about a boat every other month. Then in the eighties, the bottom fell out, as everybody knows, you know.

JT: Well, let's talk about the guys who were here building those vessels? Where were the majority of your labor force coming from?

LM: The local area, the tri-parish area, Lafouche, Terrebonne.

JT: And these are all boys who—did they have skills? Did they know how to weld?

LM: Some of them did. Some of them didn't. A lot of them were trained right here.

JT: Did he have sort of a company training program?

LM: In-house training, yes.

JT: About how long is that program, couple weeks?

LM: A lot longer than that to get to be a top-notch fitter or welder or something like that. It takes a couple of years. But we take kids off the street and train them to be tackers and helpers in a week or so.

JT: Is that right?

LM: Yes.

JT: So if the skilled labor that you were hiring during this period, and I'll imagine that when you had five hundred, we're talking about '77, '78, and '79 when things were really booming.

LM: Correct.

JT: The majority of these guys had either learned from other fabrication yards here or?

LM: Yes. Well, a lot of them knew the basics of it because a lot of them were fishermen. A lot of these fishermen learned how to fit and weld, repairing their own equipment, and those normally make your better hands.

JT: Is that right?

LM: Yes.

JT: Now, what about your leadermen? Had they come from other companies?

LM: No, they came—they grew up in-house, yes. Matter of fact, the majority of our supervisory personnel are still with us. They've been here thirty, forty, fifty years.

JT: That would certainly explain your success here, especially in going over the bust period in the mid-eighties.

LM: Right, right.

JT: So talk a little bit about that. What happened down here in the bayou and to Main Ironworks when the bust hit in '82, '83?

LM: Well, we went from delivering thirteen boats one year to going three years without building one. We were surviving strictly on repair work. Your workforce went from five hundred down to seventy-five.

JT: Pretty hard times.

LM: Yes. Yes.

JT: What was your position during all of this, and when did you come into the role you are now as an owner?

LM: Back then, I was basically manager. I was doing some of the purchasing, doing the bidding and the contracting and stuff like that.

JT: When did you decide to purchase the company?

LM: The wife and I bought the company in 1986.

JT: Okay, so a couple years after the recovery period.

LM: Right.

JT: Were the two original gentlemen, were they just ready to get out of the business?

LM: No, they had been out of it. This company's been bought and sold like five times.

JT: Really?

LM: Yes.

JT: Gosh.

LM: Yes. I didn't actually buy the company from them. I bought the company from a company in Philadelphia, Pennsylvania, that owned this at the time.

JT: Well, if you and your wife decided in '87—

LM: '86.

JT: '86, excuse me, you guys must have had some courage and some encouragement that the industry was going to pick up.

LM: Yes, but still things still wasn't that great in '86. But it was the best time to buy it because you bought it pretty cheap.

JT: Yes. It's been a wise investment.

LM: Right.

JT: Obviously.

LM: Yes, sir.

JT: So with the industry right here with the late seventies boom, was there any talks of expanding maybe to New Orleans or any other parts of the Gulf Coast, as other companies have done such as Bollinger more recently?

LM: No.

JT: Some of those big ship companies.

LM: No, there was no talk about that. We did expand into the repair end of it because we could see the handwriting on the wall that new construction was going to slowly disappear. So at that time, we built the existing dry docks that we have today, and during the eighties that's what we survived on is repair work.

JT: Really?

LM: Yes.

JT: Now, where did the expertise for building these dry docks come from?

LM: The dry docks is basically just a floating barge. It's nothing complicated to build. If you can build a tug, you can damn sure build a dry dock.

JT: I got you, yes, sir.

You guys have them parked right along here?

LM: Yes. Yes, sir.

See, the yard didn't originate here. The reason it got its name of Main Ironworks, it originated on Main Street in Houma. You know where Terrebonne General Hospital is today?

JT: Yes.

LM: Right there, on the bay side in by Terrebonne. They started there, and then from there they outgrew that facility. They moved to Harbor Street in Homer, which is on Bayou LeCompte. I went to work for them in '61, that's where they were at at the time. We didn't move to this location until about '62 or '63 we started this location, and for a while we were operating out of both locations. During the

seventies, we were operating out of both locations. When things slowed down, everything was relocated to this location.

JT: Okay. If ya'll had two locations during that time and you're pulling most of your workforce from the tri-parish area, was there any shortages of labor?

LM: You had shortages, but not as bad as what it is today, because after the bust of the eighties, a lot of people went into different fields, moved out of state, moved out of town, and they wasn't coming back.

JT: Boy, that must have crushed this area.

LM: It did. It really did.

JT: I lived in New Iberia and both of my parents are in the fabrication industry at the Port, and I can remember as a young boy, you know, that was tough.

LM: Yes. This whole area, Morgan City, Houma, was like a ghost town when the bust came, you know. You had houses for sale all over the place and companies going bankrupt and companies going out of business. There was no work.

JT: But ya'll survived and, as you said, you purchased the company in '87.

Let's talk about how finally the industry has come out of this deadlock and it's beginning to boom again. What is causing this reemergence of the industry?

LM: Basically oil prices, price of oil, that's what controls it.

JT: It controls the world, doesn't it?

LM: That's it. That's it.

JT: What was here before if this wasn't the original Main location?

LM: This was cattle pasture.

JT: Is that right?

LM: Yes.

JT: So I'm sure the old farmer didn't mind selling his acreage.

LM: Correct. Well, we leased it for quite a while until we bought it. I just recently bought the rest of it last year.

JT: Is that right?

LM: Yes.

JT: How many are you employing today?

LM: About a hundred and thirty.

JT: Same group from the local area?

LM: Yes.

JT: Any sons or relatives of former employees—

LM: Yes.

JT: —from the fifties and sixties?

LM: Yes. Yes. Matter of fact, in some cases we had three generations working over here.

JT: That's outstanding.

LM: Still working here.

JT: Yes, great. That's very unique, Mr. Leroy.

LM: Right.

JT: Yes. What about any outside labor work from other parts of the state or any immigrant labor?

LM: We haven't tried any. You got a lot of yards that are hiring, bringing in people from Mexico and other countries, and they having problems with language barriers and customs and stuff like that. I'd rather not get involved in that.

JT: So I take it that you're not in a labor—you don't have a labor issue right now as far as the shortage?

LM: Oh, we definitely do.

JT: Okay.

LM: We'd hire a hundred people tomorrow morning if we could find them, willing to work.

JT: Is that keeping your company from growing right now?

LM: Yes, it is. We have, in fact, at the present time, we have about a three or four year backlog of new construction, and repair work has been phenomenal in the last year or so.

JT: Now what about in the nineties when you kind of had another little blip? Did you—

LM: That was short-lived, real short-lived. That only lasted for a couple of years, and it was mainly repair work, not new construction. People were still skeptical, waiting to build. It was better than the eighties, but not as good as what it is now.

JT: Who are some of your competitors?

LM: You have Bollinger Shipyards, and they got yards all over. You have Houma Fabricators, Quality Shipyards. That's the ones here in the local area. Then you go to Morgan City, you have Conrad and a few other yards.

JT: Okay. But if we're talking strictly tugs, which is the industry that you're in, and push tugs, seems to me that these vessels last a long time, looking at some of the records in the previous twenty, thirty years. You've still got some tugs that are active.

LM: Yes.

JT: They may not be working in this particular area, but they're somewhere and they're still working. They're still serviceable.

LM: Correct.

JT: Have you ever run into a problem where there's an over-saturation of tugs, or have they always been in demand?

LM: They was a—whenever the oilfield slows down, you do have a heavy saturation of unused boats. You still have a certain amount of that in OSVs. You still got a lot of the older ones tied up. A lot of them don't want to spend the money to bring them up to date and put them back to work so they're going into other fields such as fishing, something like that.

Tugs, right now the tugs are fairly busy. When the oilfield slows down, you have an abundance of tugs. It cycles.

JT: Nature of the beast, huh?

LM: Nature of the beast.

JT: How about selling any of the excess or the outdated equipment overseas.

LM: That's been done.

JT: Ya'll tried that?

LM: That's been done. We haven't been involved, but some of our customers have.

JT: But the boats can't come back.

LM: No. No.

JT: That's because of the laws in place.

LM: That is correct.

JT: Which keeps the maritime industry booming.

LM: That's right.

JT: Or surviving, I should say.

LM: Surviving.

JT: We're talking about the Jones Act.

LM: Right.

JT: Well, it seems like there's an awful lot of work down here as far as the tug construction and marine transportation.

LM: Yes. At the present time, there is, but you let the oilfield slow down and I'm afraid we're going to be in for another bad cycle.

JT: There's a lot of barging activity up and down the bayous of southeast Louisiana. There must—I'm assuming that there is still some inland drilling and production activity also?

LM: Yes.

JT: Where is the majority of the cargo that ya'll are transporting? Where is that going to and from?

LM: That, I don't know. They running east to west, that's all I can tell you because they pass right in front the office here. A lot of it has to do with changes in the environmental laws. At one time the brine water that we using for drilling, they used to pump overboard. Now they can't pump it overboard. They got to pump it into a barge and bring it to a site. So that created a lot more barge traffic.

Other than that, a lot of it is transporting crude. Now whether it's coming from foreign entities and going from point A to point B to a refinery, I'm not privy to that. I'm really not in that business.

JT: What's your nearest refinery here, the one in Harvey?

LM: Would be in New Orleans, yes.

JT: That's interesting that you mention that. You could probably take that even further, and not just brine water, but also any kind of discharge or excess fluids or anything that they're using out there.

LM: That is correct.

JT: Needs to go to a barge and be tugged back in.

LM: That is correct. That has created a lot more work, yes.

JT: We can probably even go further and say, you know, serious oil spills such as the Valdez and oil pollution acts and clean air acts that occurred as a result of that in the late nineties may be a result of that increase.

LM: That's correct. That's correct.

JT: Let's talk about that, the regulations, the federal regulations for marine vessels. How has that changed over the last twenty years with respects to environmental issues, I mean?

LM: Considerably. All of the vessels now have to have sewage treatment plants on board. They have to basically have all the bilge water separators where at one time they were pumping all of that overboard. They can no longer do that. They have to have holding tanks. They have to appoint a vessel to separate the water from the oil, and they have to properly dispose of that.

With the Clean Air Act, the engines now, the main engines, generators, and your diesel engine has to meet emissions control, so that has generated a lot of repowering of vessels and this type of stuff.

JT: Wow, that's interesting. It's almost like you had to restructure your whole operation to fit into some of these federal regulations.

LM: Not really, not really. They just a matter of buying an approved engine that meets the emissions, and as far as tankage on the vessel for holding tanks and stuff like that, you always had excess tankage on the vessel that you could provide that for.

JT: So where are ya'll—do ya'll have a location here where you're discharging some of this excess material?

LM: No, no, we don't have any discharge facility here. You have to go to an approved facility to discharge.

JT: Where is that nearest location to here?

LM: You have one about five miles up the canal from us that accepts a lot of the brine water and that type of stuff. The oil, used motor oils and stuff like that that is stored on the vessel, we hire in an outsider, comes in with a vacuum truck, sucks

it out. He's an approved transporter, has all or meets all the regulations, and they dispose of it. We don't get involved in that aspect of it.

JT: That's amazing. This has been going on since late nineties?

LM: Yes, yes.

JT: Exxon Valdez.

LM: Right. Correct. Well, even before that a certain amount of it was going on, you know.

JT: That's very, very interesting.

Let's talk about some of the new technology here. If you can go back to the sixties when you were building single screws and twin screws.

LM: Right.

JT: Now you got something new on the market.

LM: Right.

JT: Tell me a little bit about Z drive.

LM: Z-drive technology. Basically the vessel can bollard in sideways, stern, going forward, can virtually move in any position where you can't do that with a single-screw tug, and a twin-screw tug, fore and aft, you're okay, but you can't move the tug sideways and get any kind of power out of it. Where with the Z-drive technology, this occurs.

JT: We are located in a very secluded area on a small little bayou right here, right here on intercoastal canal. How does a company like Main Ironworks come into this new technology?

LM: Basically, the owners come to us. It's whatever the industry demands. Z-drive tugs have been around for a long time in the European countries. We built the first Z-drive tugs in this area back in '83.

JT: Really?

LM: But it really hadn't caught on then. We built a couple of them, and then things went quiet, everybody was reluctant to try Z-drive technology, other than the OSVs offshore, which we don't build. Then it got to a point where peer pressure from the shippers, you know, were going to our clients and say, "Hey, guys, when

you going to get up to the twentieth century and build a Z-drive tug to handle our ships, you know, when we come into port?" That put the pressure on them, and then we built one of the first ones for the Mississippi River. That had never been tried before, and that had worked out fine for our client. We built them a second one since then, and we have an order on the books for a third one for him.

JT: What are the costs of those vessels?

LM: At one time when we were first started building the Z drives, it was actually cheaper to build a Z drive than a conventional tug, but now with the Euro and the fluctuation of the dollar, all of your Z drives are built foreign. None of them are built in this country. The prices have come up considerably. Now it's more expensive to build a Z-drive tug than what it is to build a conventional tug.

JT: Are you talking about the actual engine?

LM: The Z drive itself.

JT: Okay, the Z-drive component?

LM: Correct, as far as—

JT: for the vessel?

LM: Yes. As far as the vessel itself, the hull itself, basically it's the same cost. Other than some of these vessels that are required for the LNG trade, they are totally different design than a conventional tug, and they take more man hours to build, so consequently they cost more to build, and they have a lot more equipment on board.

JT: Is that the main reason why the Z drive in this new twenty-first century tug has really taken off and why you guys are so busy building them? Is that for LNG?

LM: The LNG, not really. This is strictly a new era that opened up. Even without the LNG tankers coming in, the container ships and other ships are getting a lot larger coming into the ports here in the Gulf, and they're requiring bigger and larger Z-drive tugs with more horsepower to handle them.

JT: I'm sure the same could be said for the Lightering ships.

LM: Yes.

JT: That they are bringing to New Orleans and Lake Charles, Baton Rouge.

LM: Correct, correct. The ships are getting bigger and consequently they need bigger, bigger tugs and more maneuverable tugs to handle them.

JT: That's fascinating. So how many—you said you've built two and you're building a third or that's just for that one client?

LM: That's just for that one client.

JT: Okay. You tell me you've got a couple for G & H out of Houston, or Galveston, that you're building.

LM: Yes, those are Z-drive high-tech for the LNG trade.

JT: Okay. All right. Are your competitors also involved in designing and building this new technology?

LM: Yes, yes. You have them being built on the West Coast. You have some being built on the East Coast, Florida, here in Louisiana. You have some being built in Texas. They being built all over the country.

JT: So this is the new wave?

LM: Right.

JT: Are you guys even building any old straight?

LM: For the oilfield, yes. Yes. Matter of fact, we have a vessel under construction at the present time, a conventional twin-screw offshore tug, that tows the drilling rigs around from location to location.

JT: What's his size? What size vessel are we talking about there?

LM: We're talking about a hundred and twenty footer and nine thousand horsepower.

JT: Okay. Have you guys built a few of those before?

LM: Yes. Yes.

JT: Explain to me why are these needed or in such a high demand for the Gulf of Mexico.

LM: Because of the amount of drilling going on at the present time, when they move these drillings rigs from point A to point B, it takes a certain amount of tugs and horsepower to move them from point A to point B.

JT: What about the hurricanes? Has that resulted in any kind of demand for those types of vessels?

LM: It does. The hurricanes, the only thing they do is delay the production and destroy a lot of production platforms that are out there which need to be repaired. It creates a lot of work for the service companies. It does create a lot of work for some of our clients that we do repair work for, keeps their boats busy. But a hurricane really doesn't do anybody any good. It just sets everything back.

JT: But did you see any kind of increase in activity as far as needing vessels to move any busted-up platforms out or bringing in new platforms?

LM: Yes.

JT: Ya'll noticed that?

LM: Yes.

JT: 2005?

LM: Yes. Yes.

JT: You were mentioning earlier that you could use an extra hundred hands. What is the plan? What do you see in the next five to ten years as far as what the industry's going to do here and how—

LM: It depends. It depends on the oilfield industry. If we go through another down cycle, I mean I've been—you can see what the oil prices are doing. If they get below a certain amount, oil companies are not going to drill in the Gulf of Mexico. If that happens, then you're going to have an excess of vessels. You're not going to need any extra people.

JT: But for now, you could use an extra hundred.

LM: Yes, we could.

JT: That's amazing. What types of work schedules are ya'll having? Is it regular forty hours a week?

LM: Oh, no, no. Our normal week is six days, nine hours a day is our normal workweek. We don't work on Sundays, because you guys need at least one day off to rest. We try to split the crews up and work them six days this week and five the next and then go back to a six-day week. A lot of them, it's hard to get them

to work on weekends. They make forty-five hours in a five-day week, and a lot of them, that's all they want to do.

JT: Yes. So any thoughts or any vision for your company of looking outside of the local workforce?

LM: No, not at the present time. We're still hiring local, bringing them in and trying to train them. A lot of them were cut out for this kind of work. A lot of them are not. You find out within the first two or three days.

JT: Got you. One problem that they're having at the Port of Iberia is your traditional twenty-year-old tacker, welder from down the road from either New Iberia or Loreauville, one of those smaller towns, they're not getting into the industry.

LM: Right, right.

JT: They're doing other things.

LM: Correct.

JT: And that's a serious problem.

LM: It is. It's a problem over here. A lot of you kids graduating from high school may not be college bound, let's say, may not be college material. Some, very few of them, like this type of work. They'd rather go work at a Burger King or something like that than come out and actually do this physical type of work where you're out in the elements and everything else, you know.

JT: Well, and if you put in your time, you know, five, ten years, might end up in a situation like yourself.

LM: That is correct.

JT: A few years of hard work in the oil industry—

LM: Correct.

JT: —and meeting the right people, you can really make a good living.

LM: Yes, you can.

JT: Speaking for myself and potentially speaking for the generation that I represent growing up seventeen, eighteen, nineteen years old, it was "if you don't go to

college and make something of yourself, you're going to end up working at the Port of Iberia." You finding that's a similar situation with—

LM: Yes.

JT: —what's going on with the younger people here?

LM: Yes, it is. Yes, it is.

JT: That's a shame.

LM: Yes. That, and another thing you're fighting, you got too many government giveaway programs where it rewards them if they don't work. We got quite a few working over here that will not put in a full week. They'll work three, four days a week instead of working five, six days a week because if they get beyond a certain point, they lose all the government subsidies such as food stamps and stuff like that.

In this area today, in this industry, there's absolutely need for those government subsidies. These guys can make anywhere from forty to fifty grand a year, sixty grand a year, if they put in the hours, and they're not doing that strictly because of that.

JT: I'll tell that you probably didn't have these types of programs in the sixties and seventies when you had a labor shortage as well.

LM: That is correct.

JT: Because if you want to work, you can work.

LM: That's right.

JT: Now it's, well, I don't want to work, I might want to work a little bit.

LM: That's right.

JT: Well, how does that change from one generation to the next like that?

LM: I don't know. I haven't figured that out yet.

JT: Are there any technical schools here or training schools?

LM: Yes, yes, they do have. Yes, they do have, but a lot of the kids that go to that technical school learn how to weld, learn how to fit or something like that, get out in the real world and find out that you're not in an atmosphere enclosed building

all the time, and you're out in the real world, and decide that's not for them and they go on and try something else. We've had quite a bit of that.

JT: I mean it is hard work. Like right now if you'd be out there with that north wind blowing—

LM: It is cold.

JT: —forty three degrees.

LM: That's right.

JT: It could be a little chilly, you know.

LM: That's right.

JT: Same thing in the summer like that.

LM: Correct.

JT: You know, in your line of work you've got to have hands, that's all there is to it.

LM: That's right, that's right.

JT: So a hundred and fifty right now is what you got?

LM: No. We got about a hundred and thirty right now, and we need about two hundred and thirty if we could find them.

JT: I also had the—and let me know if you're experiencing this also. I have an uncle of mine who is working out at Lafayette, and they're having problems with workers who are coming in and who are not, put it lightly, not putting forth a hundred percent effort, coming in drunk or leaving early or having those types of problems.

LM: We have the same problems over here.

JT: And you can't fire them because you can't replace them.

LM: That's correct. That's correct. We have the same problem here, but it's very few. Our biggest problem here is absenteeism. They'll work two or three days a week or something like that, and you're reluctant to fire them because at least you're getting two or three days a week out of them. Where back in the seventies or the nineties, you wouldn't have put up with that. You'd have got rid of them.

JT: Yes, and you'd have had someone—

LM: You'd have someone looking at to replace them, but that's not the case today.

JT: They've got to be making more today than they were then, per hour.

LM: A lot more, a lot more. All labor rates have gone up in the past twenty-four months about four dollars an hour.

JT: Is that a result of trying to keep them here instead of going down the road and making a little more at the next place?

LM: That's correct. Everybody's in a labor war right now. Nobody's hurting for business. Everybody's hurting for labor. So the labor war is on. The same thing occurred in the seventies.

JT: I've never heard it described quite like that, labor war, but—

LM: That's what it is.

JT: —god, you're right.

LM: The same thing happened in the seventies and then in the eighties it went bust and it's starting up again.

JT: What do you feel about the climate of the oil industry right now in the beginning of 2007? Are we still peaking? Is it slowly coming down?

LM: I'm afraid it's getting a little soft, what I'm hearing from some of my clients that the day rates on these vessels are starting to come down as they renegotiate contracts, and that's a good indication of the market softening.

JT: So we could potentially see some big changes here.

LM: You could. You could. It's anybody's guess, depends on the political climate of the country and everything else.

JT: Now, with your experience over forty-five years, what did you learn and your supervisors learn from the bust of the eighties that can help you sustain that if and when it comes here?

LM: You've got to stay smart and try to stay out of debt where you can survive the lean times, is what it amounts to, and keep your good personnel at all cost. What

happened with a lot of the yards in the area, some of them are no longer here, they turned loose all they key personnel in the eighties when things got tough. We didn't. We bit the bullet, didn't make any money for quite a while, and kept our expertise and let the helpers go. A lot of other yards didn't do that. They let the expertise go because they were the highest paid guys, kept the cheaper paid ones where they could break even or make a buck. We didn't do that. We did just the opposite. Consequently, it's helped us in the long run, but it was costly.

JT: So explain to me the dimensions of the engines and where those engines are coming from and how they've changed over the last twenty years, the size of the engines, where are those coming from?

LM: A lot of them are still coming from this country. A lot of them are Caterpillar, Cummings, EMD. We haven't installed too many foreign engines in the last ten years, you could say.

Back in the seventies when things were blowing and going, you couldn't get deliveries of domestic engines. There was a lot of foreign engines sold in this country. A lot of people tried them. They really didn't work out. They were too expensive to maintain because of the parts coming from overseas, and they had to pay taxes on the parts and stuff like this. So it got to be pretty expensive to maintain so I think a lot of people learned their lessons and they're staying away

from the foreign engines. Everything we have under construction at the present time is all machinery built here in this country other than the Z drives.

JT: And it's trucked in?

LM: Yes, it's all trucked in.

JT: You guys do all the installation?

LM: Yes.

JT: And electrical work?

LM: Yes, we do. We are full-service shipyard. We do everything. We build them from the keel on up. We have our own electricians, our own carpenters, our own machine shop facility. We do everything in house. The only thing we sub out is our air conditioning and ductwork and installation of electronics, such as radars. You have to have a license technician for that. Other than that, we do everything in-house with our own people.

JT: Okay. So as soon as that boat is launched, it's practically ready to go.

LM: Not really. We launch them barebones, and we outfit them after they're in the water.

JT: Okay. Then from here, where do they—I take it they go out the Houma navigational canal?

LM: Not really. We've been having a lot of problems with silt and buildup in the Houma navigational canal. We're having to take them out through Morgan City through Eugene Island, which has a little deeper water than the Houma nav.

JT: I wonder why that's starting to silt up. Is it just because of lack of dredging?

LM: It's always because of lack of maintenance. We're trying to get it dredged now, you know. We've got an association of all the shipyards and shipping industry—

Tape 1, Side 2

LM: It's been delayed just like everything else.

JT: I guess the storm had a lot to do with that, also.

LM: Yes. Right. Then I have a few boats that I'm building right now that I actually have to pick up with a heavy-lift crane, put them on a barge and take them to New

Orleans and offload them in a river where we have deep enough water to run them and get them out of here.

JT: How would you get a vessel over to G & H in Galveston, for example?

LM: Well, the two vessels we building for them are deep-draft vessels, and we're having to put them on a barge. We're going to take them to New Orleans, offloads from the barge into the Mississippi River, do our sea trials and everything else in the Mississippi River and basically deliver the boat to them in the Mississippi River, and they'll put a crew onboard and run it to Galveston.

JT: So the sea trials, that's also part of your service package?

LM: Yes, it is.

JT: You supply the captain and the crews.

LM: No, we don't provide the captain and the crews. The owners do that. We provide shipyard personnel to assist and check everything out, but—

JT: Man, that seems like a major operation there.

LM: It is. It is.

JT: How long does that take from the time it's ready to go and put it on a barge to when, let's say, G & H, for example, gets their hands on the helm and can take it to Galveston?

LM: Probably in about a week.

JT: Okay, that's not bad then.

LM: No, no. We thoroughly check all the equipment out here before we actually go on sea trials. We run all the machinery, check everything out, make sure there's no leaks, make sure everything is working properly prior to going on sea trials because you don't to really have any problem on sea trials.

JT: I can imagine, because then you'd have to barge back up here.

LM: Well, no, you could repair it there, but it still creates a hassle.

JT: But without this waterway access here, there is no Main Ironworks and there is no shipbuilding. How important are these waterways here, Terrebonne, Lafouche?

LM: Very important. Without that, there'd be no shipyards.

JT: I guess in many respects southeast Louisiana is because of its geography it provides that unique ability.

LM: That's correct.

JT: Very interesting. What about you, you and your wife? Do ya'll have children who work in the industry here?

LM: Yes. I have a son working here and two of my daughters.

JT: Okay, great. Keep it in the family.

Now, who names the vessels? Is that you or is that the owners?

LM: No, that's the owners. I don't want to touch that.

JT: I found out when I started this that that's a really particular area for some people.

LM: It really is. It really is. No, that's the owner's choice, that.

JT: Who are some of your customers today? Are they Louisiana based, Texas, Alabama?

LM: A lot of them are Louisiana based. A lot of them subsidiaries of other companies from other places, but our repair business for as far as the dry docking and repairs is basically all local within, oh, a fifty-mile radius, sixty-mile radius of the yard, you could say, the New Orleans area, the Houma area, Morgan City area, which we do a lot of repairs for.

Now, we do ship shafts, like propeller shafts, with our machine shop. We do build spare propeller shafts and repair propeller shafts and ship them all over the country. We got clients on the West Coast and on the East Coast we do work for that, you know, need a propeller shaft or a rudder, rudderstock. They'll break a rudderstock or something over the years, and we do provide that service for them.

JT: Is that something that's been around since the eighties?

LM: Oh, yes, oh, yes, way before then.

JT: So correct me if I'm wrong, but by your company diversifying into dry dock repair and to propeller repair and to more than just building tugs—

LM: Yes.

JT: —that may have allowed you guys to stay afloat.

LM: Yes. Well, during the eighties when the bottom really fell, we were building scallop vessels for the fisheries in the northeast part of the country. That's what kept up alive. We started building some of those in '84 and '85 to survive.

JT: Really?

LM: Yes.

JT: So it's almost like an oyster boat, but a scallop boat.

LM: A scallop boat.

JT: Wow, interesting.

LM: Yes.

JT: So whatever you could get your hands on.

LM: We built fifteen of them.

JT: Really?

LM: For the Northeast, yes. Yes. That kept us going until the tug market came back.

JT: That's very interesting. Without that, gosh, you guys—a similar thing happened to Kerry Neuville of Neuville Boat Works in Loreauville, Louisiana. He had a guy from Venezuela that came in and said, "I need twenty small inland vessels," and he had already had some hulls and his customers had backed out because they either went bankrupt or what have you.

LM: Right.

JT: The guy just drove up from Venezuela and said, "I want everything you go, finish it, and I want twenty more."

LM: Correct.

JT: That's what kept him afloat.

LM: Right.

JT: You know, for four or five years.

LM: Well, without the scallop vessels, we wouldn't have had any new construction for about four or five years. We'd have had to survive strictly on repair work.

JT: That's unfortunate, because if you take an area like southeast Louisiana, or all Louisiana in general, I mean it's almost as if twenty, thirty, forty years, this area has been built up to service that particular industry, and when that industry leaves, it just crushes the entire region.

LM: It sure does. It affects the economy, the whole area, whether it's a grocery store or whatever, you know. It affects the whole industry.

JT: Oh, is it better off shrimping and catching fish?

LM: It's hard to say.

JT: Has this balanced it out over time?

LM: It's hard to say because the shrimping industry and the fishing industry over the years, they've had so many people doing that that they've out-fished it, killed the

price of it, and with the price of fuel oil and everything else, it's hard for them to compete.

JT: Plus probably without this industry, you don't have the bridges and the roads and the infrastructure that you need.

LM: Correct. Correct.

JT: So I guess it has meant a lot.

LM: Yes, it does. Yes, it has.

JT: For south Louisiana.

LM: Yes.

JT: Well, Mr. Leroy, I really do appreciate you spending the time with me this morning. Thank you very much.

LM: Okay.

[End of interview]

[edited by Jason Theriot, 9 May 2007]