# MMS OFFSHORE GULF OF MEXICO

# ORAL HISTORY PROJECT

Interviewee: Bill Jackson

Date: December 18, 2006

Place: Youngsville, LA

Interviewer: Jason Theriot

Keywords: marine transportation, work boats, telecomm, P&A liability, 1980s bust

Bio

Bill Jackson is the Houston region sales manager for Gulf Offshore Logistics, a boat owner, operator, and broker that services marine transportation industry in the GOM. He first began in the offshore industry as a roughneck and welder, fabricating platforms at the Port of Iberia. In 1983 he went to work for the pioneer of the telecomm industry offshore. He has been in the GOM oil and gas industry for over 25 years.

Early career: Begin in the oil field in 1977 on a drilling rig offshore as a roustabout. He worked as a welder at the Port of Iberia building platforms before getting into the offshore telecomm business. He was the 4th welder hired at Unifab Fabricators when it opened at the Port of Iberia in 1980.

Company's history/significance: Jackson worked for several companies at the Port of Iberia and in the Gulf of Mexico before his career in the telecomm offshore business took off. He discusses how liberal the hiring policies, particularly drug screening and background checks, were in the late 1970s. If you wanted a job, you had a job, no questions asked. Unifab started in 1980 and brought new technology and innovation to the Port of Iberia. It was a brand new all electric fabrication facility and Jackson worked as one of the top welders. He entered the telecomm business at the very beginning and became part owner in one of the largest telecomm companies in the Gulf Coast region. He has witnessed the boom in the marine transportation industry as a result of the three recent hurricanes.

Jackson discusses, in great detail, the 1980s period when big oil companies left the GOM for overseas venture, while at the same time, the market became saturated with rigs/platforms/wells. This created an emergence of independent oil companies that prospered for two decades. The hurricanes have caused the entire industry to restructure its philosophy and technology. The P&A realities left many independents with massive liabilities and the GOM is still recovering from the impacts.

Tape 1, Side 1

JT: This is an interview with Bill Jackson of Gulf Offshore Logistics on December 18th, 2006, by Jason Theriot. This is the MMS Ship Fab Project, and this is Bill Jackson, tape one.

[Tape recorder turned off.]

JT: Go ahead and introduce yourself.

BJ: I'm Bill Jackson.

JT: From New Iberia?

BJ: I'm from New Iberia, yes. I live in Youngsville, now, yes.

JT: What year did you get involved in the oil business

BJ: 1980. In 1980, I started in the—well, my first job offshore was in 1980, but prior to that I'd worked for Teledyne Movable in 1977, which was a drilling company,

who eventually got bought out by Hunt Nash Drilling; they went Reading and Bates, and now it's known as Transocean, is the name of the company to this today.

So I started actually, my first job offshore was on a drilling rig in 1977.

JT: Where was that rig at, do you remember?

BJ: High Island Block, is High Island A573. In 1977, High Island A573 was in about five hundred foot of water and it was a platform drilling rig called Teledyne Movable 4. On that rig, you couldn't literally look north and not see one light north. What you can see at night, thirty, forty miles, you couldn't see anything because it was considered deep water. It was deep shelf, right off the edge of the drop-off. It was owned by Mobil, Mobil Oil Corporation, and they had a couple of platforms, which eventually got bought by Union, and I don't know who owns them now. But those platforms were—

JT: You were a roustabout?

BJ: I was a roustabout and I did a little bit of roughnecking. In fact, I was really kind of crazy, because Teledyne Movable 4 was an—Teledyne was an old drilling company, but that rig was really crazy at night because we actually had boxing matches on the heliport and all kinds of crazy stuff.

JT: How many men were working out there?

BJ: We had probably about thirty-five or forty worked on the rig and on that platform, yes.

JT: It was a production, you said?

BJ: It was a production platform with a production drilling rig on it, a platform drilling rig.

JT: What was it producing?

BJ: At that time, it had some liquids. They had a little bit of oil and condensation and natural gas. So I was eighteen years old, so I don't remember a whole lot about it.

JT: So the oil was pumped in?

BJ: I'm not sure at that time if it even had an infrastructure to pipe to. I mean it probably wasn't flowing, had nowhere to flow at that time in '77.

JT: How far south of—

BJ: We flew out of Galveston. It seemed like it was a good hour, hour and something helicopter ride, so it's probably been ninety miles from Galveston, ninety miles south of Galveston, long ways offshore. It was in five hundred foot of water. That's a lot back in its day in '77.

JT: That was your start?

BJ: That was my start. My first trip offshore was I rode with a cook. I signed up and when I interviewed at New Iberia at Teledyne Movable Unit, no physical, no drug screening, no nothing, and it was just you want a job? Yeah, it pays, you know, six, seven bucks an hour, whatever it paid then. I finally rode really with a cook. The guy that was doing the interviewing and hire, hooked me up with a cook from New Iberia that was going offshore. For my first trip, I rode with somebody I didn't know and went all the way to Galveston, went offshore.

JT: You were eighteen?

BJ: I was eighteen years old, and let's see, first hitch offshore, I think on that hitch I knocked a tooth out, this tooth here, hit a piece of drill stem, knocked it out, first day on the job. Stayed seven days before I came in with a tooth missing. You

didn't go in for stuff like that back then. I mean now, you know, they'd air med you out of there, but back then you just kind of stuck with it.

JT: So what came after that?

BJ: Well, you know, I did that for a while, then I moved into the fabrication. I pulled like three or four months at the drilling side of it and had a new baby and everything at the time, and so I soon realized I wasn't going to make it on the drilling side of the business. Because I had a little bit of welding experience, which I got when I was going to—one of our electives in high school, believe it or not, was welding at the career campus, they called it at that time, in New Iberia.

So I had a little welding experience and I started at the Port of Iberia with a company called Houston Systems, and that was in 1977 and that's really when they started to build a lot of facilities. That's when they were building, setting a lot of platforms on the shelf on the Gulf of Mexico. The rig count was probably be two hundred and something back then in the Gulf, and Houston Systems had—we built platforms. We built production platforms, jackets, platforms.

I started off as a tacker, soon became a welder, and then I kind of started my whole fabrication career, which lasted for almost three years, because in '77 and '80 I was out of the fabrication business. So I moved around the Port of Iberia, worked for Houston Systems, and I went into a—Lord, at that time it was

called Port Fabricators, was the name of the company. We built jack-up lift boats, what they call lift boats now.

I moved a little bit from different places, and then in 19-, I guess it was early '80, I went to work. Par Industries had bought out Houston Systems, and there was a new company formed called Unifab. Unifab would have been a publicly held company. I was the fourth welder to go to work at Unifab.

JT: Is that right?

BJ: That's correct, fourth welder to go to work at Unifab. You got invited to go to Unifab, because Houston Systems was going away, selling out to Par, and they were kind of trying to skim the cream out of it, I guess you would call it, because the owners had wanted to crank up this new company called Unifab. So I started at Unifab, and we were building some barges and a few different things.

We uncrated all of our welding machines. It was all in cardboard containers. So the first time I ever seen where you take everything, brand spanking new.

JT: Lincolns?

BJ: Everything, yes, Lincolns. I mean, no, they were electrical, not gas or diesel. They were electrical units. But you uncrated them and had to pipe it all in

electrically, and it was incredible because everything was brand new. I'd never seen a brand new fabrication facility but—

JT: Was that a pivotal moment in the history of Port of Iberia where you've got Unifab, a new big company comes in, eventually they're publicly held?

BJ: Um hum.

JT: But I don't think the Port of Iberia had yet to see a big-sized company like that that employed several hundred people and really did a lot of big business. Was that the first company that you could think of that really did that?

BJ: I would like to tell you I think it was, because Unifab eventually became a big, big company. But since I got out of that side of the business, it's kind of hard to tell, you know.

But Houston Systems was a Houston company operating at the Port of Iberia, and I guess it's probably the first time that a group of people had left and created a brand-new company, who eventually went public and become a very huge company.

So you know, I did that for a while, but only about three months I worked at Unifab and then my whole career changed to the telecommunications side, you know. I'd met George Meyers playing golf one day, which that's what I used to

do. I was a big-time golfer and I was—it had probably been six months to a year since I'd been out carrying a bag, and I wound up at Tri-Parish there in Cade, and I'd played nine holes. I was making the turn and there was this old couple coming through. I say old couple, you know, mid-forty-something year old, which I'm in now. This forty-something year old couple coming through, and I was walking. I said, "No, you-all go on through."

They said, "No, no, join in." I played nine holes with them, and the man asked me what do I do for a living. I told him I was a welder, I worked for the Port of Iberia, blah, blah, said what do you do? He says, "I work in the Gulf of Mexico, I own my own company and I install telephone systems in the Gulf of Mexico."

I said, "Oh, I don't know anything about that." He invited Sandy and I to his house the next day. The rest was history. That's how I got into telecomm business.

JT: Is that right?

BJ: Right, and I spent twenty-five years in the telecommunications.

JT: Tell me about the beginning of that industry and some of your experiences going out there to do some of these jobs.

BJ: Well, at that time in 1980 when I went to work with this gentleman here—George Meyers is his name, and he owned a company called GM Services, which was not George Meyers Services, it was General Maintenance because it was everything except about him, his business. He was a one-man show, and I didn't realize at the time that he was the father of the telecommunications business in the Gulf of Mexico. I had no idea what, who I'd hung up with, you know. I got with this guy.

So we're doing work for companies called City Service at the time, Sun which became Oricks which sold out to Kerr-McGee which just sold Standard Arco. It took that whole trend from Sun, Oricks, Kerr-McGee, Standard Arco. But it only took from 1980 to 2006 to make that happen, which is only twenty-six years.

So anyway, we're doing work for Sun, City Service, which is a big company, Citgo, and a company called AMINOL, which was American Independent Oil Company, which was owned by the same company that owned the aluminum products, which was—shoot, what was the name of the company? It was the R.J. Reynolds Company owned American Independent Oil Company, which was called AMINOL, yes. So we worked for AMINOL, Sun, City Service. I didn't know but he ran like all these drilling rig production facilities. I mean he was a one-man show, just running all over the Gulf of Mexico. So I learned a whole lot real quick working for this guy George.

At that time, we had terrestrial microwave, you know, and it was analog and terrestrial, which was, you know, no satellite, zero satellite at that time. It was all by line-of-sight dishes, all these microwave dishes. So all these production facilities linked to one to the other to the other, and everybody created their own kind of microwave systems offshore.

JT: Ya'll were installing the towers and the dishes?

BJ: Well, actually, yes, we installed the dishes, but most of the time offshore you had enough height because you were like a hundred and something foot off the water, so you just kind of like installed the dishes and you hopped another fifteen miles or so, and then you started the whole process all over again and just kept hop-scotching, just kept jumping from one platform to another and you created your own microwave systems inside.

JT: How many rigs in '81, '82 before it went to—

BJ: Well, before it went to—yes, before it started go to crap in '82, at that time, because I was in the peak of the oil and gas industry, I didn't even realize it, in '77, '80, '81, '82. There was a lot of rigs running in the Gulf, probably a couple of hundred. But I know nationwide there was probably some forty-five hundred drillings rigs running in 1982 because later on in my telecomm career, you know,

we weren't just an onshore company became—I mean offshore, became an onshore company and I got to see the fall in oil and gas rig count. I saw it deteriorate, you know, because there was forty-five hundred drilling rigs running in '82 and then the fallout of '86 left something about fifteen hundred drilling rigs behind nationwide.

So there was three thousand drilling rigs that literally quit turning a bit. They went from turning, turning, turning, and if you do a day rate of forty-five hundred drilling rigs, okay, turning a bit, and if you figured out an average hole it took, you know, say, two, three, four weeks, whatever that average hole was. Then you say that times forty-five, bottom line there was just so many wells being created every day in the U.S. at that time, and then you quit turning three thousand drilling rigs bits, okay.

The old theme was we don't need oil and gas in the U.S. We're going to go overseas, and that's what happened. It all started to fall out of the oil and gas market. But then it all—

JT: It killed a lot of small fabrication companies as well.

BJ: The majority of companies. I was working for a company at the time in 1985 was called Bibbins and Rice, and they were Bibbins and Rice was the name of the company. It was one of the largest telecommunications companies, because I went to work for Bibbins and Rice in '83. It was December 28th of 1983, after I

left George, after those three years. End of ’85, ’86, right around ’86 when the bottom fell out, they went bankrupt. They was a sixty million dollar a year company, employed three hundred and fifty people, what was the largest telecomm company in the Gulf Coast region.

JT: So the bust, what we know of as the bust, began at the end of ’82 really?

BJ: It started in ’82 and it fell out totally in ’86, completely.

JT: It took three years for it to come apart.

BJ: It took almost four years for it to bottom out and die.

JT: The main reason for that was over-saturation of rigs and they looked to a cheaper, more economic fuel in the Middle East, Venezuela, maybe?

BJ: You know, that’s right about the same time that the environmental reality came to be, you know, there was a lot of environmental exposure or things from an environmental standpoint, you know. Why we continue polluting our own land? We could do it cheaper, quicker, better overseas, and there was a big push for oil and gas overseas. The oil prices, I think, at that time were starting to get a little

stinky and weird also. At that time, twenty, thirty dollar barrel of oil was big, even forty. I think it went to forty at one time in the seventies.

Natural gas, of some two, three, four dollars natural gas, which right now today it's seven and a half, and about sixty-five dollar barrel of oil. But at that time, you could go overseas and everybody—the whole theme was, all the majors started running away from the environmental reality and started to explore foreign gas overseas.

The U.S. had declared we buy oil and gas overseas, bottom line. What do we need? Four, five, six million a day, not a problem. Pick up the phone, call it, have it shipped in, good to go, you know. We don't have to search and create oil and gas here. We buy it. That's what the theme that they hung up with. It took off and ran with that.

JT: Is that something that went all the way up to the top, to Washington?

BJ: I don't know. It's there. All the oil companies right about that time in the early eighties started running to Africa and Russia and wherever else and started to find these massive buys of oil and gas, not a little bit. Lots of it. [laughs]

But at that time, there really wasn't a deep-water theme in the Gulf of Mexico.

JT: They were still running in shallow water?

BJ: Yes. Well, they didn't know, man. They were on the shelf, you know. There was, I guess, in the eighties they'd kind of play around right off the shelf, go to like a thousand, twelve hundred, sixteen hundred foot of water, you know, and there was always—I mean they were kind of playing around with some of that stuff, and a lot of it got squelched in '86 because the money kind of went away.

Then all the seismic came to be, so they started to be able to even look at the potential, and there was always the theory that once you left that shelf and went down deep—there was a theory in some of these scientists' head and these geology people, that there was a lot of oil and gas. When the technology came to be, they could literally see it.

JT: That's what happened.

BJ: So that was the stuff they were chasing that was shallow overseas, you know, in the west coast of Africa and all these different places. But then soon, right about that time, they started going deep water over there. So the whole deep-water thing came to be right about the same time. They could see it in Africa. They could see it in the Gulf, you know, and they were just—payday, big time.

JT: Just had to wait for the technology to catch up.

BJ: They wait for the technology. They could see it with seismic, and then they didn't really have the right kind of drill ships or semis to get to the depths they needed. Then when they finally got the deep-water vessels to finally get to the depths, then they started to drill and they started to confirm all their 3-D, 4-D seismic, you know. I mean they just—Chevron, BP, you've heard the stories. They're hitting these mega finds. I'm talking about finds that—an oil company back then was if you had an oil company was five, ten million, billion a year, ten billion dollar oil company, was a big oil company. That makes up a small independent now, but now they're finding these reserves that are like, you know, a hundred billion, two hundred billion, four hundred billion dollars' worth of reserves. It's the truth.

JT: There's enough oil in the Gulf of Mexico to run—

BJ: Yes, deep waterwise, it's Mecca.

Then the same thing in Africa, you know. They find all these deep-water reserves, but then that leaves the old shelf left behind, you know, which was no more than a natural gas pool, you know. If you look at the infrastructure of pipelines, that was all formed in the seventies and eighties. If you look at, follow the thirty-six inch pipelines, all these—if you just pulled a layer and looked at the pipelines, it all fed northeast for the most part. Gulf of Mexico is historically a natural gas haven, and it all fed northeast, you know.

JT: Where they needed it most?

BJ: Where they needed it most then, but then here came Canada and then Canada started to drill and things started to happen, so they started this. This pipeline started going north to south, instead of south to north, and you know. But really, we hadn't had any pipeline infrastructures being built Gulf south northeast in twenty-five years. Those pipelines there in the ground have been there for twenty-five, thirty years, yes. Thirty-six actually, the oil in the ground.

JT: It still works?

BJ: Still there, still working.

JT: No leaks?

BJ: No leaks.

JT: So if you're bouncing around from the telecomm—

BJ: Twenty-five years. Yes, saw the whole deal go. I went, I saw it from the analog era. I missed the hard-wire. I missed the planted cable Gulf of Mexico. But I

saw the low-end analog to the high-end analog to the beginning of digital, through the digital era into the satellite era, and I saw the fiber side of it for a little while. Now, for the most part, it's all satellite, you know. So I got to see the whole, the majority of it for twenty-five years, yes, and what it meant to the Gulf of Mexico, in an up and down industry, you know.

I mean I saw the thing come up and I saw it go down. I saw when accounting took over the oil and gas industry, which was probably been 1987, '88, you know. The Gulf, it didn't really start to stimulate again until about '92. In '92 it started to hit again, you know, and things started to shift. The majors left, they sold off the majority of properties in the Gulf, created all these new independent oil companies, and a lot of that, it got cost accounting. It was all about how cheap, what can you do for me.

Then in '99 when oil and gas started to pick up again, from '92, '93, up till about '99, right about '99, I mean, it was coming back with a vengeance. It was happening. It's a real deal ready to go, and the bottom fell out of it. It was a little '82 to '86 sharp dive, okay. In '98, '99 when everything was like this, it dove straight down again, except it didn't take like it took from '82 to '86, it all happened in about twelve months. It dove.

JT: What explains that in 2007?

BJ: The oil and gas market fell out, and ’99, I can’t tell you. I mean it went to ten dollar barrel of oil and gas, and it freaked everybody. Everybody that had reinvested got scared, and it left a real bad taste in the oil and gas industry in ’99. You need to go back and look at the historics of ’99, what was ’99, what happened in oil and gas industry? Nasty, stinky, lot of bankrupt companies again.

JT: Also a lot of—

BJ: False hope.

JT: Well, that, but also now you’re looking at guys and people who were in the business who remember ’83, ’86.

BJ: Yes, remember ’83, ’86, remember ’99.

JT: They all went bankrupt.

BJ: Then, guess what? Right about that time, anybody that had any doubt about the oil and gas cyclical business, they were done. It’s like, baby, I’m thirty-five, I’m not staying in this business to forty, I’m out of here, and they left. I don’t know where they went. They didn’t come back to oil and gas, hence the problem we got today.

You got the old guys, you got the new one, and there's a void piece in the middle over there, which is called new, old, too old can't remember, too young have no experience, and there's a big-time void right in that middle piece.

JT: When you drive down Highway 90, every billboard is someone begging you to come to work for them.

BJ: That's correct. Now, yes. It's like it used to. Well, that's that seven, eight dollar gas and sixty-five dollar oil, slash, the boom is back. So but I've never seen that since the seventies. I hadn't really seen the frenzy of hiring and all, because around the '77, '82, starting to fall out. So I only had, literally, only five years invested in the oil and gas industry before I saw, thank god, where we going? I had very little time put it in before I even realized, because I was kind of, that we were on the tail end of a boom.

JT: So how did you get involved with your next career?

BJ: Okay. Well, in 2003, with this telecomm company I worked for and our partnership decided to split, so I stayed with this company for twenty years. I started as a technician, I went through a buyout, and I saw myself at ownership level starting from seventy employees back to three hundred and something. We elected to leave the company in 2003, October, and so I opened a company called

Simply One, and that's when I decided to peddle myself as an independent salesperson selling multiple products. I didn't want to be tied to one company.

First of all, I didn't want to work for another—I didn't want to be ownership or work for another employer. I wanted to own my own company and rep multiple companies and diversify a little bit. That way, I couldn't quite get hurt, you know, as best, in case it ever fell out again.

JT: So you've seen it [unclear] come and goes.

BJ: I've seen it all. So that's all. We opened Simply One, Sandy and I, and we started that company and so I got in the logistics business.

JT: Sandy is your wife?

BJ: Sandy is my wife. So we got in the logistics business, which was dispatching expediting. We tied up with a company. We got hung up with a company that brought technology to shore, base technology. It's software with tracking systems and some real fancy, you know, kind of the new era of the electristical side of it. So we got introduced to some high-tech logistical dispatching, which was kind of unique back, you know, 2003. So we got into that side of it.

We went back into the telecomm business. We started repping, and once we got past some of our noncompete issues, because we was at ownership issue,

so we started to do that again. Then we got tied into the boat side of the business, you know, marine transportation company, which was Gulf Offshore Logistics, and I started there 2004. I picked up that company. It was June of 2004.

That company was a relatively new company. It was less than a year old. At the time, I didn't realize that the company was going to do as well as it's done where we at here today in 2000—

JT: Tell me a little bit about the shipping business.

BJ: Yes. You talking about marine transportation, yes?

JT: OSVs.

BJ: Well, at the time I got into the OSV market with marine transportation, there really wasn't a big-time shortage in 2004. It came with Hurricane Ivan hit and then Hurricane Katrina and Rita and, lord, the rest is history because the oil and gas market started to pick up if you track the gas prices and the oil prices started to increase. Okay. There was only so many vessels were working in the Gulf of Mexico. Everything else was mothballed, not being built, what is it, you know, whatever happened. It just it wasn't—it was a supply and demand business.

Well, it started to increase. The rig count started to pick up, even though the rig count it's going now, down now. Then the whole hurricane thing just took

the thing to a different level when Rita—it was already starting to pick up. The industry was—because of the oil and gas pricing increases and a lot of the maintenance on facilities and things that had been maybe neglected at one time were starting to be—some welding programs where people started spending money on wells, because it was attractive enough to dump money into it, created some boat stimulation. Then when the hurricanes hit, it just went haywire. It just went crazy.

JT: Tell me about what you know or what you've learned about the history of that marine transportation business. Where did it start? Who were some of the pioneers? Who were some of the shipbuilders?

BJ: You know, Jay, I mean, I don't know all the details of the manufacturers. I know there's probably very few left that started the business. I mean there's Breaux's Bay Craft in Loreauville that's a historian of building crew boats. If you go back and look at the history, those people have probably been around for forty years, you know. They're building some top-quality crew boats now. Back then a hundred foot crew boat was big. One seventy eight is like that's the new crew boat of the Gulf of Mexico.

But on a work boat side, I really can't tell you other than there's probably drilling rig, water vessel drilling rig, jack-ups, semis and all of that, but mostly jack-up fleets and stuff like that, which jack-ups came to be in the seventies, you

know, for the most part. Before that they used tenders and whatever. Then they developed this technology where you pull up, you know, you jack up, you pull over on the top of a platform, you drill. That was the jack-up world.

In ’82 when it went stinky, they didn’t do anything for fifteen, twenty years. When they just started building jack-ups again, it’s like seventy jack-ups and seventy drillings rigs being built right now worldwide, and the majority of the motor vessels that are out there are like twenty-year-old hulls, you know, pretty old stuff, yes. You’ve got to back up. When did it squelch? ’86.

Well, nobody built metal in ’87. You know, whatever they had leftover, that’s what they been utilizing to get all this work done in the Gulf of Mexico and even worldwide. It’s been old stuff.

JT: So they’re just refurbishing.

BJ: The rigs, if you go back and look at the average drilling rig fleet, average age of a drilling rig is like twenty-five years old. Yes. If you go look at a boat, what’s the average, you know, boat age? Twenty five. So they’re all twenty-plus year old, everything.

JT: They need to be reworked.

BJ: Yes. It went through this void for twenty-something years. So you know, all this stuff's going to get mothballed, dyed, and shot and cut up eventually, but there's a whole other fleet of rigs being built worldwide. There's like seventy jack-ups being built. There's like ninety new OSVs being built right now that's going to be—

JT: Where is most of that taking place?

BJ: You know, Gulf of Mexico, Gulf Coast, some of it overseas. All the rigs are being bult overseas. But mostly—

JT: What about the boats that GOL

BJ: GOL, Gulf Offshore Logistics?

JT: Right. Tell me a little bit about the makeup of the company.

BJ: The company's been around for four years now. We're a boat owner slash broker, you know. We broker other owners' boats, and like I said, we're probably one of the youngest companies that's on the Gulf Coast of this size. We have ninety boats working today in the Gulf of Mexico. It's like we own like twenty, so that would say like seventy of them being brokered. That's a big, big number.

We're building new vessels. We've got some boats being built at Breaux's Bay Craft. They're building some—those are one seventy five crew boats. One seventy five, it's like six and a half, seven million for one seventy five crew boat. Then we have some two twenty five DP-1s being built, and most of that's to service the deep water Gulf of Mexico.

JT: What do you mean, "DP"? What is that?

BJ: Dynamic positioning. It's a computer system that dynamically positions the boat where the captain that had to stay on the rudder. But so most of our vessels are being built to support the deep water Gulf of Mexico.

JT: Where is that DP vessel being built?

BJ: Down the Thompson Shipyard, and it's down on Highway 1 headed to Grand Isle probably around Galliano area, something like that.

JT: So like a Bollinger or a—

BJ: Bollinger's a big company. They built a lot of boats. Me, personally, I've never been to Bollinger Shipyard but—

Tape 1, Side 2

JT: Tell me about this owner. He's quite a young fellow, you were telling me earlier.

BJ: Joel Broussard. Joel Broussard is forty, forty years old, I think, maybe forty-one, and he's from Thibodaux. He's been in the boat business for about twelve years.

JT: Something happened with Lily and he broke away from—.

BJ: Well, then, you know, twelve years ago, he was delivering water to a boat company about like us, boat owner slash broker, and he was in the water. Him and his family owned a water business called Louisiana Spring Water, and he was delivering water, you know. It's kind of like Michael Lewis delivering Budweiser with the Saints. So he was delivering water to this company, and he obviously had a half-decent personality or something, and they said, "Why don't you sell, rent boats for us?"

So they made him an offer and he got into the part-time brokering business, you know, and he rented a boat. One thing led to another and he went to work for the company, and he worked for them for probably ten years, something like that, helped build the company to a pretty substantial company, and decided that it was time to move on. So he opened his own company.

But Hurricane Lily, when Hurricane Lily helped, him and his partner had decided to split, you know, split the hairs, and he had a lot of brokered boats slash his own boats that he owned, because he built boats by then. When Lily hit, because the boats came to the beach, he had set up all of his master service agreements with his new company with all of his clientele and was managed to move all his clientele over to his new company because all the boats were in for a hurricane. So when they all went back, they all went to back for new company, and there was like twenty-eight of them overnight. So he got in the boat business quick.

JT: Good move.

BJ: Yes. He said it was a divine intervention. That's what he marks it up to.

JT: Kamikaze, as the Japanese call it.

BJ: Yes.

JT: So what are the different kinds of vessels? You mentioned earlier crew boats, one seventy-foot class. You guys have other kinds of boats as well?

BJ: Yes. I mean for the most part we broker anybody's boats. I mean we go down to sixty-five foot type crew boat. But the majority of the boats that we rent are probably a hundred to a hundred ten to hundred twenty, hundred thirty foot utilities up to one fifty utility. Then crew boatwise, we'd go up from about a hundred footer to a one sixty-five, and then work boats, we'd go anywhere from like the one sixty five to one eighty to the two ten, two twenty five class now.

JT: So the crew boats are bringing crews offshore?

BJ: Crew boats bring crews offshore and actually—

JT: Work boat has the crane with tools and—

BJ: A work boat carries—it has liquid capacity and bulk capacity to work drilling rigs where you carry bulk offshore but the holding tanks, plus the deck space. So it's called a work boat. That's a drilling boat type deal.

But after the hurricanes came, it didn't matter. They'd take a boat that would do anything for anything. I mean work boats working production, crew boats working construction, and it just didn't matter. It's just a big demand for boats. Then the boat pricing went three times on.

JT: After those two storms?

BJ: When the storms hit, you know. Example: Before the storms, say, a one thirty five utility boat was bringing in about eighteen hundred to two thousand a day. Now this is coming down now but at the peak, which was probably about four or five months ago, that boat was bringing about seven thousand a day. So it was eighteen hundred to two grand to about seven grand. A work boat, a one eighty work boat was getting probably about thirty five hundred to four thousand a day. It was getting fifteen after the hurricanes. So it went from four to fifteen.

JT: Now I have ninety.

BJ: Ninety.

JT: Are there other companies like GOL?

BJ: Like GOL? Yes. You know, I think there's—I don't know an exact count, but OSVs Gulf of Mexico is about three fifty, about three hundred fifty vessels in the Gulf. We have ninety.

JT: And you need twice of that.

BJ: It would probably be some thirty, forty boat companies that make up the industry now.

JT: But you really need twice that right now. The industry could use twice as many boats?

BJ: I don't know. It's starting to—lately it's starting to soften up a little bit.

JT: Well, what explains that tremendous jump in demand?

BJ: Okay. That was the hurricanes. Okay. The rig count was probably about one sixty, one seventy. There was already work going on, and then when the hurricanes hit, there was so much destruction, you know, because all these facilities went overboard, it flipped the platforms over and/or stripped out everything that was topside off the platforms, and the MMS says you have to have—to be able to man a facility, you know, you have to have a boat. In other words, if your facility's gutted out and messed up, unless you've had what you called a—Lord, what was the term the use?

JT: Liability?

BJ: No, no, something two. There's a topside, the bottom side and then there was an inspection called something two. Bear with me here for a second. I'm trying to think of the name of what you call it. It's a certain type inspection where they go down and look at the physical structure of the facility. If you hadn't had your—not Class 2, I'm trying to think of the name of it. If you hadn't had that inspection done yet, you couldn't man your facility unless you had a boat standing by at the platform.

JT: At all times?

BJ: Yes. Now you do realize there's five thousand wells in the Gulf. There's probably about eight hundred manned facilities. So if you had eight hundred manned facilities and when a hurricane wiped out, when this hurricane damaged probably two thirds of the Gulf of Mexico, facility-wise, real estate pieces. Two thirds of the Gulf of Mexico was affected by some heavy seas or what have you. It's the Type 2 inspections that—because if you had a certain surge, wave height that nailed a platform, if you put personnel back on that platform, you had to have a boat sitting by on the side until your inspection was done.

Well, there's only so many diamond crews. Right? There's only so much, you know. There's a big-time resource problem after those hurricane, because never—you got to imagine it took thirty, forty years to build the Gulf of Mexico.

Well, overnight everything is being questioned. So where are you going to find all these people? That's been the problem.

So with a Type 2 inspector, Level 2 inspection, you had to put a boat until you got your inspections done. So every one of those facilities then you had to have people on the platform, if you didn't have your inspections done, you had to have a standby boat.

JT: Now let's back up a little bit, these Type 2 inspections?

BJ: Level 2, yes.

JT: It's sort of a broader picture of how the liability question, environment question has really taken a hold of the industry, but why would these companies not have had these inspections when they started on that particular job or type of rig?

BJ: Okay. Because the MMS requirements were you just needed a Coast Guard inspection and you just need a Coast Guard quarterly annual type inspections on your topside type deal. Your Type 2 or Level 2 inspections for your facility down board was, say, so many years, for whatever reason. But when the catastrophic hurricanes came through, it questioned all of that because who knew, you know? Nobody knew what was anything.

So the new rule was you must have an inspection done on your facility on the jackets, period. Until we get your inspections done, your facility's in question and because it's in question, if you're going to re-man it, you got to put a standby boat on the side.

So there was all these boats that were standing by out there just so that people could get on their facilities to start working on the platforms. There was that much damage.

JT: Seven thousand a day.

BJ: For what?

JT: A boat.

BJ: Yes, yes. Well, some of the smallest of smallest of boats that were getting four, five thousand a day, which would have been like twelve hundred before that. Yes.

JT: What else did the storms do as far as the high demand for boats?

BJ: Okay. Well, the storms challenged the shelf's structure. All these platforms were set in the Gulf of Mexico starting sixty, seventies. Remember it started to get

weird about ’82. So probably some of the heavy metal, as far as installations offshore, was starting to minimize going down. It’s been going down, not up. It’s been a slow process since the eighties for setting these structures. You know, there’s been some structures set, but never like it was in the seventies in the boom.

So bottom line is in 1965, ’66, with Betsy and Hilda and all these other hurricanes that came, we went through a thirty-year cycle we had no hurricanes, other than Andrew. Andrew was a little quick, in and out, wiped out, threw a few things, all a rock and roll hurricane, never Cat 5 type deal. The Gulf of Mexico was never challenged on its structural setup from the seventies ever until 2005 and ‘6 with Ivan, Katrina, Rita. It never’d been exposed to it.

Then the stuff that was being exposed to it was thirty years old, twenty five, thirty years old. Been sitting out there for a long time, and guess what, guess what it told you? One of two things. You can’t handle a Cat 5 hurricane, and the question is, is because it was a twenty-five year old structures. Because a lot of the new structures kind of hung in there. So there’s a whole new thing is what’s the platforms of the future going to hold? What’s it going to look like?

JT: New technology development.

BJ: Who are they? Who are they? How do you keep it cost effective enough to make it still attractive to drilling a well? How high do you get off? How big do you make it?

JT: So more research and development now?

BJ: I mean you go back and take a look at some of the deep-water stuff off the Venice coast, off the mouth of the river with like some of the main-pass stuff, the deep-water main pass, the Taylor Energy and some stuff like that, those facilities were not that old, and Hurricane Ivan rolled that over. Katrina finished them off. So that wasn't old construction. That was just like hello type seas that you couldn't control, you know, sixties.

JT: So this was it. This was the big challenge.

BJ: This was the check. This was the test. This is the test. Now, here's the new. This is the big catch. You have all these facilities set offshore with all these wells, a lot of them on a minimal stage, which the oil companies left behind and sold off to these third-party companies, which created all the new independents, SPN, Maritech, you know, all these other companies, SPN, Maritech and Tetra, who owns Maritech, which is a mother company. Superior owns SPN, and ERT, which is owned by Cal Dive, which is now Helix Energy, you know.

JT: So when did these oil companies, the big oil companies leave.

BJ: The big oil companies started dumping their facilities, you know, in the late eighties, early nineties.

JT: When they saw the bust and they just left.

BJ: They saw the bust and they were out of here. So the facilities were already set, okay, and they couldn't justify—they had a hard time getting the lift costs. They couldn't keep their costs down. Their overhead was already set so high they couldn't justify manning the facilities and getting the little bit of oil and gas they had left over attractively.

JT: Plus there were some other developments on other parts of the world.

BJ: Correct. Right. So this is where it got weird. This is where we at now. We have all these structures set Gulf of Mexico, where everybody know what a hurricane can do now to all these structures. The P&A liability, a lot of these oil companies sold off their P&A liability where they'll give you a platform, you got a little bit left in the bottom, you can work the wells, do what you want. Just remember this: When it's all said and done, you've got to plug, abandon and re-de-mobe and

decommission the facilities. So just remember, I'm going to give you the production I got. I'm out of here. I'll give you a dollar. You take it and they're gone.

That started this whole theme of new independents, P&A liability but it's all good and fine and dandy because the truth is all the gas prices went to three, four, five dollars, six dollars, you know, for natural side, plus the sixty, sixty-five dollar, you know, oil and gas, you know, liquids. So they're very attractive. So they were like running around having a great time, celebrating, drinking brandy. It's all good to go till the hurricanes came, and the hurricanes laid them down.

Now, when they laid them down and the insurance companies said, okay, you know—I mean like Apache. Just Apache's exposure, Apache's a big independent type company, start off with a few. Everything kept growing, getting bigger and bigger, buying more and more. So their exposure got huge, huge, and wide, wide. Then the hurricanes came. They got like two billion dollars' worth of—two billion. They started off as a little bitty small independent. Remember, then when they started the company, they were smaller than that.

[Tape recorder turned off.]

BJ: So here comes Apache type companies. Apache owns like, you know, I don't know an exact number here today, but it's three hundred and eighty five structures

in the Gulf of Mexico. That's a lot of structures, man, three hundred and eighty five structures.

JT: That's today or that's—

BJ: That's today. That's today, you know. Today, start of last year, what have you. Their exposure when the hurricanes came through was pretty significant, you know. They got hurt. They lost a lot of structures. But overall, given the amount of structures they have, they only lost a percentage. But that percentage was two billion dollars' worth of salvage and P&A sub-sea, because remember, you've got a structure sitting on the top, you suck the bottom out of it. The government says you're going to come and you're going to clean up these wells and you're going to remove this piece of iron. That's your promise to us.

So it's all good to go until the platform rolls over and lays on the ocean floor, then it's like how many people can come and sub-sea P&A companies, not too many, okay. So it's like it's very expensive, yes, you know, and that's what started all this craziness with this P&A stuff. Then the exposure, having these platforms above water with P&A liability, you know, the insurance companies started questioning it like, hey, man, how many platforms do you have that's sitting out there with these wells that could get exposed by this proposed six, seven major hurricanes next year and all that. So the whole thing started getting weird.

After the hurricanes, their insurance rates went up 500 percent. So you won't—you take a platform that you own that was costing you twenty thousand dollars a month to whatever, just pick a number, and then go 500 percent increase. So now you're sitting here. Now it's 500 percent increase. Why? Because they can't take it no more. All the calculations say we've seen what can happen. I know it's been thirty years and never happened before. The hurricanes, we had increase in hurricane right now, and I can't and whatever, and so all of a sudden the insurance companies are like not only your 500 percent increase but your liability is increased and your deductible is X now instead of XX and the new deal is I'll tell you what else we're going to do. If you have any P&A's you got to get done, you better hurry up and get them done. We're going to put you on a calendar day.

In other words, you have a P&A liability right here, we're going to ride you for six months, eight months. You don't get it done—because everybody wants to get a P&A done above the water, not in the water, because when you go in the water, it's ten times odds. Right? So that's created a whole other get it done P&A real quick thing, which all the P&A companies are like, "Well, yeah, man, let's get it done," you know, so they're charging your eyeballs out.

So guess what? If you bought a platform based off P&A liability, in other words, you take my platform and I'm going to give you a little bit of oil and gas in the ground, which by the way, nine straight, three, four, five, six, you make a little money off of it. Your P&A liability if you bought it with your P&A liability

here, it's now here. If you don't get it done, the insurance company says it's here. So the whole thing is weird now. It's a whole new day.

JT: The people who can afford it like Exxon, Shell, BP, they're in Nigeria and North Sea.

BJ: I'll tell you what, there's a little company right now called Maritech, Gulf of Mexico. Maritech is owned by Tetra, who is a P&A decommissioning company. So they go to an oil company and they say, "I tell you what, what you got? You got, seven, eight, ten, twelve, fourteen, we'll buy them from you. We'll give you chickenfeed for it, you give me all your liability." Oil company's like had it for ten, fifteen years. Here you can have it.

So they give it to them. So Maritech's sitting over there, let's work the wells, let's get a little more out of it, let's turn that thing into gold, rock and roll. If it gets laid down, we'll P&A it our self. Why? Because that's what we do for a living. Except that's gone here now.

Maritech had a few platforms rolled over during the hurricane, because they own quite a bit of them. It was four hundred million dollars' worth of P&A sub-sea cleanup they had to do after the hurricane. The company's not that big. That's their liability now.

JT: So what happens after that? Who picks up the tab?

BJ: Somewhere it's going to get weird. It's what day, when, where, why is it going to get really weird in the Gulf of Mexico on the shelf?

JT: Things are really—

BJ: Volatile, man, strange.

JT: —really volatile right now, and then you've got in the back of everybody's mind—

BJ: The only thing you've got going for you, high gas, you know. Natural gas is still six, seven, eight dollars, and you still have the sixty, sixty-five dollar, you know, oil. So that's the good news. If ever that goes like [crank sounds] and starts ratcheting down at a rapid rate, you know, go to two-dollar gas, twenty-dollar oil and gas, I mean twenty-dollar oil, what happens then? Because the insurance companies all going to go, "Hey, guys, look. It's all good to go, man. I know we told ya'll the insurance rates are five hundred." Have you ever seen the insurance companies go down? Never.

They're not going to come back one day and go, "Hey, man, I was just joking. That shit, it's all good to go. Don't worry about that. I know we're charging you 500 percent more, but oil and gas is weak now. You still have the

structures. Don't worry about it. It's all good to go." It's never going to go back the other way. So it is what it is here.

JT: Really expensive to do business.

BJ: Yes, extreme.

JT: For just a little bit.

BJ: Yeah, for a little bit, but a little bit's pretty good. It's going to get weird.

JT: You need a boat to be out there right now.

BJ: Got to have a boat, yes. Got to have a boat.

JT: Where are these boats moving out of?

BJ: Mobile to south Texas. Fouchon is a really hot spot. Intercoastal, Cameron. Cameron, Fouchon, hotspots. Fouchon's really growing a whole lot.

JT: These boats they go out for days at a time, weeks at a time?

BJ: You know, days, weeks.

JT: They keep going and coming.

BJ: Some stay out. Some go there and come the same day, and it's all different scopes of work. But you know, Fouchon's a deep-water port, so it supports all the deep-water stuff that's coming to be, which is coming like 2008, '9, '10, '12, '14, '18. The deep-water stuff's coming way down. They've kind of playing around with it the last—you know, the BP stuff they set, all that. They found all that stuff a few years ago, and they're kind of playing around, setting it all up, the infrastructure.

JT: Thunderhorse?

BJ: Yes, Mad Dog and all that kind of crazy stuff. But the fact of the matter is a lot of it's going to be '10, '12, '14, your 2010, '12, '14, '16, it's way down the road. It's going to be interesting and big and good, and the shelf is what it is. You know you've got a bunch of a little platforms sticking up with heads on them. What do you do in a hurricane? When are these companies going to fold up and say, "No, I mean I changed my mind. I'm not interested. I know I bought all this P&A liability, I just can't get it done. I can't do her. You know, I can't do it. It's

unfortunate. My insurance is too expensive. Natural gas is not worth it. I'm going to have to go under, I guess, and bankrupt it. I'm out of here. Next."

JT: So there's a very good chance that a lot of that sub-sea junk is going to stay right where it is for a long time.

BJ: Well, they're in the process, I mean, right now. Some of these companies like Wild Well and Tetra and Cal Dive, the companies that have the vessels to go and pull up all this spaghetti that sat on the ocean floor, you know, it's got to be three to five years' work minimum, five to seven possibly without another hurricane coming in the next couple, three or four years.

JT: That's going to pick up all the stuff that fell?

BJ: The stuff that rolled over. Plus the companies that say, "We need to get our P&A done because why? Because our insurance companies is telling us get it done now. So we've been procrastinating to get all our P&A done." You got to get it done now. Why? Because it's getting more and more expensive and if it rolls over, it ain't good. It could be really, really ugly.

JT: The wells on the bottom, I mean, that's all got to be capped.

BJ: Right. Once you have it sitting straight up out here, it's pretty easy. You come in, throw the wellhead straight down, do your thing, tap out, come on out, good to go, you know, cement them all, pull the heads, pull the whatever, strip the platform, cut it out, move it all, refit, do whatever. But when that whole thing goes this way like this, it's a whole hell of—it's a whole new game, man, you know, because all the wells bent at the ocean floor. The wellheads are underwater, so they got to come in, you know, back down here and cut all this stuff loose, put well—they got to put sub-sea wellheads and P&A through the sub-sea wellheads, which is like doing that, you know, in thousands of feet of water, instead it's a hundred foot of water, two hundred foot of water, you know. It's crazy.

JT: Are they actually down there with a torch?

BJ: Oh, Lord, they put divers and get down there and do all that. It's like megabucks. It's like—I'll tell you what, it's three hundred thousand dollars a day to put a spread out over the top of a platform that's producing nothing. Now what would you rather do? Would you rather spend three hundred thousand dollars a day on a drilling rig that's finding oil and gas, or would you rather spend three hundred thousand dollars a day capping off wells that are history for the next six months to a year to two years because all your shit rolled over? You tell me.

That's like, man, what's it going to cost? Two billion. For what? The stuff that rolled over. You can't make any money off of it. It's dead cost. Gone. Next. But it's your obligation. It's what you've elected to do. It's what you've signed up for. It's like signing up for the military and that was all good. You're getting a check, and they go, "No, you don't understand. You got to go to Iraq. You've got to fight." They go like, "What? Man, I can't do that." They're like, "Well, no, you been collecting for a year and a half, now you got to go fight for your country."

Same thing when you buy these properties offshore. It's all good to go until there's a problem. That's what some of these companies got to live with.

JT: What's the best case scenario?

BJ: Best case scenario is that you don't have any more hurricanes for the next three to five years, oil and gas prices continue to stay where they're at, or even down a little bit, but then squelched, stay right where they're at, your cost of doing business goes down a little bit, you know, keeps it attractive, and you know, they continue to go deeper and deeper on the shelf and the government continues to create incentives for deep-water drilling and even deep-shelf drilling and technology just goes on and on and there's a demand for oil and gas and we become less dependent on foreign oil and gas. You know, we missed it for about twenty years.

So let's go over there and get it overseas. It's not that simple because overseas it's still expensive, it's hostile, it's crazy, but we all know that now. We didn't know what we know now, we didn't know it back then, you know. We have a lot to offer in the U.S., and we've learned a lot from the environmental standpoint, you know. Oil companies ran out of here twenty-something years ago, because they were being attacked by environmentalists. Truth is, they were doing a pretty nasty job on stinking things up. They really were. But now since there's HS&E, environmental whatever, and we've learned a lot about protecting and what we're doing, you know, we're just not drilling and trashing it. That drilling and trashing is over with.

JT: Sustaining.

BJ: So we've learned a lot in the last twenty-something years over all that stuff.

JT: Now the OSVs is an intricate tool piece of equipment.

BJ: Got to have it. Yes.

JT: How is that going to evolve? I mean—

BJ: I don't know, man, I mean.

JT: It's just so big, huh?

BJ: I mean look at it this way. In the world I live in, which is right here in the Gulf of Mexico, there's only so many structures, there's so many of them being put in, so many being removed. What's coming in? What's going out? The rig count is declining, not increasing, you know, so every rig that you put, you pick up two or three boats. You pick up one rig, it's two or three boats. Your rig count is going to decline right down to about a hundred and forty five in the Gulf of Mexico.

Now there's new jackets being built worldwide. What year they're going to start coming back, but they're stripping rigs right now from the Gulf of Mexico, taking it overseas for long-term contracts at a day rate that's somewhat attractive, you know. So Rowan, whoever they are, they will pull a rig right now and go to Nigeria or Indonesia, wherever, for a three to five year contract that's more attractive than the Gulf of Mexico.

So the rig count is going down, down, down, not up, up, up in the Gulf of Mexico. But the day rate in the Gulf of Mexico for a drilling rig is still—it's on historics high right now, so.

JT: So once the Gulf gets cleaned up—

BJ: Cleaned up, three to five years, cleaned up, yes.

JT: And all the smoke clears, then you'll see a less demand for your business, for—

BJ: No, it's already starting to happen, you know, because construction is kind of over. The wintertime hit. Rig counts going down. A lot of the hurricane damage is starting to get caught up, except for the specific. You know, there's only so many vessels doing sub-sea P&A salvage jobs. All that has vessels already on the side of it, that's all, it's good to go, and a decreasing run market with not a whole lot of construction new builds, you know, being put in the Gulf of Mexico.

So I'd say that the best chance we have are it's probably having thirty or forty jack-ups hit the Gulf of Mexico in the next three to five years, we'll get an increase in rig count, we get more drill ships coming, semis, big deep-water plays, which is the market which we're going to—we're chasing the deep-water market, because we know it's here forever, forty, fifty years.

But on the shelf, the survival of the shelf is going to get interesting.

Tape 2, Side 1

JT: This is the Bill Jackson interview on December 18th, 2006, by Jason Theriot, MMS Ship Fab Project, and this is tape two.

[Tape recorder turned off.]

JT: So what is different other than the big companies have left, the little companies have come in and now they're struggling with the liability issues? What else is new under the sun in the Gulf?

BJ: Well, the only thing I've noticed, you know, and I'm forty-seven, I've been in the business since seventeen, so what's that, thirty years, is the international presence arriving in town. There's five Japanese oil companies now in the Gulf of Mexico. There's a couple of Chinese companies. You go back and take a look right now at the lease sales and ownerships and stuff, and a lot of foreigners, Indonesians, Brazilians. Petrobras is here to stay for the next thirty, forty years. They weren't here before. They weren't operating. They were non-operated.

JT: Is that Mexico?

JB: No, that PMEX. PMEX is in Mexico, which is very interesting, too. Hang on to that for a second, you know.

This new find they found with a jack, which is Chevron, found a heavy jack, which is like equivalent to the North Slope production of the whatever. It's a massive find, you know. It's in—that's one of them couple a hundred billion dollar bang-bong kind of deals, couple hundred billion. The size of the acreage and the production potential and all that stuff, what they forgot to tell you was

where the U.S. waters stop and Mexican waters take over, and that find is like right in the middle of the egg, you know.

So the Mexicans can partner up with anybody and come quick and come off the backside, set up deep water and start—

JT: Horizontal Drilling

BJ: No. Just get up there quick with some deep-water rigs, start drilling, partner up, whatever. They could partner up with the same U.S. companies, what's the difference, that we have here today and start drilling pretty quick and get up on it, you know. It's all about finds and whatever, except that they said they're probably ten years behind getting where we at, you know, in the oil, deep-water Gulf of Mexico, the Mexicans, and nobody really wants to partner up with them.

JT: So is it maybe because it's getting so expensive for the young, small drilling companies, U.S. drilling companies, and there is an absolute tremendous natural resource reserve in the Gulf of Mexico, that maybe bringing in these international companies who can afford it, you know, who are government backed.

BJ: Oh, there's Australia and there's British companies like Energy 21, the British company. I could name quite a few of them. Total is a French company. Petrobras is a Brazilian company. You have Woodside is an Australian company.

You go down and just look through them, there's a lot of international participation in the Gulf of Mexico. Statoil is back, another Brit company that had left about eight, ten years, they're back.

JT: Now although you still have to meet Coast Guard regulations and you have to meet OSHA regulations and you have to meet everybody's regulations, still if something happens and you're—

BJ: And the Norwegians, too, let's not forget about the Norwegians. I'm sorry.

JT: If something happens.

BJ: Norsk Hydro, the big Norway company, they here also.

JT: And they back out and they leave—

BJ: They're not leaving this time.

JT: Is it up to U.S. to have to go after—

BJ: Oh, how interesting is that? I never thought about that.

JT: If there's a problem.

BJ: You got a—

JT: There's some big oil spill and you've got a foreign ship.

BJ: Correct. You have foreign interest companies coming in to participate in U.S. waters and then all of a sudden things get kind of weird, and they decided to leave behind, what's the liability left on the U.S. government? I guess it's no different than mom and pop not sticking up with their portion of it. So I don't know. I don't know enough about that side of the business, except there's an attraction for foreign companies to come to the U.S. and drill in the Gulf of Mexico. Don't ask me what it is.

JT: Now what about the shipping? Is that still primarily done here in the Gulf, the building of the ships?

BJ: I could—you talking about ships or you talking about OSVs or what?

JT: OSVs, anything—

BJ: Yes, most of that stuff, a lot of that stuff is being built here, especially on a level where we're at now. These big huge publicly traded companies like Seacore and some of this other stuff—

JT: Avondale?

BJ: Avondale, I don't know where they're having their vessels built. I don't really know, Jason.

JT: Okay. Now what about the rigs, and we're talking about drilling—

BJ: That's all being built overseas, most of it, 90 percent of it.

JT: The big stuff, the big deep-water stuff?

BJ: Even the—yes, deep-water stuff's definitely being built overseas.

JT: Now what about regular platforms and—

BJ: A lot of the platforms is still being built along the Gulf Coast, yes, no doubt.

JT: So the industry is able to keep up with the revival..

BJ: Now, remember, we don't have as many platforms being built, installed in the Gulf of Mexico, like we used to have, years ago. We still have existing platforms that we're—what do you call it?

JT: Refurbishing?

BJ: Stimulating, for whatever, refurbing, well working, what have you. But as far as construction and stuff, it's not like it used to be.

JT: Just scraping off the old—

BJ: Well, they install some platforms, a few of them, then they bring the old platforms in and refurb them and send them back out. It's just not as crazy as it used to be.

JT: It's not like the late seventies.

BJ: No.

JT: When it all went off.

BJ: No, no. Remember, you take a couple hundred drilling rigs, you keep building new, you keep making new finds. Back then it was all, put a rig, find a thing, brand new, got to have a platform. Now it's a platform, well work, or subside, you know, work on the side of a platform and feed it back or what have you, so the facility kind of stays intact.

JT: Now, what about the impact that it has had on this community where you were born?

BJ: Oh, Lord, yes.

JT: Probably your father was—you know, this was not his industry, majority of the people who were around here historically have been farmers, sugarcane, rice.

BJ: A little bit of that, you know. The fact of the matter is the majority of the oil and gas service companies employ a lot of people, and at one time oil companies, but they all kind of left the Acadian area. But in this little sixty, seventy-mile radius of here of Lafayette kind of deal, there's a lot of people that work for these service companies who service the oil and gas industry, you know, whether it's car dealerships, haircut facilities, Chili's, you name it, the malls, the places, retails stores, all that, the majority, hospitals. You know, we all still get—what do you do up in the medical industry? Okay.

The people that come to your place are, what do they do for a living? Well, they work at McDonalds, and they're feeding—or no, they sell cars and they work for and they sell the cars to—well, they sell it to people that work in the hospital and they're servicing. It all goes back to that core piece. This is an oil and gas area, and most people don't even realize it when they're in it.

JT: It's the economic engine.

BJ: It's the economic engine that runs this area, period, done, you know. I mean somewhere you can trace it all back to, sure, there's a consumer who's consuming something who's done something that's winding up here that's doing whatever, but the bottom line is they all work. At the end of the day, the consumer is an oil and gas piece of it, period. It is fact, 99 percent. That's the truth.

JT: That's the second—

BJ: In the sixty, eighty mile radius of the Acadian area.

JT: That's the second half of the twentieth century.

BJ: Yes.

JT: Since 1950 onward.

BJ: Right.

JT: Is that going to stay that way?

BJ: I don't know. I mean like I said, let's go back to the rig count. In the year 1982, there was forty-five hundred drill rigs working the U.S. You can go find it, Google it. In 1986, it died to fifteen hundred drilling rigs. They cut up three thousand drilling rigs and says, "We don't need it. We just buy it." That was the theme. Here we are, 2006, '7, a rig count onshore is twenty-something hundred, Gulf of Mexico, one forty-ish, five. Okay.

JT: But what about this? The technology has increased to where a four thousand ton rig can't—

BJ: Okay. I'm going to tell you. Let me tell you about my neighbor here next door. He's been in the business for—my direct neighbor, right next door. He's been in the business for about thirty-something years. He's a well tester. In other words, once you've set the well, you make the well, he tests the well after you drill it, and he told me he remembers like fifteen, twenty years ago, the onshore rigs that used to drill, blah, blah, blah, you know, go like Gator, Kaplan, you know, that area off

14, you'd see derricks sticking up. At one time wherever you rode, you saw derricks. I could ride to Grand Chenier, Houston, I-10, derricks. Then all of a sudden, the derricks started going down because the rig count went down, way down, down to nothing. It's come back a little bit, but you know, like I said, twenty-two hundred rigs versus fifteen when it flattened, forty-five hundred before that.

But he told me that years ago when they would drill, like fifteen years ago, twenty years ago, they would drill a hole onshore, onshore natural gas well. They'd drill so far and then when they'd get to like, okay, can't handle it anymore, they couldn't handle it. They didn't have enough technology to get below it, so they'd like cap it off and run away from it or whatever. Or they'd go ahead and complete the upper zone, but they couldn't play with the stuff on the bottom because it was too hot, kind of deal. So they'd complete the stuff at the top.

But the heavy stuff was at the bottom, and that was the old, [whistle] chaser, you know, shake a drilling rig kind of deal. Now they can do it. He told me he's been on some onshore well testing stuff as of late, last six months, like an onshore rig on the side of the road off 14, forty-million cubic feet of gas a day. Hello.

JT: How far down are we going?

BJ: Twenty-one, twenty-two, twenty-three thousand feet. Rattle his rig cage, no problem, good to go, well tested. In fact, they don't know how to flare it, because they're not used to flaring it. Most of that stuff's like a five million, four million cubic feet of gas. They're up to twenty, they're up to forty now onshore. A platform offshore used to do forty million cubic feet of gas a day. They're doing forty on a land rig now.

So in fact, they go to create a unique scenario where they have to figure like a flare tunnel where they like take a bulldozer, go whatever, create a wall, do whatever, and then when they flare it, it goes up the wall and straight up. They kind of like kill the flame, so they don't fry the trees around them. You try to flare a twenty, forty million cubic feet gas well, takes high-pressure head and you flare it, it's not pretty. You light up a city, literally. So they kind of like try to smother it out where it don't look too crazy, but that's forty million cubic feet of gas at seven dollars a thousand. You do the calculations.

JT: So that's a positive?

BJ: Do you know how much money that is a day? Real quick, what's seven times four? Twenty-eight?

JT: Twenty-eight, yes.

BJ: That's two hundred and eighty thousand dollars a day for an onshore in the cane field drilling well.

JT: Farmer Brown or—

BJ: Farmer Brown, first thing you know—

JT: Farmer Boudreaux's not doing too bad.

BJ: "The first thing you know, ole Jed's a millionaire." [singing] Real deal.

JT: He'll be willing to give up the sugarcane crop for that year, huh?

BJ: Fry my crop, man. Rock my world. It's a real deal.

JT: So it's coming back, I found out—

BJ: The technology, the deep—the deep's the ticket. The stuff in this little area we work in right here, there's twenty-one thousand foot kind of deep thing's the real deal. But you know the onshore side, you get a well doing forty million cubic feet of gas, guess what, you have no hurricane exposure. You don't have to worry about Lloyds of London and all that other crazy mess.

JT: This morning at Regional Fabricators, a fellow there who does mostly rig barges, drilling barges, that's what he—that's his specialty, and he's saying, "Yeah, I've seen an increase in that and a need for that ten to twenty-foot activity, you know, on the inland marshes," where the technology has now caught up where they can go twice as deep and twice as quick now.

BJ: Right. When they found out now when they go that deep when they hit payday, it rattles the cage. It's a real deal.

JT: And they can turn—

BJ: The good news is that when they go down there and they log a well that deep, because they can see it, they can drill it, and they're able to do it now, it's actually economically feasible because even though they're paying a heavy day rate and doing all that, they're getting seven dollar gas. So it's the real deal.

JT: So something to look forward to.

BJ: I hope I make another forty-seven of it. Give me ten years. I'd sign up right now for ten more years of up and up. Keep the oil and gas market alive for ten years, and I'll be okay.

JT: Keep the engine going. Thank you.

BJ: You're welcome, man. Appreciate it.

[end of interview]

[edited by Jason Theriot, 1 May 2007]