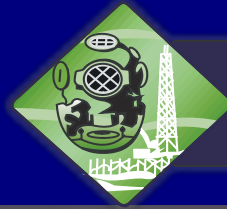


The background of the entire page is a photograph of an offshore oil rig at sunset. The sun is low on the horizon, creating a bright, golden glow that illuminates the sky and the clouds. The rig is silhouetted against this bright light, and its reflection is visible on the dark, choppy water in the foreground.

Marine Contractors Comments on Proposed Customs Ruling

July 2010



CAL DIVE
INTERNATIONAL

- Delaware Corporation, headquartered in Houston, Texas
- We are the largest diving contractor in the world and based in the U.S.
- Provides subsea support for the oil and gas industry, including surface and saturation diving, derrick installation and salvage services, pipelay, pipe burial, subsea construction, inspection, maintenance and repair and the decommissioning of offshore production and pipeline infrastructure on the Outer Continental Shelf (OCS)
- Facilities and offices:
 - Houston, Texas
 - Port of Iberia, Louisiana
 - Port Arthur, Texas
 - New Orleans, Louisiana
 - Sabine, Texas
 - Fourchon, Louisiana
 - Broussard, Louisiana
- Approximately 400 land-based US workers who support the company's vessels
- U.S. based fleet – 20 U.S. flagged vessels, 8 foreign flagged vessels
- Foreign flagged vessels are unique – No U.S. built DP vessels of similar capability available at the time of their acquisition
- More than 1,500 U.S. offshore workers employed on the U.S. based fleet
- Foreign flagged fleet supports U.S. business
 - Cal Dive spends approximately \$150 million annually in the U.S. in operating costs for its foreign flagged vessels*
 - Cal Dive spends approximately \$55 million annually to hire coastwise vessels to support its U.S. based fleet, of which approximately \$23 million is spent to support its foreign flagged vessels

*These costs include maintenance expenses, fuel, supplies, drydocking and inspections.



Global Industries

- Global Industries, Ltd. is a NASDAQ listed Louisiana Company with its executive offices in Houston, Texas
- We are leading worldwide provider of offshore construction, engineering, project management and support services, including pipeline construction; platform installation and removal; decommissioning/plug and abandonment; deep water/subsea equipment, umbilical, riser and flow line (SURF) system installation; inspection, repair and maintenance (IRM) services; and diving services.
- Facilities and offices:
 - Houston, Texas
 - Carlyss, Louisiana
 - Port of Iberia, Louisiana
- U.S. based fleet - 4 U.S. flagged vessels and 6 foreign flagged vessels.
- Approximately 500 Americans work on our vessels including the foreign flagged vessels. Over 300 shore based U.S. personnel support the company's marine vessels in the Gulf of Mexico.
- Majority of foreign flagged vessels are specialized vessels, dynamic positioning and either heavy lift capabilities or deep water operations.
- Global spends approximately \$30 million annually to support the foreign flagged vessels in the U.S. This includes purchases of tools, parts and supplies as well as maintenance expenses such as dry dockings that are performed by U.S. shipyards.
- In 2009 Global spent over \$18 million chartering coastwise vessels to support its U.S. fleet and comply with the Jones Act.



- **Helix Energy Solutions Group, Inc.** is an American company headquartered in Houston, Texas
- Publicly traded on the New York Stock Exchange under the ticker symbol "HLX"
- Gulf of Mexico operations commenced in 1975
- One of the world's largest subsea construction contractors, based in the U.S.
- Provide subsea support for the oil and gas industry, including pipelay, pipe burial, subsea construction, inspection, maintenance and repair and the decommissioning of offshore production and pipeline infrastructure in deepwater locations worldwide.
- Facilities and offices:
 - Houston, Texas
 - Ingleside, Texas
 - Dallas, Texas
- Approximately 600 land-based US workers support the company's vessels.
- U.S. based fleet – 1 US flagged vessel, 5 foreign-flagged vessels.
- Foreign flagged vessels are unique – No U.S. built DP vessels of similar capability available at the time of their acquisition
- More than 1,000 U.S. offshore workers employed on the U.S. based fleet
- Foreign flagged fleet support U.S. business
 - Helix spends approximately \$50 million annually in the U.S. in operating costs for its foreign flagged vessels
- **Canyon Offshore, Inc.** is a wholly owned subsidiary of Helix Energy Solutions Group
- Operator of DP Vessels and Intervention Systems
- Global ROV Operator focused on critical Operations
- Leading Deepwater Trenching Contractor
- ROV based Geophysical Drilling
- Over 550 Employees worldwide
- ISO 9001 DNV Certified Worldwide
- Reeled Product Installation

INDUSTRY ISSUE

DEFINITION OF VESSEL EQUIPMENT

CBP's Recently Proposed Definition and its Effect

Equipment necessary for the “navigation, operation, or maintenance of the vessel *“itself”*”.

The insertion of the word “itself” is a change from the 1939 and 1976 Treasury Decisions on which CBP purports to base its decision. Rules of statutory construction require the definition to be read to give “navigation”, “operation” and “maintenance” each a distinct and separate meaning. Previous interpretations held that “operation” meant the “mission or operational purpose of the vessel”. Thus, the definition of equipment included equipment necessary to perform the vessel’s operational function. This proposed narrowing of the definition, as well as some of the modified rulings attached to the newly proposed ruling, create confusion.

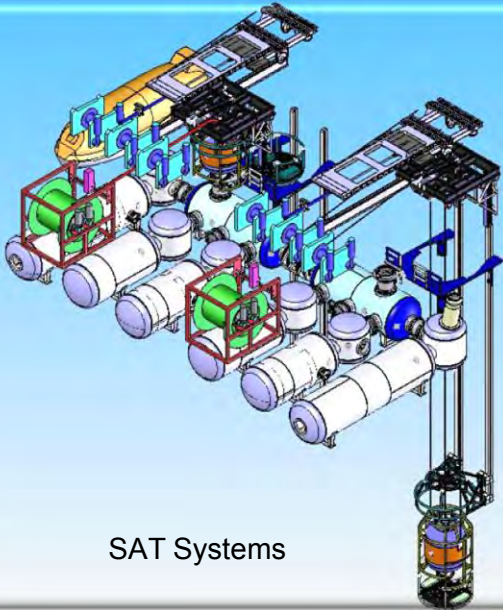
Impact on Marine Contractors

Diving equipment, including saturation diving systems, ROV’s, pipelay equipment and any and all equipment necessary for the mission of the vessel, should be considered vessel’s equipment. These are the sophisticated tools and equipment for the vessels to perform their work. It is impractical and unsafe to have to transport this equipment offshore and transfer between moving vessels.

Proposed Solution

Merchandise is something that is to be left at the coastwise point (subsea installation/platform), unless the merchandise is incidental to activity that is not considered coastwise activity (pipelay or pipeline repair). Vessel equipment includes all tools and equipment necessary for the installation vessel’s operation to install the merchandise including at a seabed coastwise point or platform.

EXAMPLES OF VESSEL EQUIPMENT REQUIRED TO PERFORM MISSION OF VESSEL



SAT Systems



ROV Systems



Reeled Pipe & Umbilical Installation Systems



INDUSTRY ISSUE

MOVEMENT INCIDENTAL TO INSTALLATION

TRANSPORTATION

MOVEMENT INCIDENTAL TO INSTALLATION

Effect of CBP's Proposed Ruling

Current ruling letters severely limit the movement of a foreign flagged vessel once material is on board that vessel. Some rulings limit movement to that which is incidental to a lift. These rulings do not allow any movement unless the central point of the vessel remains stationary. If these limitations remain, foreign flagged vessels will be prevented from performing most installation work much of which U.S. vessels cannot perform.

- Installation of materials that require movement, among others:
 - Concrete mats
 - Spool pieces
 - Tie-ins
 - Risers
 - Pipeline End Manifold (PLEM)
 - Pipeline End Termination (PLET)
 - Jumpers
 - Hot taps
 - Pipeline repair clamps

Proposed Solution

The act of transportation is completed when material is transferred from the coastwise vessel onto the installation vessel in the general vicinity of the installation location. Thereafter, any movement incidental to the act of installation should be considered part of installation, not coastwise transportation and, thus, permissible by a foreign flagged vessel. Without this exception, the proposed CBP ruling will have a detrimental impact on safety in US waters and on the OCS and will have a profound impact on the continued installation of material.

EXAMPLES OF INSTALLED MATERIALS REQUIRING LATERAL MOVEMENT



Pipeline Repair Clamp



Concrete Mattress



PLET

INDUSTRY ISSUE

SAFETY OF OFFSHORE OPERATIONS

Safe practice dictates that vessel to vessel transfers at sea should be minimized as they are inherently more hazardous than transfers at the dock which are conducted in protected waters and do not involve two moving vessels.

Offshore transfers of materials create a significant risk to both personnel and equipment. Wind, waves, swells and currents create movement between vessels in open seas. This can induce movement of the materials while being lifted. Moving loads create a danger to personnel onboard the vessels and increase the risk of damage to the cargo and the vessels during transfer operations.



INDUSTRY ISSUE ECONOMIC IMPACT

FOREIGN-FLAG VESSELS ARE CRITICAL TO OFFSHORE OPERATIONS

- **Deepwater oil/gas operations rely on some of the world's most sophisticated and expensive vessels for highly specialized operations**
 - Subsea installation and construction support operations
 - Pipeline/umbilical laying
 - Maintenance of seafloor facilities
 - Vast majority of these specialty vessels are foreign-flag
 - unique facilities that offer one-of-a-kind capabilities
 - lifting capacity of thousands of tons and currently there are no coastwise approved, ultra-deepwater vessels capable of lifting these weights
 - very few, if any capable pipelay vessels for ultra-deepwater pipeline operations and there are unlikely to be any in the near future
 - special purpose vessels are capital intensive and could take 5-7 years to build, if any company is willing to spend the capital
 - ***Our foreign-flag vessels are crewed by approximately 75% American workers and operate to higher standards than U.S. flag vessels***
- **If foreign-flag vessels are not allowed to operate in the Gulf of Mexico, they may be forced to leave the U.S. market, having substantial economic consequences as there are no comparable U.S. flag vessels.**

ECONOMIC IMPACT

- **U.S. based offshore contractors (11 companies surveyed)**
 - \$2.4 billion in revenues were generated from operating foreign-flag vessels in the U.S. Gulf of Mexico in 2009
 - Thousands of American workers work on, or in support of foreign flag vessels
 - Dedicated spool bases exist in Texas, Louisiana, Alabama and Florida
- **Oil & Gas Industry in the OCS**
 - Offshore production accounts for over 30% of total U.S. oil production and 11% of total U.S. natural gas production
 - Offshore support industry (including vessel operations) makes up approximately 10% of the total offshore oil and gas industry
 - Census Bureau - Support Activities for Oil and Gas Operations (NAICS Code 213112)
 - \$68 billion to the Gross Domestic Product
 - Over 205,000 jobs
 - \$16 billion in household income
- **Trickle Down Effect if foreign-flag vessels are removed from Gulf of Mexico OCS operations**
 - The economic loss in regional and national output could exceed \$5 Billion
 - Over 31,000 American workers could lose their jobs
 - \$2 Billion in employment wages could be lost
 - \$700 Million in local, State and Federal taxes could be lost, not counting lost revenues from lease royalties (totalled \$17 Billion in 2008).
- **Detailed economic analysis will be provided to OMB at a later date**