

MMS SHIPFAB PROJECT
ORAL HISTORY PROJECT

Interviewee: Guy Covington

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Place: Houston, Texas

Interviewer: Jason Theriot

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Bio

Guy Covington is a 4th generation shipbuilder from Orange, TX. Guy's father, Don Covington, became president of Levingston Shipbuilding Company and later started Texas Dry Dock, Inc. (TDI) after Levingston shut down. Guy worked summers at Levingston and finally went to work for TDI in 1992. In 1999 he helped his brother, Russell, start Beacon Marine in Orange, TX, to refurbish and convert drilling rigs. Currently he is the vice president of the company and helps manage the firm's shipyards in the Golden Triangle and Mexico.

Early Career:

Guy grew up in a shipbuilding family. His father, grandfather, aunts, uncles, cousins, and brothers all worked in some capacity at Levingston Shipbuilding in Orange. He got his start as a ship fitter working summers at Levingston. After college, Guy worked for a commercial paint company in Houston selling paint to barge owners and drilling contractors. He went to work as a salesman for his father's new company, TDI, in 1992, working out of Houston, and finally moved back to help manage the business in 1995.

Work force/other issues:

Mexican-Americans make up a bulk of the workforce at the Beacon Shipyard. After the hurricanes of 2005, Beacon struggled to find skilled labor as many of their workers and potential labor pool moved east to work construction for FEMA and many of them stayed. Beacon is in the process of converting their fabrication facility to more automatic welding and fitting.

Company history/significance:

Guy and his brother, Russell, come from a long-line of shipbuilders; it is their heritage. The cumulative experience gained over the last century by the Covington shipbuilders and their workers have been passed on to this generation at Beacon Marine. The company emerged after TDI-Hatler sold out to Friede & Goldman in the late 1990s. TDI pioneered the rig repair/conversion business in the 1990s and that legacy has carried over to Beacon marine. Beacon has several yards in the Triangle, including their main yard on the historic Harbor Island, first established by Weaver and Levingston in the 1930s and 1940s. Beacon has also taken their company global and opened a shipyard in Mexico to service rigs for PEMEX and their American drilling contractors.

Tape 1, Side 1

JT: This is an oral history interview with Guy Covington, C-o-v-i-n-g-t-o-n, in Houston, Texas. The interviewer is Jason Theriot. The date is July 18, 2008. Guy Covington is a third-generation shipbuilder from Orange, Texas. He is also the president of Beacon Marine in Orange. This is for the MMS Shipfab Project.

GC: My family started working at Levingston back in the thirties. It was my great-grandfather that worked there, followed very shortly by my grandfather. Then they worked originally as carpenters, because carpentry department was a big department back then. Then my father went to work at Levingston as a carpenter helper, as a matter of fact, but after a couple of years he worked there as a draftsman. My grandfather was moving up through management on the operations side. And then my father went in through project management, project engineering, with no degree, and that was one of the advantages, was that you could work at a shipyard and work your way up without being an engineer or something. Then my grandfather became vice president and general manager back in the late sixties, early seventies, something like that.

JT: Of Levingston?

GC: Of Levingston, yes. My father was in engineering. My grandfather probably retired in the mid-seventies, and a couple of years after that, my father was vice president of engineering, and

shifted around a little bit here and there, and then became president in around 1982 or something.

He was the last president till the yard closed down in about 1985.

Meanwhile, I had three uncles working there, and my brother and I worked there, along with a couple of cousins. I worked there summers whenever I was in college, as a ship fitter.

And there were quite a few other families like this. I guess the major difference was that at the end of the day, my dad was president, and that's what changed our family. So that's basically our history at Levingston. If you want me to go on with—

JT: Your dad, he started as just probably a tacker helper?

GC: He was a carpenter helper, yes.

JT: And moved on up to president.

GC: And moved up to president, yes, with a couple of years of college, but no degree. He was in school and had three small children, and it just became overwhelming to keep trying to go to school and work and feed everybody and all that. But like I said, it created an opportunity there that a sharp guy, you didn't need the paper credentials behind you; you had to be able to perform. And that's what he was able to do.

JT: The Covingtons have long been established in the Orange area?

GC: Yes. We actually came from Beaumont. I was born in Beaumont. My parents lived in Beaumont, moved to Orange whenever I was a couple of years old, to work at the shipyard. Dad had been driving back and forth from Beaumont for a little while, which is not very far, but back then it was a harder drive than it is today, you know. Today that's twenty-five minutes; back then it was about forty-five minutes. Meanwhile, my grandfather built a house in 1953, in Orange, a couple of years before I was born, and he had already moved there. Something of note, though. My grandfather was not a Covington; that was my mother's father. Her grandfather worked there.

JT: So they were also in shipbuilding too?

GC: Right. My dad's father was not really around much. He was gone. So my grandfather kind of took him under his wing and brought him into the shipyard as well. In fact, my dad's brother worked there, and then my mother's brother and a couple of brother-in-laws. It wasn't a family business; we didn't own it. At that time it was owned by Frank and Ed Malloy, I think. They had had it for quite a while. Then sometime—and I'm sure you could research this; in fact, I know I've got some books on it, but sometime they sold the company to—shoot. I can't remember the name of it. To an oil company.

JT: Ashland Oil?

GC: Ashland Oil, yes. Then, of course, Ashland ended up selling it, I think to Penn Ship, Sun Shipbuilding, and then my dad was here and he survived each one of those.

JT: So he stayed as president during the course of—

GC: Well, he wasn't president yet. He was just coming up through the ranks, I guess. When he was doing drafting all the time, he worked his way up to project engineer, without an engineering degree, which was possible back then, you know, and then he moved over into the management side as project manager, and that's where he really got a feel for how everything runs and everything. And from there, moved back to manager of engineering, then vice president of engineering. At that point they were going to send him to Tyler, Texas, where they had—Levingston actually owned a small fabrication shop in Tyler. It was called Armadillo Fiberglass Housing. They built literally fiberglass houses and helibdeks. They actually built some fiberglass helidecks back then. Yes, it was real weird, and it was not a good deal. We've come across a few of them over the years, and they're not in good shape.

But anyway, at the last minute, he turned that transfer down and they sent him over to Gulfport in Port Arthur, which was another yard, and it was almost a punishment, you know. But they made him president at Gulfport, and the yard thrived. Gulfport did repair and some fabrication. The yard really, really thrived, to the point where after a few years my dad was named president of Levingston Shipbuilding.

However, the company was in trouble by that time, and I remember I had gotten onto him one time before about something happened and I didn't know about it before it was going to

happen; I heard about it either in the paper or—and he apologized and said it would never happen again, he would always tell me what was going on. Part of the reason for that was that he was always close-mouthed about everything because he's one of those guys that believes you just don't—until it's announced, you don't talk about it, you know. But he called me and said that the next day one of his dreams was going to be realized, and he wanted to let me know about it.

I said, “What's that?” He said he was going to be named president of Levingston Shipbuilding. I said, “Oh, Dad, that's just great.”

And he said, “Well, the bad news is,” he said, “the next day I think I have to close the son of a bitch down.” [laughs]

And ended up keeping it open for three years after that, three or four years. He did some unique things, got some customers, notably Brown & Root and McDermott, I think, to actually pay for jobs in advance before they did the work, and they had that kind of reputation. They fronted the money for their projects to be done and managed to stay open, but I think they were owned by Sun Ship, which owned Pennsylvania Shipyard at that time, and they were just dragging money out of the company, and it just didn't survive.

So they closed down Levingston. This is around '84 or '85. My dad was actually interviewed by a couple of companies and asked to take a job in Houston and another one in Dallas or something, but he had promised my mother that he wouldn't leave the Triangle, because that's where all her family was, and we're a very close family. So he decided to open his own yard, and he made a deal to lease what was Weaver Shipyard years ago, and started a company called Texas Dry Dock [TDI]. He had some partners, and they bought one of the repair

docks from Levingston, from the ashes of Levingston or whatever, and really just decided to bang out a living. That's all he was trying to do. He had a dock and they were doing barge repair.

Then an opportunity came up to do some drill barges, and of course Dad had worked closely with some of the drilling contractors over the years, and he really had an affinity for the drilling side of the business. That went real well. ENSCO came in as a customer, and they wanted us to build some Lake Maracaibo drilling barges, which Levingston had actually built back in the fifties. My grandfather went to Maracaibo himself back in the fifties, back when nobody was working there, you know. And Levingston built drill barges, the Blocker barges for that.

JT: Blocker?

GC: Blocker Drilling was down there.

JT: Were they out of?

GC: They were out of Houston. I'm pretty sure Stan Blocker, I think, was the guy that owned Blocker Drilling, I think.

JT: Drilling for Shell?

GC: Yes, it probably would have been Shell. Maravan, Lagoven [subsidiaries of PDVSA]. One of those was a Shell company; one of them was an Exxon company or something. This was before Venezuela nationalized everything and took those companies into the Pedavesa.

But anyway, we started building Lake Maracaibo barges, and the drilling side of our business picked up, so we opened another yard at Port Arthur, which we called TDI Offshore, and that was to bring jack-ups in, largely for ENSCO. That was one of our biggest customers at the time.

JT: To bring jack-ups in to do repair?

GC: To do repair, yes.

JT: So you had TDI in Port Arthur and then you had, I guess—

GC: Texas Dry Dock in Orange is TDI.

JT: To do new work?

GC: Yes. That gave us three locations, really, because we had moved the dry dock to the old port of Orange, the navy base, on one of the piers down there, and we called that the pier yard, and called the main yard Childers Road, which is the road where Weaver Shipyard was. Then

the one down in Sabine at that time became TDI, or Sabine. Later it became the central yard because we made some other acquisitions. Let's see what happened. We—

JT: When did you go to work?

GC: I went to work for TDI in '92. I had been working for paint companies before that.

JT: When did your dad put TDI together?

GC: '86. So my brother was there originally. My brother was there from the get-go. He and a guy named Mike Dolan actually were paid out of my dad's personal checking account for the first couple of paychecks. I was really closely tied. I sold paint to a lot of barge owners and drilling contractors and stuff, so a lot of that went back and forth, but I wasn't working for the company. It was Dad's—it was a smart deal. He wanted the company to be big enough to support another Covington, you know, because we didn't want to run it like a family business, and I had a career and a good job and lived in Houston, and everything.

So in '92 I went to work in the sales office over here. I had a history of sales, and my uncle ran his sales office, my mother's twin brother, Bob Fogal, who's been in the business for fifty, sixty years, or fifty years, and still is. He still sells for Friede & Goldman. He was our vice president of sales, and I went to work for him and spent a couple of years doing that and estimating and everything, and then went into project management and moved back to the Triangle in about '95, I guess.

We did a job for Diamond Offshore, small job, and that was my only customer, by the way, was Diamond Offshore, the only one that I really handled, and we did a small job doing some spud-can repair. We didn't have a yard for it. I was talking to Diamond and I agreed to do it so we could do the work and bring the rig in and everything, and then I found out that the draft on the rig was deeper than our yard was, so we couldn't bring it in. That was the day—and I remember it plain as day—that my dad said, “Did you ask them what the draft was?”

And I said, “No, but it's an independent leg. It can't be that much.”

He said, “Well, that's a Levingston rig,” which is why we were getting the job, because of our expertise with Levingston rigs. And he said, “Unfortunately, those spud-cans don't recess like the LeTourneau [jack-up rig].” And I didn't know at that time.

I was like, “Oh no. This is going to tank the only job I've ever sold,” you know.

I had become good friends with the VP of Engineering at Diamond, and he was just doing this because of our expertise and we liked each other.

Anyway, so Dad said, “Well, there's another piece of property that maybe we can lease,” and he made a deal with Gulf Copper to lease—it was their Dock 4, I think, which had pretty good waterfront, had thirty feet or so. We brought the rig in and did the work. It was a great job. Saved Diamond a million dollars over the way they had been doing them in the past.

Meanwhile, we were out there and we realized that this is a yard you could bring a semi [-submersible drilling rig] into, and Diamond was also talking to us about doing some semi work. So while we were there, I remember we had cell phones even at that time, which was pretty unusual, but we called Dad and said, “We need to think about buying this yard.” My brother and I were sitting in the car, looking. Because he said, “We can't get a semi in there.”

And we said, "There's one sitting here."

So we started making moves to buy that yard, and we were getting deeper and deeper with Diamond, and they had some really large conversions coming up. They were converting two second-generation semis to fourth-generation, take them to deeper water. So because of that, we needed a dry dock for it, so we were making a deal with Bethlehem to use their dry dock, and we ended up buying another yard down in Sabine, which we called our south yard, and then the Gulf Cooper yard became the north yard, and of course then the original TDI yard became central.

JT: So you had four.

GC: We had four then, yes.

JT: What year was that?

GC: This was about '96.

JT: So you had already been with the company for a few years.

GC: For a few years, yes.

JT: Working mainly here.

GC: I was over there then, yes. No, I was still here then, still here until then we signed a contract with Diamond to do their two semi conversions. The day after we signed that contract, my dad called and said, "You need to come over here for a few months and be project manager on these jobs." And the idea was that you'll never be successful in sales until you learn how the operation works, you know. He put a senior guy with me to kind of hold my hand and everything, a guy that had come from Levingston, had been with the company for years, and together we ran these two projects and built the yard, because we had bought the old Sabine Offshore. That's what our south yard was. I can't remember the guy's name. Sabine Offshore, but I can't remember who owned it at that time. And we took over the lease from Bethlehem for the dry docks.

So we opened two years and took on these two massive projects all at the same time and they were about a half a million man hours apiece, far and above the biggest jobs the company had ever done, way bigger than the new construction we'd done.

JT: So they put a lot of faith in you.

GC: Yes. Well, he put a lot of help around me, too, you know. And actually, financially they were not as successful as we would have liked. They were real fast-track and the engineering wasn't done, but they were very physically successful jobs, and Diamond ended up giving us another one before we were finished with the last one, which we did well with that one.

But meanwhile, what really happened, I was a little bit down because the jobs had not made money, and they were huge jobs as far as that time, and my dad told me, he said, "I don't want you to ever get in the habit of losing money is acceptable on a job, but there's more than one way to make money for a company, for the shareholders." He said, "Let me tell you what's happened while we were doing these two projects." He said, "We lost a little bit of money on these jobs, but meanwhile, we opened two shipyards and acquired and outfitted them and did all this work." He said, "And our reputation in the market has just soared for what we accomplished." And he said, "Because of that, shareholder equity, the company is worth twenty times what it was worth before we took those on." So if you lose a million dollars here and the company value goes from 5 million to 25 million, 50 million or whatever, you know, those weren't bad jobs, you know, and they ended up selling the company to Halter and he and his partners. That would have been '97, I guess, and did real, real well.

Just a side deal, everybody that worked there, all the private employees, got a really sizable bonus for this sale, as part of the—

JT: How many employees do you think you all had total working?

GC: Oh, I don't know, at that time probably 1,400, 1,500, something like that, and I'm talking about all the management, though, got a sizable bonus for the sale, and Dad's partners didn't want to do that. That doesn't need to be published. But he insisted that this is the reason the company's worth it, you know. So it was a great time for everybody, you know, although it was

also sad that we weren't the owners of the company anymore, you know. But then Halter looked at buying—at that time we only had two competitors in this repair conversion business.

JT: Which would have been who?

GC: It was Ham out of Pascagoula and AMFELS down in Brownsville, which is now Keppel FELS, of course, and Ham became Friede & Goldman. They decided to take that public and became Friede & Goldman. They bought out— Friede & Goldman was an engineering company out of New Orleans, and they thought that they needed their own rig design if they were going to go public, so they did that, and we looked at buying them, Halter did, and, frankly, I say “we,” Halter was looking at it, and the only reason I was involved in it, by that time I was manager of estimating and had about twenty-two, twenty-four probably working at estimating, planning, and production control department. I was over that department, so I was asked to come in during the due diligence and look at their existing jobs. We were looking at each other's, to see the health and strength of contracts and that sort of thing. This was all hush-hush in a closed room in a Holiday Inn somewhere in Pascagoula or something.

After looking at it, the general consensus was that they were not healthy, so we weren't going to buy them. Less than six months later, they bought us, which was really strange. I think within a year, year and a half of that, the whole company folded.

JT: Friede & Goldman bought—

GC: Friede & Goldman bought TDI-Halter, yes. By that time we were called TDI-Halter, and we were part of the Halter organization.

JT: That would be in the beginning of '97?

GC: That would have been in about '98, I guess, and then '99, Friede & Goldman bought TDI-Halter. That was the year, after that happened, my brother left and I stayed on for a little while, while my dad was there, and then my dad retired. He took his retirement in '99, and he had a three-year non-compete agreement. My brother left to start Beacon Maritime.

JT: What's your brother's name?

GC: Russell Covington. He was vice president of operations at that time, and I went back—well, I was still manager of estimating, production, and control. Then after my brother left to start at Beacon, I stayed at Friede & Goldman, I guess until my dad retired, and then I left, too, and went to work with my brother. He was really, really struggling, just banging out. I think he had done one \$50,000 job or something like that.

JT: What yard did he end up opening?

GC: Originally he was down at Sabine Pass, just in an office, and had hoped to just lease some property and do some work. When Friede & Goldman went under, the lease became available

for the Childers Road yard, which is where my dad had originally started, so he went and leased that property.

JT: So it had a shipyard infrastructure.

GC: Right. We've got a 200x100 shop.

JT: And Childers is—just give me a general location.

GC: That's the old Weaver yard. Childers is—

JT: South of the lake or north of the lake?

GC: Which lake?

JT: It's in Orange?

GC: It's in Orange, yes. North of Sabine Lake, yes. Just south of Levingston, as a matter of fact, on the Sabine River. You know where Orange Shipbuilding is?

JT: Yes.

GC: That same street that they're on, when you go south from there, the road curves and becomes DuPont Drive. If you keep going straight right there at the soccer field, it's a dead-end road down there, and our address is actually Foot of Childers Road. That was the legal address for a long time. Now it's 1601, but it was Foot of Childers Road.

Anyway, so he leased that property and I went to work with him then, and he had a partner. After a year or two—his partner was an older gentleman, and I ended up buying him out. Then time passed quickly, and before you knew it, my dad's non-compete had run out, so he came back and bought part of the company from us.

JT: That's cool.

GC: Yeah, it was really neat. He walked in, and Jason said—we were in his old original office building, and my brother was in his original office, you know. We had since moved the corporate headquarters to Port Arthur for TDI. But my brother was sitting in his old original office and everything. He walked in, the day after his birthday, because it coincided with his anniversary of leaving, whatever, and he retired on his birthday. So he walked in and said, "I'm back. Get out of my chair. Where's the coffee and when do I get paid?" [laughs] You know, it's been quite a few years; I'm not sure if we've ever paid him. But anyway, we furnish him with coffee all the time, and Russell never got out of his chair.

JT: That's something.

GC: Yeah, he's enjoyed it. He's still mostly retired, but he spends an hour or two a day or more, if necessary. What a wealth of information and a source.

JT: So you're talking about 2002 is when he came back?

GC: Yes, 2002, I think.

JT: A lot of the shipyards are family-owned, are in very similar situations to what you guys have gone through, shipyards where I've interviewed, mainly those half a dozen or so on the Bayou Teche and in the Port of Iberia. Even Burton shipyard to an extent.

GC: Yeah, sure.

JT: Do you have kids?

GC: I have a daughter, yes, just one daughter.

JT: One of the things that—

GC: She's not going to be doing it.

JT: —they're concerned about is—

GC: We don't have anybody either.

JT: There's no one to take over.

GC: No. My brother's got a son who's got no interest whatsoever. However, he's got a daughter who's in law school, and she wants to work corporate law. Our business is changing. It's not out of the realm of possibility that a lawyer could run a company like this one day, you know, and a woman. We actually, for the first time, have a woman—our financial vice president is a woman, Liz Jackson. And in our industry, you know, it's always been dominated by men, always, you know. But over the last few years, over the last decade, decade and a half, there's been more and more women creeping in, not generally in operational-type positions, but in financial positions. I'll tell you, we couldn't live without this woman. She's sharp. She works well with men. There's no problems whatsoever. She's tough.

JT: There's a similar situation, the old Roy Breaux shipyard, Breaux's Baycraft. His young son and young daughter took over.

[Telephone interruption]

GC: Our labor rates have gone up since the hurricane quite a bit, so everybody's done this. You know what, though? That needed to happen. It was just an adjustment. We had been way

behind in salary increases, because the business was so damn competitive, you couldn't afford to raise it. Meanwhile, all the neighbors, that probably working out at the refineries and everything, they're making thirty, forty dollars an hour, you know, for doing nothing, I mean compared to—you know what I mean. Compared to what—they're not welding out in the sun and everything.

JT: It's all mechanized.

GC: Yeah. An operator at one of these refineries, you know, I remember the cartoon—I don't know if you've ever seen this cartoon. There's a guy sitting there at a computer, and a dog. This is an operator in a refinery or chemical plant. Says the computer runs everything and the man's there to feed the dog, and the dog's there to bite the man if he tries to touch the computer.

[laughs] And that's the jobs of the three people.

JT: My father is a commercial contractor, and he has seen his business change since the hurricane, as any kind of construction has.

GC: Absolutely.

JT: So I've got a good solid base on the chronology of where you guys evolved from. I want to back up a little bit, because one thing I think is interesting about the Triangle that is probably unique in any other area is the fact that shipbuilding kind of grew along with the timber industry.

GC: Yes.

JT: As your father or grandfather or great-grandfather were carpenters, I think that's a unique situation in the history of shipbuilding in that region, which may explain why it's prolific, why it has persisted for going on two centuries now, is because you had a mainstay timber industry in a region.

GC: You know, I've never thought about that, but you might—

JT: They were carpenters and they were expert at working with wood, and the original ships were built of wood.

GC: You know, by the time my grandfather and my father were working there, it was just houses that were built of wood, houses on the vessels, generally speaking. Levingston built some PT boats, which were all plywood, you know. They actually also built a couple of concrete ships.

JT: I had heard that.

GC: Yeah, and that's a really unusual deal, an experimental deal, and obviously, for whatever reason, wasn't a good idea, because otherwise we'd see concrete ships all over the place. But the

carpentry department was a big department. They did all the houses and they did the joiner, what we call joiner work, which is the outfitting.

Tape 1, Side 2

GC: Levingston, I know, built wooden vessels back early on, and there may be some tie-in to why that started there. Lumber was a big, big deal, as you've alluded to, in Orange. The Stark family came from—I don't know if you're heard of them or not, but that was our patriarchal family in Orange. When she died, she left an endowment fund of like 125 million dollars. That's a lot of trees.

JT: To what?

GC: To the city of Orange. To the Stark Foundation, which is managed by people from the city of Orange. That's who started the—have you seen the new park that's started up in Orange?

JT: No.

GC: Shangri-La, it's called. It's a beautiful park and there's a beautiful museum in Orange.

JT: I've heard of that.

GC: Yes, and a Civic Center there with a theater and everything were all from the Stark Foundation. Their money came from originally timber, lumber, and then they had oil properties as well up through East Texas and everything, which was a no-brainer, because when you had the land, you ended up with oil. Back then, you owned the mineral rights to whatever land you owned. Of course, today nobody owns mineral rights.

JT: The government. Uncle Sam.

GC: Yes.

JT: I have just a couple of generic questions here. In the forties, Levingston opened up a yard on Harbor Island. Where is Harbor Island?

GC: Harbor Island is where we are now. We've just taken over that yard.

JT: This is kind of a Google map, the end of Childers.

GC: That's us down here. Okay. This actually doesn't show it, and that's funny. How old is this?

JT: This is a new Google. This is an old map.

GC: I think this is it right here.

JT: So this would be Harbor Island? Houston Ship Repair 103. Is that here? 101 is Crumpler, is right here. This is an old Sabine transportation—

GC: No, Harbor Island is actually right here. What's 107 there?

JT: Custom Vessel Company.

GC: Hmm. What's 108?

JT: Century Marine.

GC: What's 106?

JT: OPI International.

GC: Okay, that's where they were. You see this? See how that goes like this? This is it. What happened was—I don't know why this is still showing like this. This is the boundary of the river. I mean, the river is the state boundary like this, but the Corps of Engineers back many years ago, and I believe it was in the thirties, but it may have been in the forties, actually cut this out like this. So the state boundary still goes this way, okay? Around like this. But the channel

comes through here like this, creating a much shorter distance for barges, barge traffic, ship traffic, and everything to get up into the—Pier Road right here, this is where the navy had a mothball fleet for many, many years. So they knocked that out. The Corps of Engineers knocked that out to be able to get navy vessels in and out there, okay? So this became an island, and this island, because of the original border, is in Louisiana. But the access to it is from the Texas side over here, and that's now our property. That's where Levingston was.

JT: So this is not—you said the end of Childers Street.

GC: This is our property here, but this is the new yard we're moving into.

JT: Which on this map would be—

GC: Would be this one right here.

JT: This is Harbor Island.

GC: Right. Which is being renamed, by the way. We're calling it Beacon Island now.

JT: So there's just one shipyard there?

GC: Yes, and it's us. It was Levingston before and then OPI took that over, or they were the last probably to get in there, I guess.

JT: They were shipbuilders?

GC: No, OPI was an offshore construction company. They built jackets and they set jackets offshore. They had taken over a lot of the old Brown & Root equipment. It was actually guys from Brown & Root, I believe, that started OPI, and they had some government equipment too. Then they were bought by McDermott.

JT: So that's the McDermott Harbor Island.

GC: That's right. McDermott Harbor Island, right there.

JT: Because they also had a Harbor Island in Corpus Christie.

GC: Oh really? Well, they ended up pulling out of there, pulling out of Orange, because they had the huge yard down in Morgan City and they moved all their operations over to Morgan City. When they did that, they tore down every building on the island, even took out the ferry. There was a ferry years before. They took out the bridge. We just about a year ago made a— well, our partners bought the island.

JT: Is there a bridge from the mainland to get there?

GC: We built the bridge, and it's not like this; it's just three barges. They're 156-foot barges that we built, new construction, every bit of it brand new, and they're all linked together and they've got ramps going to the land, and you can drive anything over that that you can drive on the highway.

JT: So is there anybody above y'all that that might cause some limitations?

GC: No, because it's an island. We have a permit to have this here. We had to go to the Coast Guard and State of Louisiana, State of Texas, everybody, to do this, but it's not really—it is navigable, but it's not part of the navigable waterway. That's this part that goes here, that the Corps went through. So because of that, we couldn't put a permanent structure. That's why we have barges there that in theory can be moved, and they can be. We could move them if we had to. But generally speaking, there's no need for it. We had to have proper lighting and meet permit and Coast Guard regs and everything else. It was a pretty long process, but we knew we could do it because it was grandfathered; it had been done before. Levingston had it before.

JT: What are some of the particulars why Levingston sold out to Ashland Oil in '75?

GC: My dad could probably answer that for you better, but it was a family-owned operation.

JT: Levingston was or Ashland was?

GC: Levingston was. And those guys were old, without a whole lot of—I don't think they had any heirs that wanted to really—I think there was a son-in-law that was in the business.

JT: So it wasn't for any kind of mismanagement or any kind of internal?

GC: No, no, no, no, no. They were a successful company at that time. I'm not sure why Ashland Oil wanted to get in that business. That's kind of weird. But I know that it was a big deal for everybody. My dad, for instance, had Ashland Oil stock options and bonuses, because they were direct employees of Ashland Oil, so it was a big deal. That was a long, long time ago. I was young, but I remember stock options. It's the first I ever heard of stock options.

JT: What was it like as a kid, or even a teenager, with a father—not only a father who ran a shipyard, but a whole family history?

GC: It was the center of the known universe, as far as we were concerned, Levingston Shipbuilding. My mother just—I mean, she didn't remember eating a meal that didn't come from Levingston. And her whole family worked there. And my whole family worked there, you know. We thought that everybody that worked anywhere else was just killing time, you know, that this was the only real business in the world, you know. It was a unique feeling. There was a

lot of pride. You were instantly friends with anybody else you met whose father worked at Levingston, you know.

I remember I played Little League football, there was four of us on my Little League team who had either a father or mother working at Levingston, and we were in the *Levingston News Log*, which was published once a month or whatever, had our pictures in there because we were all going to Florida for the National Little League Championship, and had our pictures in the *Levingston News Log*. It was a big deal.

And with my grandfather being a general manager of the yard and everything, the first plane flight I ever took in my life, I was, I don't know, nine or ten or maybe eleven, and it was to New Orleans in the company plane, the Levingston company plane, a little Beechcraft, I think.

When I was—I don't know how old I was, but I remember that—my grandfather made this stuff up, but he asked me how much I weighed, and when we weighed me and he said I was like forty-five pounds, and he said when I got to be fifty pounds, I could go for a ride on a tugboat. And my first tugboat ride was whatever age you're fifty pounds, you know. I was a small kid; I may have been fifteen. No, I wasn't that small. But as a young person, it was a big deal, you know, to get to ride on a tugboat.

My grandfather would take me down—my dad was working, you know, and they always worked five and a half days, always. I mean, I really thought a work week was five days and half a day on Saturday. I literally thought that's just what a work week was, and I was fascinated with probably who worked five days. That just didn't even make any sense to me. They didn't have real jobs, you know. But my grandfather would sometimes take me—I was the oldest grandson, and often it was me and/or one of my cousins or my brother or something, and he'd

take us down to the shipyard and we'd go visit the different departments on a Saturday and stuff like that. It was really neat.

JT: What was your grandfather's name?

GC: Robert W. Fogal, F-o-g-a-l.

JT: And what years was he general manager of Levingston?

GC: Golly.

JT: Late sixties?

GC: Yes, it was the late sixties. He actually moved over to Gulfport. I told you my dad had gone to Gulfport, but my grandfather was general manager of Gulfport, running that yard throughout the early seventies, I think, something like that.

JT: Because Levingston had bought Gulfport.

GC: Right. Yes, from George Brown. Funny, just a little aside there, my grandfather's secretary was a woman named Kay Thames, T-h-a-m-e-s, and when my father took over that yard, his secretary was Kay Thames, and then whenever he left and went to—when he started

TDI, she was still his secretary, and she didn't leave till he left. So she was with the family forever, you know, a secretary. Of course, she was a pretty powerful secretary. She kept tabs on my brother and I quite a bit. [laughs] We got in trouble for stuff all the time. We didn't just work for my dad; we worked for everybody, you know. And he had so many people that he brought with him. The purchasing manager would tattle on us, you know. I mean, he would literally tattle. We were young at the time. We'd get so mad at him sometimes, you know. But they were all watching out for my dad's interest, you know.

JT: So by the time Levingston closed down, they had a yard on Harbor Island, the main yard in Orange.

GC: Well, the yard on Harbor Island was the main yard. That's a 100-acre facility, okay? Seventy-five acres of that is Harbor Island.

JT: The yard that they built most of the ships during the war—

GC: All on Harbor Island.

JT: It was on Harbor Island.

GC: Yes. And there was actually a ferry at that time that would take the workforce from the mainland in Orange over to Harbor Island in Louisiana.

JT: So before Harbor Island, there must have been another—

GC: I don't think there was anything before Harbor Island. I think it was all part of the same yard forever and ever. My dad could correct that. But I don't think Levingston ever existed without Harbor Island.

JT: Then they also had Gulfport, an interest in Gulfport.

GC: Yes, that came about in the late sixties.

JT: And that's down in Port Arthur.

GC: That's in Port Arthur, yes.

JT: Did they have any other yards?

GC: No. Well, they had a fabrication facility I mentioned in Tyler, and then they had another fabrication facility in Woodville, Texas, which was just a small fab shop type deal. You heard of FELS, I guess. They helped start FELS.

JT: In Brownsville?

GC: No, in Singapore.

JT: Oh, really?

GC: Yes. Levingston actually sent people over there, working with them. You know what FELS stands for?

JT: No.

GC: Far East Levingston Shipbuilding.

JT: I'll be.

GC: And they had a real strong tie-in, and they had an opportunity to own that, lock, stock, and barrel, and passed on it. You know, this is back in the seventies or something. But I had an uncle that went over there for two years or something. My dad went over for months. Larry Baker Sr., who ended up starting Baker Shipbuilding out of Corpus, Ingleside, he was over there for a couple of years. That's where our biggest—that's where Keppel FELS comes from today. It was started by some guys from Singapore and some guys from Levingston, Far East Levingston Shipbuilding.

JT: I interviewed John Estes, who was the head of Bethlehem, but he was also the president of Bethlehem Singapore '72 to '75. Was Bethlehem—they were building different kinds of equipment, but who would you say was the big competitor in the post-war era with Levingston?

GC: Levingston? Boy, it'd be hard for me to say. My dad could tell you. Avondale was a big competitor. Levingston building ships was one thing. They were a small player in that. Bethlehem had a yard in—well, American Bridge had a yard in Orange as well, right next door to Levingston. I don't know if you've even come across them yet.

JT: I have. I wasn't too sure where they were.

GC: It was where Signal is now in Orange. They were the big guys. Before it was American Bridge, it was Consolidated Shipbuilding. Then they were bought by U.S. Steel American Bridge Division, and during World War II there were 20,000 probably working there. Phenomenal.

JT: Then after the war, when you said the big guys, they were building what, semi subs?

GC: Yeah, and drill ships and stuff. Avondale in New Orleans was certainly a competitor. LeTourneau, of course, which was Marathon LeTourneau at the time.

JT: But Levingston got involved in building some of the big stuff, too, right?

GC: Oh yeah. They build the SEDCO 700 Series, the SEDCO K, which was a triangular-shaped—one of the first, maybe *the* first triangular-shaped semi, some drill ships. They built all of the Global Marine drill ships.

JT: Global *Challenger*.

GC: *Challenger*, which was a Howard Hughes project and everything, and *Explorer*, the *Pacifica*, *Atlantic*, *Java Sea*, *Coral Sea*. There was a bunch of them. They were all about 550 feet, I think, something like that. Then they built quite a few jack-ups there. In fact, Gulfport built a couple of jack-ups as well.

JT: I'm going to ask you kind of an open-ended question. You might think about it for a minute. What would be the legacy of Levingston in the Golden Triangle of shipbuilding industry?

GC: What do you mean exactly?

JT: Well, what has been the long-term significance of a company like Levingston, the people they hired, the people they trained, maybe the second and third generation like yourselves? In other words, without a Levingston, would the community be any different?

GC: It would definitely be different. Orange has always been—even the people that don't work in shipbuilding there and have never worked in it, of course, there's lots of refineries, but I think that a lot of the reason other industries are there was because there was a ready workforce and a hardworking workforce and probably who knew how to build things. I believe that a lot of things sprang up out of that, and there was always small businesses, Orange Shipbuilding and Burton Shipyard and stuff like that, you know, and those things spring up out of probably that work at Levingston or Consolidated, going off on their own and doing things, you know. There was a barbeque place in Orange that thrived for many, many years, owned by an old guy that—it was like in a back yard, and Levingston would bring in people from other parts of the world, really global. It was a global business, so you had people from Singapore and the Far East coming in, you know, and they would go eat at this guy's barbeque because that's where the Levingston guys ate, and they introduced them to it.

I always joked about the guys in Orange that worked for us at TDI, the same people that came from Levingston, that once I got to Houston, I joked about them saying that they thought that was the center of the known universe. The pride and everything was almost to a fault. They always believed that a lot of other probably did what we did, but nobody did it as well as we did, you know, and that if it wasn't happening in Orange, Texas, it didn't really matter. It's hilarious. It really is funny. And of course, you get to Houston and you start dealing with your real competitors around the globe and everything, and you realize that we're just one little area, you know, banging out a living just like anybody else.

And the industry's changed. It's largely Mexican-American now. Fantastic. I mean, they're great. The thing that I like about our Mexican-American labor force today is, I think

they've got the work ethic that my father's generation had, and my grandfather, you know.

They're okay with sweating for a living.

We had a bank in town, that whenever OPI was leaving, it was the bank that we did business with, and OPI had their account at the same place. This was TDI. My dad asked the bank manager there one time, "What's it going to mean with OPI pulling out?" McDermott by that time, I think it was, pulling out of Orange.

And he said—and I'm not making this up. He said, "It's going to mean a lot less smelly people in here cashing their paychecks every week."

And my dad just stared at him and he walked out, he went back to his office, and he called the vice president of the bank, the guy we dealt with. It was the president of the bank that said that. And my dad called the vice president and said, "We're closing all of our accounts there." By that time we had a couple thousand employees, and we were a big deal in Orange. We pulled out of that little privately held bank and we went to another bank, went to First Bank & Trust at Groves.

And the guy was like, "Don, you can't do this. You can't do this."

He said, "The hell I can't." He said, "I've never heard anything like that before." He said, "Those smelly people that are in there cashing their checks every week have fed me all my life and a lot of the people in Orange." He said, "And I'm not dealing with somebody that doesn't get that, that doesn't understand it." I've always liked that story. I think it says a lot about my dad, but it says a lot about the community too.

JT: Any idea what year it might have been?

GC: If I had to guess—

JT: You said McDermott might have pulled out in the early nineties?

GC: Yeah, '94, '95, somewhere around in there.

JT: So by that time there was still a big Mexican-American labor force?

GC: By that time it was starting, yeah. But he wasn't talking about them being Mexican; he was just talking about the workers in general, you know. We weren't like the refineries.

JT: Didn't wear a suit.

GC: Exactly.

JT: I guess one of the reasons why I asked that question about the legacy is that one of the things that I've been trying to piece together is how did some of these places survive after the eighties' bust. There's some many places that are no longer in existence, so many communities. A perfect example is Morgan City, which, without McDermott, would be basically a ghost town. And you see that throughout history. You see that throughout the Gulf Coast in the eighties. The downturn in the eighties had a tremendous impact, a long-term impact. It's probably one of

the reasons why I'm not in the oilfield, because my family went through that and we had some hard times.

GC: You know, my dad started TDI in '86, and probably thought he was nuts. You think about it. 1986, you know, that was the worst time in history to start a shipyard, it seems like.

However, there's always an opportunity for probably to do things well, that don't want to make—they're not trying to set the world on fire, they're just trying to take care of their own little corner of it, you know. He had some hardworking people that didn't want to leave, had a dry dock to do barge repair, and a good reputation. And the reputation stays with you. Your company may shut down, but hopefully you take your experience and reputation with you. And the area had the good reputation, whole area, you know, for doing good-quality work, and they just literally banged out a living, and then took advantage of every little opportunity that came up.

I've always teased my dad, I don't know whether he was brilliant or lucky—he'll say it was a combination of both, you know, but when they had an opportunity to move into a little bit of the drilling business by working on drill barges, and these were going to Nigeria and they were going to be converted. They had to widen the barges. Some friends asked him, "Can you do these?" And he said yes, you know, and took advantage of those little things and the little bitty upturns, and just grab another toehold, you know, and expand a little bit, but not go crazy with expansion, just take advantage of everything that happened.

Rig repair was really an emerging business by that time. A lot of things came into creating rig repair. Nobody had ever considered being a rig repair company. The rigs were all

supposed to be gone. They were supposed to be building new ones. They had a twenty-, thirty-year shelf life, whatever, and then they were going to build new ones and replace them. Well, the downturn in industry created an industry that we call rig repair.

JT: That's very interesting.

GC: You know what happened was, they started looking for ways to patch these things together and get ABS life extensions and stuff like that.

JT: Cost cutting.

GC: Exactly. Because it was cheaper to rebuild it than to build a new one, to repair it and everything. They created TDI and Ham and AMFELS, which was Allison-McDermid at the time, then they became AMFELS when FELS bought them. There was another guy similar to my dad, named John Allison, who had worked for LeTourneau, and he started Allison McDermott.

JT: In Brownsville, right?

GC: Yeah, in Brownsville, and I think Steve [Tony] McDermid was his son-in-law. A real similar background to that company, you know. I'm not sure about the history of Ham. But those companies were really created out of the necessity, that when they started extending the

lives of these—in many cases, our customers were doing the work themselves at first. Chiles [Offshore, Inc.] was sending guys offshore to rebuild some things here, or they would bring the rig in to just a spot on the bank. They created a niche for us, and for many years it was pretty expensive to get into that business, so for many years it was only the three of us doing it on the Gulf Coast, and anybody else just got squelched. They didn't have any history. And that's where this damn business came from, I mean the repair business. It was a necessity that created the companies. There was a void.

JT: Now there's a few dozen, wouldn't you say?

GC: Yeah, you know, we people screwed up. We got too big. I mean, the companies were all bought by other companies, and they became part of big entities and everything, and when you do that, you always create a little hole. There's always a little place for a little guy to—somebody to leave one of the companies or something, and somebody say, "I don't want to be that big guy, but I can be a little guy," and they can get somebody's attention and go do small jobs here and there, and before you know it, they're a competitor. I think if TDI had stayed TDI and Ham had stayed Ham and Allison-McDermid had stayed Allison-McDermid, we'd still all own this industry, you know, because we weathered out the bad times, you know. We certainly did at Beacon. In 2003 we did less than three million dollars worth of work. We were starving to death. Everybody working for us took a cut in pay, a 25 percent cut in pay. We looked around and we said, "Look. We're either going to have to cut people or we're going to have to cut salaries." And every single person said, "Cut our salaries." And we decided to go under or

stay together as a group, one or the other, you know. That was 2003, we did, like I said, less than \$3 million. In 2004, we did \$147 million.

JT: What explains that turnaround?

GC: All kinds of—the market turned. I mean, it was already turning. It was already coming back in early 2000, and 9/11 and a few other things just pulled the rug right out from under us. Some of it was—this is all theory, it's my own theory, but I spent my life analyzing this crap, so I think 9/11 had a lot to do with it, I think Enron had a lot to do with it, just pulled back everybody's reins. The oil companies weren't spending money. If they're not spending, the drilling companies aren't spending, and if they're not, nobody is, you know.

JT: And then '05, of course, you had the hurricane. I imagine that was a big boost to you guys.

GC: Yes, it was. For our company personally, it cost us a lot of money. We survived it and everything, of course, and we had lots of work going on.

JT: You mean you survived the actual thrust of the—

GC: The thrust of the hurricane, and we survived the hurricane [Rita], but we had contracts that were based on pre-hurricane dollars, and labor rates went through the roof. You know, it's hard to keep a guy working whenever FEMA comes in and says, "I'll pay you 20 an hour to cut

trees.” You’ve got him welding out on a hot spud can or something, you know. It created a— and people were hard to come by. New Orleans was hiring everybody. I heard rumors of bonuses for Popeye’s Chicken and stuff like that. I mean, pre-2005 hurricane season, the Mexican-American population in New Orleans was 3 percent, and today it’s like 18 percent or something, you know. We lost a large portion of our workforce; they all migrated east, something they’ve never done before.

My brother and I went to Alabama years ago, and they had a real nice shipyard there, Atlantic Marine, had all automatic welding. A guy named Bill Skinner running the yard then. We looked around and it was all these automatic panel welding deals and everything. After spending the day there, my brother said, “Well, Bill, I figured out why you went to all this automated equipment.”

He said, “Why is that?”

He said, “There’s no Mexican-Americans in Alabama.” And there weren’t. Now there are, you know. But they didn’t have anybody to do the work. That’s why everything here was labor-intensive. Of course, now we’re putting in panel lines because we’re losing our workforce.

Tape 2, Side 1

JT: Tape two with Guy Covington, for the MMS Shipfab Project.

We were talking about the eighties’ bust. What do you remember about the very early stages of that? Where were you in your career, and what do you remember about the coming of that?

GC: You know, it was funny, throughout the mid and late seventies when the country was going through a recession, I remember my dad was talking about wanting to get a t-shirt that said “What recession?” Because we were in shipbuilding and rig repair, rig building, and, jeez, nothing had ever been any better.

JT: [unclear]

GC: Exactly. So thirty-dollar-a-barrel oil was the norm, and it was never going to fall out, and it was always going to be big, and life was just going to go on forever and ever, amen, you know. I was actually in Houston. I was working for International Paint Company, in a related field. I was a sales guy dedicated to offshore companies, drilling companies. We had eighteen probably working in Houston at International Paint, in sales and service, and that was about '82, and the bottom fell out. I mean, just—it was '82 or '83, the end of one of those years, we had a big boom right before the end of the year. Come to find out, people were buying stuff they didn't even need, just to try to keep their budgets up, because they had budgets and they knew they weren't going to have budgets the next year. We went from those eighteen to, when I left in '85, there were three of us.

I was young and cheap. One of our customers, Keydrill, which doesn't exist anymore—they didn't survive it, but they wanted a service rep offshore, and I was single, so I volunteered for it. While I was out there for about seven months, I worked twenty-one on and seven off offshore, which was a great experience for doing this work later, but while I was out there, they

laid off like eleven or twelve probably in that six- or seven-month period. The only reason I survived was because I volunteered to go offshore. If they laid me off, they had to send somebody else offshore. And I was already there, so I was hidden. I'm sure my name probably came up and they said, "Well, he's offshore." So I kept my job.

Then I started my own business in '85, a blasting and painting company, and had that for a few years before I went to work for my dad in '92.

JT: Did it take an arm-twisting on your part?

GC: To go to work for him?

JT: Did your dad have to twist your arm?

GC: Oh, god, no. No, I wanted to. Yes, I wanted to. And I did want to stay in Houston, too. I had been married and divorced by then and had my daughter, but Houston was home. I was over here for a long time.

JT: I want to talk about a couple of things which I don't know a whole lot about, particularly the training programs for your workforce in the Triangle. My understanding, in the early eighties, Lamar Institute started some technical school.

GC: Sure.

JT: What can you tell me about that and what impact that had on supplying traditional eighteen-, nineteen-year-old local guys and plugging them into the welding?

GC: You know, it did have an effect, and one of the reasons was that Levingston before had been—you had Levingston and American Bridge there before. They had apprenticeship programs, because they'd been around forever. And they had large workforces, four to five thousand people, and they did their own training. You came up through the ranks, you know, and you had time to do that, because when you got a job with one of those companies, it wasn't one of these working for three weeks and then gone for three weeks things, you know. You hired on as a long-term permanent employee, you know. Once that was gone and new construction has kind of sucked out of the area, there was no more new construction being done and we were doing repair, repair is a lot more volatile. I mean, the workforce goes up and down and up and down, and the workers are more transient. They go to whoever's paying the most, or go back home or whatever. A lot of people left the industry after the eighties. They lost their jobs and there weren't anything and they left and they didn't come back. It wasn't just in Orange, our company; it was throughout the other companies.

There is a big hole of probably in drilling companies and contractors and shipyards, of people between, say, forty-five and fifty-five to sixty years old. There's a whole generation missing because of the eighties. I'm fifty-one and my brother's forty-six. There's nobody our age. We've got young engineers, younger than we are, working for us, or we've got old guys.

JT: So they went to another line.

GC: They went somewhere else. They had to go do something else. They had to survive, so they went elsewhere. Our workforce was always different every week, literally. It just was on the available amount of people—I mean available amount of work. You might be working three-hundred one week and then two weeks later have to lay everybody off; the job ends. We've actually hired a hundred people in two days before. That's phenomenal. So we did go through quite a while when Lamar was a big deal for us. We would go there for—

[Telephone interruption]

JT: Talking about Lamar. I guess I'm just trying to ask you to rate the program. Has it been beneficial?

GC: I have no clue. I think it has, things I've heard, but I don't hire. I'm not directly in that line of fire. I could give you somebody you could ask. I'll send you a name, somebody to ask. I've got a guy that worked in human resources for us for quite a while.

JT: I'm just curious on how that program functioned. Over the years, you've got a big Cajun population down there—

GC: Yes.

JT: —in the Triangle. What can you tell me about the shipping yard workers who originally came from South Louisiana? Did you have a lot of them working for y'all?

GC: Yeah, we had quite a few, yeah. The guy I told you that my dad put me with when I was project manager, the older guy, you know, his name was Don Laborde.

JT: Old man Don Laborde?

GC: You know him, from Port Arthur?

JT: Yeah.

GC: He's not as old as my dad.

JT: No, I'm thinking of Doc Laborde.

GC: No, this is Don Laborde. He's been in Port Arthur forever. His mother, she didn't speak much English. She was French Cajun, you know. I mean, that's all she spoke, was a heavily accented English—it was French. That's all she spoke. But anyway, there was quite a few guys like that, you know, that we had. They were just part of the community. You know, I guess at one time it was probably like the Mexicans moving into the community and everything, you

know. That was before my time. They had been there forever, as far as I was concerned. The shipyard was the first exposure I ever had to anybody with a Cajun name, EH, Heberts and Pevateauxs and Thibodeauxs. They were all over the place and in every department by that time. Tibby Daveon worked for my dad for many, many years.

Just a little aside, one of the other downfalls of the hurricane was, I had finally made my way a couple of years before that into a poker game in Orange that had been going on for like fifty years, forty-seven years, I think, and my dad had been playing in it for thirty years. You had to wait for somebody to die, you know, to get a spot. Played once a week. We never played after the storm again, and that poker game had been going on for forty-seven years. The oldest guy in there was eighty-five. He was the only guy not affiliated with a shipyard. He was an old jeweler from Orange, a Jewish guy, the only Jewish guy. The rest of his family's not Jewish. It's hilarious, you know. But he was a Jewish ex-jeweler. And we lost that poker game because of the damn storms.

JT: When you send me an e-mail about that Lamar contact, I might ask you if you know of any other Cajuns who migrated from Louisiana to work in the shipyards way back when.

GC: Sure. I'll think about it and I'll ask around some of the older guys.

JT: Particularly during the war, to come and work in the shipyards in the war.

GC: Okay. My dad would be the only guy that could probably answer that. He's the only one old enough to—Dad'll be seventy-five next year.

JT: I wanted to ask you this question on the way out. Do you think he would mind me calling him up and talking with him?

GC: I'm sure he wouldn't mind at all. He's very proud of his heritage and everything. He doesn't work much. If you're passing through the Orange area, he's got his own office just off the highway, on 16th Street, off of I-10, a couple miles south on 16th Street. He's got some interesting pictures and ship models and stuff like that, and a pretty good wealth of information. He might even correct me on a few things. I don't think there's a whole lot that I got wrong, though.

JT: I'm real curious about what you were talking about earlier, about deep water conversions, or converting the old semis from shallow water to deep water. Coincidentally, the next project that we're starting next year is on the history of the offshore industry in the deep water area.

GC: Oh, really? What happened with me, I was in the very beginning of that and only because I was calling on Diamond Offshore, and they were one of the pioneers in this, you know. At that time the engineering manager, the VP of engineering was a guy named Dennis Graham, and I literally heard about this before anybody at our yard ever heard anything, that this was going off the shelf to what they would call a fourth-generation semi. Dennis and I were up in Mason,

Texas, at a deer lease, and we were talking. We still hadn't done the first job with them, but he was an old friend of mine, and it was the first job I had ever sold at International Paint Company, first big job I ever sold, the first job I ever sold at Sigma Paint Company when I went to work at a different paint company, and my first job at TDI and my first job at Beacon Maritime was all this same guy. We had become friends over the years.

We were sitting out there and we were having a couple of drinks, and he starts explaining these—he called them Ocean Victory conversions, and he had an idea for that and another one called Ocean Legend. I didn't have any idea what a sponson was. I didn't know semis. They were actually going to put sponsons and blisters, sponsons being a—you have a hull like this. Do you know what a sponson is?

JT: No.

GC: It's literally shaped like this, and you have the hull like this, and this attaches like this. What that does is increases your buoyancy. To take the rig to deeper water, the rig will still float in the same water, it doesn't matter, but it's got to have more anchor chain, more mud, more everything. Everything grows. So the variable load really drops once you start adding water to it, so it sinks. It's not floating near as high as it was. Well, to maintain that stability and get the rig ready for deeper water, they have to put sponsons on and what are called blisters, which is the same thing, but it's on a vertical plane. And then they wanted to increase the deck size because these rigs were cruciform-shaped, you know, like the inside of a tic-tac-toe, and they wanted to increase some of the deck spaces, and they had to put bigger mooring systems on them, which

were these huge winches capable of holding 2,500 feet of cable or something, because they're going from 800 feet to—the first one was going to 3,500 feet, and the second went to 4,500, and the third one we did was 5,000-foot water depth.

JT: Do you know what years this was?

GC: Yes, this was in '95 that we started doing those. These were the very first ones being done. We were looking at these, and Reading & Bates was doing one, and seems like somebody else might have been doing one. But we started looking at the Diamond rigs, and Ham was looking at them over in Pascagoula as well. AMFELS was looking at them too, but they were really close to Reading & Bates, and we felt like we didn't have a shot at that, so we went after these Diamond ones. AMFELS did the same thing. They knew they could get the Reading & Bates, but they weren't too keen on the Diamond, so we played our cards right and ended up getting both those jobs from Diamond. And let me tell you, Ham thought they had them, and we just stole them from them.

But that was the first exposure we ever got, was standing outside over a fire in a barrel, he was telling me about these conversions. I came home and told my dad and my uncle, vice president of sales, about these jobs, and they said, "We don't have a dry dock." But we started thinking in that direction at that time.

JT: So this concept of converting an existing rig that was built to work in the shelf or up to maybe 1,000 feet, to actually, instead of building a new one to work in 3 or 4,000, was just to

convert it and equip it to be able to work in that type of environment, you're saying that some of the very first ideas about conversion came from Diamond.

GC: Readings & Bates, yes. They came from the owners, from the drilling contractors.

JT: This would have been in the nineties?

GC: Yes, the nineties.

JT: Early nineties?

GC: I guess a shipyard could have come up with that idea if they'd come to them, but what happened, these guys knew their business and they know their equipment, too. They know what it takes to get out there. And they're pretty sharp guys, you know, so they started looking. The early ones, everybody was moving out here. There were incentives created to go out in deeper water and everything, and there were some tax breaks, and that created a little boom for us in the nineties. Yeah, that's where it came from. They came up with this themselves, and it was a lot cheaper. They were expensive jobs; they were like 30 million dollars. In 1995 dollars, that was real money.

JT: To do a conversion?

GC: To do this conversion, yeah. But compared to building a 250-million-dollar rig, which is probably what you were looking at at the time for a deep water rig, it was nothing. And the day rates they got were incredible, and the competition was very little. But Diamond actually said, too, that—I never will forget, they took some of these second-generation rigs and sent them out to deeper water like that. Well, by doing this, they took three and ended up with four or five of these that they ended up doing eventually. By doing that, the number of second-generation rigs dwindled, and the day rates actually went up on their second-generation rigs because there was less competition, you know, less supply. They created a little bit of wealth for themselves, if you will, whatever. The rigs that could drill at 1,000 feet, there weren't near as many around because they were being converted to deep water. So they enjoyed some pretty good times from this stuff.

JT: That's very interesting.

GC: Yeah, it was real neat.

JT: You often hear about the sob story about how ever since World War II the shipbuilding industry in the U.S. has kind of steadily gone down, but it almost seems, from what you're saying, that it really just adapted.

GC: It did. It's certainly gone down, there's no question about it. Everybody knows that. However, the competition, they were pretty good. I don't know. Some of the other countries—a

lot of the other countries subsidize shipbuilding and stuff, which our country has never really done to any extent, you know.

JT: The MARAD program in the seventies.

GC: Yeah, but again, that was more repair. It wasn't anything consistent to keep a yard alive or anything like that. And anybody could do that work. That MARAD work was—companies sprang up just do that, so it didn't help the existing yards or anything. Of course, the Jones Act has always been around. But there weren't any ships being built, so it didn't matter. It's not that somebody else was building them; there weren't any being built for a long time.

Then on the rig side, the life extensions, you know, really killed the business. I mean, there were probably too many rigs built at one time, and till the eighties, whenever the bottom fell out and everything, but then they kept extending the life of—maybe the work was better than probably expected it to be, maybe the calculations were bad, but, yeah, it just created a new industry, so we adapted.

JT: When you hear recently in the last couple of weeks and months about maybe some growth in the offshore drilling, does that encourage you guys or do y'all just take that as lip service from politicians?

GC: We listen to it, but it's not—that's long-term stuff. I mean, it doesn't have anything to do with whether we get to eat next week or not, you know. I've got my own opinions about it. I

think it's ridiculous that we're not doing this stuff. But I think long-term for my kids and my grandchildren and everything, we've got to come up with another solution anyway. Then I'm a dinosaur. I really do. I think this business is going to go away. I hope we come up with an alternative, you know.

JT: Let me ask you about your monopoly on Mexican-Americans and then your shipyard in Mexico, and then we'll wrap it up.

GC: Okay.

JT: Tell me a little bit about—you mentioned—it's very interesting—your monopoly on those workers. How did you come by—I'm guessing this is when you were at Beacon, when you all started Beacon. How did y'all come by access to these workers?

GC: They were in the area. We had them at TDI before, and that's really—I guess the nineties is whenever so many started coming in. Many, many of them come from the same area in Mexico. There's a lot of probably that are related to each other, you know. I'm not saying they're all related or anything racist like that, but there are a lot of families that come over, and oftentimes you'll hire one guy and he's the *patron* or whatever, and he's got eight guys that work for him, so you hire him and you get eight guys that work with him.

JT: This was before the age of the HB2s and the crackdown on immigration?

GC: Yeah. Some of it was before that and certainly during that, too. We lost a lot of people when we had to start verifying, either lost or they had to go do their homework right, do everything correct. I'm not about to tell you we don't have anybody who's an illegal right now, but we always do everything we have to do to verify. They may have false papers or something. There's nothing we can do about that. If the paper looks good, we can't question it.

And we had to learn how to hire. Back in the early days, we didn't have a human resources manager. The foreman would hire a bunch of guys. That's it. He made some phone calls when he needed probably, and then you get to where you're a certain size and there are so many requirements for hiring probably, and all the i's have to be dotted and the t's crossed, and you end up with human resources people who really do the hiring and handling all that. And they'd better damn well be bilingual, you know.

We have very strict safety programs. We do all of our training for safety in-house, and we do a lot of other training in-house, too, like operators, and we do testing. We're in the final stages of our audit ISO 9000.

JT: For what?

GC: ISO 9000 quality. It's a quality system. It's a certification. There's hardly any companies like us that do this, that don't have ISO 9000 in Europe.

JT: Is that a welding—

GC: No, it's a complete quality system for the whole company. It's a business management system. We tried it originally a few years ago and we had it, but the customers didn't demand it, and it's expensive to do. Just the fact that you've never heard of it shows you how—I'm telling you, in Europe you don't have manufacturing without ISO 9000. Now that we're moving into dealing directly with oil companies on the quarters business and stuff like that, and in Mexico it's very prevalent too, because Mexico has modeled themselves after European companies and after national oil companies, not after United States oil companies. And Exxon, who we think of as just a massive company, you know, compared to the national oil companies, Exxon's this big. They're nothing. And they're out biggest, you know. Compared to an NDC, National Drilling Company of Saudi Arabia or whatever, you know, they're nothing. They're minuscule, you know.

JT: So what is the town that y'all have the shipyard in Mexico?

GC: It's called Progreso, and it's just north of a town called Merída. It's on the coast, and unlike the United States, you have to go north to get to the coast because it's in the Yucatan. The Yucatan sticks back up almost due south of here, and there's a large city called Merída.

JT: It's on the west side of the Yucatan?

GC: No, it's on the very northern tip of it. Cancun's off to the east, and Campeche is down to the west. The big city there is called Merída, M-e-r-í-d-a, and that's in the state of—Mexico's got states just like the United States does, and it's in the *estada de Yucatan*. It's in the Yucatan State. It's a small town, fishing village, nice little place, not quite the water of Cancun, but not bad. I mean, it's real clear, compared to our water here. Holy mackerel! It's beautiful, beautiful.

JT: So when did y'all open a yard there?

GC: We've been down there for a few years, I guess. We haven't done a lot of work, but we really feel like there's a large growth opportunity for our company in Mexico, and there's a lot of U.S. drilling companies in Mexico. They all work for Pemex, but they all have rigs down there, and especially since so many rigs have moved out of the Gulf of Mexico since the storm, storms of 2005, that's really caused a little hit on us now, but we actually own a company in Mexico and we're incorporated in Mexico and we have a local partner who owns a small portion of the company, and he manages that company for us in Mexico. I spend, as sales manager, VP of sales, I go down there about twenty, twenty-five times a year, I guess, something like that.

JT: What type of business is it? Is it refurb?

GC: Yes, refurbishment business, although eventually we'd like to do some new construction down there. Labor's cheap, it's competitive, quite a bit less than here in the States. There's a

big workforce. Yucatan's got real skilled laborers. They do a lot locally to promote their labor force and train probably and everything. Mexico's an emerging nation; they're not a Third World country. They're catching up quick, you know, largely on the coattails of Pemex, the national oil company there.

JT: Are there any other industrial, let's say, marine services type of shipyards or any kind of oilfield-related businesses?

GC: Where we're at?

JT: Yes, where you are.

GC: Not where we are. There are some other yards along the east coast of Mexico, around Tampico area, in Altamira. McDermott's got a yard there and a couple of other probably do.

JT: Do y'all have a channel, like a deep channel to bring—

GC: Yeah, we can bring just about anything in there, and it's open to the Gulf just like we are here.

JT: What made y'all choose that area over where some of the other companies are, like in Tampico?

GC: Well, we've got some friends at Pemex. Specifically our partners have friends at Pemex, I mean our representatives down there, and we understand that Pemex is moving in that direction, and for the first time we decided we wanted to be there before they got there, so we started looking. We've been dealing with OPPI. I don't know the translation, but it's the national port association of Mexico, or whatever, and they handle all the ports everywhere. They're a federal company, federal organization, and we've been dealing with them. They had a facility that they had some interest in bringing something into. It promotes industry in the area. It's actually a little reclaimed land, believe it or not. It's about five miles long, sticks out into the end of the Gulf about five miles, and there's a cruise ship that comes in there, and some cargo containers. It's a beautiful little spot, and it's a small yard. It's about ten acres, I think, four hectares or something.

JT: So when you say that y'all felt that Pemex was moving in that direction, you mean as far as offshore leases?

GC: Physically, yes.

JT: Leases?

GC: Leases. They're going to be moving towards the Yucatan, yes, and that's what we had heard. There's certainly been evidence to support that. They're moving from the Canterel field,

where they're at now, east. When they do that, they're going to need the support structure of shipyards and everything else. And meanwhile, we're a lot closer for the customers that are there. The city of Campeche, where most all the drilling companies are, is called Ciudad del Carmen, and it's in the state of Campeche, and everybody's got an office there—Nobel Drilling, Pride, ENSCO. Everybody's got an office there. But there's really no place to do any work there.

JT: Not yet.

GC: There's not anyplace there. It's shallow water, it's dirty, it's not like Progresso, where we're at. So we feel like we can attract rigs over to Progresso via a one-day tow instead of a week tow to go back to the Gulf. A lot of them come back to the U.S. to do this repair, and we're going to—we feel like we can do a lot of that there.

JT: That's great.

GC: Yeah, it's neat stuff. It's a great place to work, too. Beautiful place.

JT: Let me ask you this last question. I'll flip the tape. It'll flip on its own.

I've got a list here of about twelve shipyards from the Triangle that I don't know a whole lot about where they are today. If you can just briefly tell me what you know about them currently.

GC: Okay. Sure.

JT: And that'll be it. And maybe anything about where they're located on the channel. Sneed shipyard.

GC: I don't think they exist anymore.

JT: Was that in Orange?

GC: It was in Bridge City.

Tape 2, Side 2

GC: Last I heard, they had converted to a rail car yard, and I don't think they're there anymore at all now. They're certainly not doing any shipbuilding.

JT: M&M Industrial Services.

GC: They're around, aren't they, but they don't really have a facility to speak of.

JT: Real small?

GC: Yeah.

JT: R.L. Eldridge Construction.

GC: That's a guy named Gabby Eldridge, and he's now leasing out his property to R&R Marine. You may have R&R Marine on there.

JT: R&R Marine.

GC: They lease Gabby's property, and they've done a lot of rig repair, a pretty good-size outfit. They've done a lot of work specifically for ENSCO, which used to be a TDI-only customer, but they're owned by different probably.

JT: Neches Gulf Marine.

GC: We actually lease that property now, Neches Gulf Marine.

JT: Do you have any work there?

GC: Yeah, we do. We've got a couple rigs in there.

JT: Where are they at?

GC: It's in Sabine Pass.

JT: Sabine Pass is here?

GC: It's down there. Actually, it's more up—right here. Right here.

JT: So Beacon has—you guys have a couple of spots now.

GC: Yeah. We've got Sabine Pass. There's an insert here. What's that number 11, do you know? Can you see that?

JT: Sabine Offshore Main Dock is 12.

GC: Okay. Neches Gulf, then, is a little bit further south. Could be 8 or something like that, 8 or 9.

JT: Nine is Grasso Dock.

GC: Grasso, G-r-a-s-s-o, yes. They don't exist anymore. What's 8?

JT: Eight is B.J. Titan.

GC: It probably was 9. That's Neches Gulf Marina. I think that's probably it.

JT: So y'all are here.

GC: Yeah. That's where we do our rig repair. We do fabrication and everything else in Orange.

JT: Up here.

GC: Yeah.

JT: Is it on Harbor Island?

GC: Yeah, now.

JT: Which would be Beacon Island.

GC: Right. Beacon Island. There you go.

JT: Bloodsworth. Are they still—

GC: Bloodsworth's in Houston. Well, there was a Robert Bloodworth.

JT: Like a son or—

GC: Yeah, a cousin, I think he was. There was a Robert Bloodworth over—somewhere in Port Arthur, over by Burton Shipyard, but I don't know if he's still there or not.

JT: What about Rowan? I don't know a whole lot about them, another big company. Are they in the actual fabricating business?

GC: Yeah. Well, Rowan themselves, they do it under the name of LeTourneau. They bought LeTourneau back in the nineties or something, and LeTourneau was a shipyard. Before that, they were called Marathon-LeTourneau. They were owned by Marathon Oil. But they bought out LeTourneau, who is one of the biggest rig builders in the world, ever, probably the biggest.

JT: They're in Longview, right?

GC: They are in Longview. They also had a place in Mississippi, and they also had the yard in Brownsville, which is now AMFELS, at one time. Their main fabrication yard for rigs, though, was in Mississippi—in where, Mississippi?

JT: Vicksburg.

GC: Vicksburg, yeah.

JT: So Rowan bought them out and Rowan is still building?

GC: Yeah, for right now. I understand that they may be spinning LeTourneau off or something, and they've also got a yard in Sabine Pass.

JT: What are they doing there?

GC: They do their own leg-up and rig-up for their own rigs, for Rowan rigs.

JT: So they bring the jack-ups in. Maybe they're not completed.

GC: Right. They have the same problem in Vicksburg as Levingston had, in that they've got a bridge they've got to go under.

JT: Vertical limitations.

GC: Yeah, vertical, height restrictions. So they bring the rigs down to Sabine Pass and do the final leg up there.

JT: That's the only thing that they have?

GC: Yeah. We've actually leased part of that property and done some rig work there, though.

JT: I've had some difficulties contacting probably from LeTourneau. I had a guy who was like the perfect guy to talk to, and he spun me off to one of the VPs, and I've never been able to get in touch with him. Do you have any contacts over there?

GC: Who was the guy you had? Do you know?

JT: If you said the name, I might remember it. Cupsid was the VP, whose office I was trying to get a hold of.

GC: He's a good guy. George. He's up in Longview. Or he may be in Vicksburg.

JT: I could never get somebody's attention over there. One of the things is in this project is we hate to leave LeTourneau out since they've built so many jack-up rigs for the industry. I was just wondering if you might have anybody—

GC: Let me see what I can find. Hold on one second.

JT: Just a few more. Signal, a big company that kind of came out of nowhere and has three or four yards.

GC: They didn't really come out of nowhere. They sprang out of the ashes of Friede & Goldman. Friede & Goldman went under, filed Chapter 11.

JT: When was this?

GC: '99, 2000, somewhere in there. Some of the vendors, I think, that they owed money, got together and—this is what I heard—got together and formed this company, Signal. A good guy to talk to is John Haley, but I don't know how to find him. I think he lives in Austin now. But he's a great guy to talk to. Real nice guy. It's H-a-l-e-y, just one L. Anyway, he worked for us at TDI at first, then he stayed with Signal.

JT: They've taken over a bunch of land, right?

GC: Yeah. They don't really have a whole lot of assets, but yeah.

JT: Are they doing anything new, any new construction?

GC: Well, yeah, they have been building—they're doing a lot of subcontract work for Northrop-Grumman, which used to be Ingels, and they've built some other new stuff. I don't know what all they do. In some ways they're competitors of ours, but in other ways they're—I really don't

know what to make of them. I don't know. They're right next door and I still don't know what the hell they're doing.

JT: Conrad Parker has moved in there recently, over the last five years, to do some new construction. Do you know anything about them?

GC: They build like these Corps of Engineers boats and stuff like that, pretty small stuff, but they do a good business.

JT: They took over the old Orange Shipbuilding.

GC: Orange Shipbuilding, yes. That was Clary's place before. Clary came from Levingston as well.

JT: Who's that?

GC: The old man, Clary, came from Levingston.

JT: What about Chicago Bridge & Iron?

GC: They don't exist anymore. That was American Bridge, which is where Signal is now. CB&I was always American Bridge, not CB&I, but it was a division of U.S. Steel, just like CB&I was.

JT: Gotcha. Okay. LeTourneau. Are they assembling legs down there also or is that just a Rowan equivalent, Rowan subsidiary?

GC: That's a Rowan subsidiary and that's it, yeah.

JT: Gulf Copper.

GC: They're still around, yeah. Their company now is—well, it's still Gulf Copper. They took over the old First Wave down in Galveston. It wasn't that old, but in Galveston.

JT: There's a bunch of rigs down there.

GC: Yeah. They don't have a whole lot of work on them, but they—

JT: Is it just refurb, like small stuff?

GC: Yes, same stuff. They've been pretty successful. We actually had a joint venture company with them for a while, called Beacon Gulf Copper. We put those sons of bitches in this business.

But that was when the company was owned by Morris Albright, Gulf Copper, and really I like the new owner better, if you want to know the truth. We consider ourselves good friends with him. Steve Hale. You'll either find him in Port Arthur or Galveston. Usually in Galveston, I think. But real, real nice guy, and he won't mind talking to you if you want to.

JT: Steve Hale at Gulf Copper.

GC: I've probably got a number for him too. Steve Hale.

JT: So who is at Galveston now? Is it Gulf Copper and is there another one?

GC: No, it's just Gulf Copper. I don't have his number.

JT: United Marine Enterprise.

GC: That's A.B. Bernard, is the man. I think they're out of business now.

JT: Crump.

GC: Crumpler. They're right next door to our yard in Orange. They're a little bitty outfit. They do shrimp boats and stuff like that.

JT: Is there anybody else that I missed, other than Beacon?

GC: Nobody I can think of, Jason. I don't know. That's an awful big sample there you got.

JT: That's a big list. If you look at some of the other regions, like even Corpus Christi or—

GC: Yeah, there's like two or three. Jay Bloodworth. Is Jay Bloodworth even there anymore?

JT: Where at?

GC: In Corpus Christi.

JT: I think so.

GC: I think the old man's dead. I think Jay's gone. But the Bloodworths were another family that were big in shipbuilding. I went to work for Bloodworth Bond in Houston when I first moved to Houston. I went down, took a test for a welder, and went to work there and started that night.

JT: And he was on the ship channel.

GC: Right on the ship channel, yeah. And it was freezing cold, I was working evenings, and, God, that was hard work.

JT: And you guys are right now in the market for, like you said, assembling pieces for the jacket lets, for the jack-up rigs.

GC: Yeah, we do that; we do fabrication; we do rig repair. A core part of our business that they chose to go into, too, is quarters.

JT: What's that?

GC: Accommodations.

JT: Building quarters?

GC: The houses to put on rigs, and we also rig those for offshore platforms, which is a little bit different side of the business, because that's direct with the majors, with Shell and Exxon. But that was always one of our specialties, or we always liked that business, although we had never chosen to treat it as a separate market, and we do that now.

JT: You've answered a lot of questions that I had, and I really appreciate your time.

GC: No problem.

JT: I know you're busy.

GC: I do need to get going.

JT: So I'm going to wrap it up, then.

[End of interview]

[edited by Jason Theriot, 31 July 2008]

