

**Tender No. 50762-AFE**

**ChevronTexaco Pipeline Company  
c/o EDG, Inc.**

**Pipeline Abandonment Services**

**REF: BUDGETARY COST ESTIMATE**

**05 June 2003**

**Prepared For:**

**Mr. Thomas Grice  
ChevronTexaco Pipeline Company  
c/o EDG, Inc.  
One Lakeway Center  
3900 N. Causeway Blvd., Suite 700  
Metairie, LA 70002**

**Prepared By:**

**Stolt Offshore Inc.  
900 Town & Country Lane, Suite 400  
Houston, TX 77024  
Tel: (713) 430-1100 Fax: (713) 830-3838**

**Contact Steve Racca Jr. or Leslie Ordone**

# Stolt Offshore Inc.

A subsidiary of  
Stolt Offshore S.A.

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05 June 2003

Mr. Thomas Grice  
ChevronTexaco Pipeline Company  
c/o EDG, Inc.  
One Lakeway Center  
3900 N. Causeway Blvd., Suite 700  
Metairie, LA 70002

Ref: Reference: BUDGETARY COST ESTIMATE  
Stolt Tender No.: 50762-AFE  
Pipeline Abandonment Services  
Location & Depth: Main Pass and Mobile Bay / Depth: 55'

Gentlemen:

Stolt Offshore Inc., (Stolt) would like to thank you for the opportunity to submit the enclosed Budgetary proposal based on the information provided for the above-referenced project. All work will be accomplished with the highest regard for safety and quality and performed in accordance with the attached General Provisions as stated in our current published schedule of rates.


We appreciate this opportunity and look forward to working with you. Should additional information be required or if we may be of further service, please feel free to contact Steve Racca and/or Leslie Ordone at (713) 430-1100 or myself.

Sincerely,

Craig Levy  
Business Development  
North Americas Region

Steve Racca Jr.  
Commercial Manager  
North Americas Region

one/tia:

|  |  |   |
|--|--|---|
| Region of Legal Entity:<br>Stolt Offshore Inc. | Reference::<br>BUDGETARY COST ESTIMATE |  |
| Tender Title:<br>Pipeline Abandonment Services | Stolt Tender No.:<br>50762-AFE         |   |

## CONTROLLED DOCUMENT

Signature Legend :


R5.0.22

|            |   |                 |                              |
|------------|---|-----------------|------------------------------|
| Originator | : | Frank Hazen     | Project Manager              |
| Estimator: | : | Leslie Ordone   | Estimating Coordinator       |
| Checker:   | : | Tim Armentor    | Estimating Assistant Manager |
| Approver   | : | Steve Racca Jr. | Commercial Manager           |
| Approver   | : |                 |                              |

|          |   |                    |                     |
|----------|---|--------------------|---------------------|
| Copy No. | Distributed To:   | Distribution Date: | Classification:     |
| 0001     | ChevronTexaco Pipeline Company<br>c/o EDG, Inc.<br>Mr. Thomas Grice | 05 June 2003       | <b>Confidential</b> |


|           |               |          |       |      |      |       |       |
|-----------|---------------|----------|-------|------|------|-------|-------|
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| A         | For Submittal | 06/05/03 | HAZ   | ONE  | TIA  | SRA   |       |
| Revisions |               | Date     | Orig. | Est. | Chk. | Appr. | Appr. |

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| Tender Title:                        | Stolt Tender No: |
| <b>Pipeline Abandonment Services</b> | <b>50762-AFE</b> |

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## SECTION 1 -

## OPTION 1 – STOLT 4-POINT VESSEL

As per your request, Stolt Offshore Inc. (Stolt) is submitting the **following BUDGETARY COST ESTIMATE** based upon current Alliance contract pricing for the above-referenced project. These costs are for **BUDGETARY PURPOSES ONLY**. Our invoice will be prepared in accordance with the daily time sheets and our current Alliance contract with ChevronTexaco.

### 1.1. PERSONNEL (Per 12 Hour Day)

| #  | Personnel Description                  | Cost      |                             |
|--|--|-----------|-----------------------------|
| 2  | Supervisors @ \$640.00 Each Per Day    | \$        | 1,280.00                    |
| 8  | Divers @ \$410.00 Each Per Day         | \$        | 3,280.00                    |
| 8  | Tenders @ \$230.00 Each Per Day        | \$        | 1,840.00                    |
| <b>ESTIMATED PERSONNEL TOTAL PER 12 HOUR DAY</b> |  | <b>\$</b> | <b>6,400.00</b> <i>6400</i> |
| <i>2 x 74 x 2 =</i>                              | Supervisor Overtime, Per Hour, Per Man | \$        | 74.00                       |
| <i>8 x 47 x 2 =</i>                              | Diver Overtime, Per Hour, Per Man      | \$        | 47.00                       |
| <i>8 x 27 x 2 =</i>                              | Tender Overtime, Per Hour, Per Man     | \$        | 27.00                       |
|  |  |           | <i>1480</i>                 |


NOTE: Additional Personnel can be added, as needed, at the above rates.

*1480*  
*7880*

Personnel overtime and depth premium will be invoiced as stated in our current Alliance contract. Non-diving supervisors shall receive depth premium for the deepest dive of the day, unless otherwise agreed.

### 1.2. EQUIPMENT

| #  | Equipment Description                                    | Cost Per Day       |
|--|--|--------------------|
| 1  | Deep Air Diving Package (50' to 190')                    | \$ 500.00          |
| 1  | Pollution Dome Package w/ Hose, Pump and Holding Tank    | \$ 150.00          |
| 1  | Jetting Pump Package (Complete)                          | \$ 380.00          |
| 1  | Underwater Burning Package                               | \$ 275.00          |
| 1  | Topside Burning Package                                  | \$ 40.00           |
| 1  | Offshore Construction Toolbox                            | \$ 125.00          |
| 1  | Air Compressor Roto Screw (425 cfm)                      | \$ 175.00          |
| 1  | Air Lift   | \$ 45.00           |
| 1  | Hydraulic Power Unit w/300' reel                         | \$ 205.00          |
| 2  | Hydraulic Impact Wrench - 1" with Sockets @ \$75.00 Each | \$ 150.00          |
| 1  | Dive Video Equipment w/500' Cable                        | \$ 200.00          |
| 1  | Dive Ladder  | \$ 20.00           |
| 2  | 15 BBL Tanks @ \$50.00 Each                              | \$ 100.00          |
| <b>ESTIMATED EQUIPMENT TOTAL PER DAY</b> |  | <b>\$ 2,365.00</b> |

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### 1.3. MISCELLANEOUS

Mobilization, demobilization, consumables, reports, material, etc., as required, will be provided and invoiced in accordance with our current Alliance contract.

| Item | Miscellaneous Description | Cost Per Day |
|------|---------------------------|--------------|
| 1.   | Ski Buoy, Each            | \$ 25.00     |
| 2.   | Plumbers Plug, Each       | Cost +15%    |

### 1.4. VESSEL

| Item | Vessel Equipment Description                             | Cost        |
|------|--|-------------|
| 1.   | Stolt Offshore Owned 4-Point Vessel, Per Day             | \$ 6,875.00 |
| 2.   | Subsistence, Per Day Per Man Onboard (18 plus 1 company) | \$ 60.00    |
| 3.   | Vessel Fuel, Per Gallon                                  | Cost +15%   |
| 4.   | Vessel Lube, Per Gallon                                  | Cost +15%   |
| 5.   | Cellular Phone Usage Per Minute                          | \$ 5.00     |
|      | <i>1,4,2                      60 x 19 = 1140</i>         |             |

### 1.5. THIRD PARTY SERVICES


The following third party services will be provided and invoiced at cost plus 15% as stated in our current call out contract.

| Item | Third Party Services Description                      | Cost Per Day |
|------|---|--------------|
| 1.   | Cochrane Technologies DGPS w/Operator, Per Day        | \$ 1,850.00  |
| 2.   | Cochrane Technologies Mobilization and Demobilization | Cost +15%    |
| 3.   | Cochrane Technologies Formal Reports                  | Cost +15%    |

### 1.6. NOTES

- This cost estimate is based on current Alliance contract pricing. All terms conditions, provisions and addenda included in the contract shall apply.

1.1      6400<sup>00</sup>  
           1480<sup>00</sup>  
 1.2      2365<sup>00</sup>  
 1.3      see materials cost  
 1.4.1    6875<sup>00</sup>  
 1.4.2    1140<sup>00</sup>  
 1.5      1850<sup>00</sup>  
           20110/day

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## SECTION 2 -

## OPTION 2 – CHEVRONTEXACO JACKUP

As per your request, Stolt Offshore Inc. (Stolt) is submitting the **following BUDGETARY COST ESTIMATE** based upon current Alliance contract pricing for the above-referenced project. These costs are for **BUDGETARY PURPOSES ONLY**. Our invoice will be prepared in accordance with the daily time sheets and our current Alliance contract with ChevronTexaco.

### 2.1. PERSONNEL (Per 12 Hour Day)

| #  | Personnel Description                  | Cost               |
|--|--|--------------------|
| 1  | Supervisors @ \$640.00 Each Per Day    | \$ 640.00          |
| 4  | Divers @ \$410.00 Each Per Day         | \$ 1,640.00        |
| 4  | Tenders @ \$230.00 Each Per Day        | \$ 920.00          |
| <b>ESTIMATED PERSONNEL TOTAL PER 12 HOUR DAY</b> |  | <b>\$ 3,200.00</b> |
| $1 \times 74 \times 2 =$                         | Supervisor Overtime, Per Hour, Per Man | \$ 74.00           |
| $4 \times 47 \times 2 =$                         | Diver Overtime, Per Hour, Per Man      | \$ 47.00           |
| $4 \times 27 \times 2 =$                         | Tender Overtime, Per Hour, Per Man     | \$ 27.00           |


740<sup>00</sup>

NOTE: Additional Personnel can be added, as needed, at the above rates.

Personnel overtime and depth premium will be invoiced as stated in our current Alliance contract. Non-diving supervisors shall receive depth premium for the deepest dive of the day, unless otherwise agreed.

### 2.2. EQUIPMENT

| # | Equipment Description                                    | Cost Per Day |
|---|--|--------------|
| 1 | Deep Air Diving Package (50' to 190')                    | \$ 500.00    |
| 1 | Pollution Dome Package w/ Hose, Pump and Holding Tank    | \$ 150.00    |
| 1 | Jetting Pump Package (Complete)                          | \$ 380.00    |
| 1 | Underwater Burning Package                               | \$ 275.00    |
| 1 | Topside Burning Package                                  | \$ 40.00     |
| 1 | Offshore Construction Toolbox                            | \$ 125.00    |
| 1 | Air Compressor Roto Screw (425 cfm)                      | \$ 175.00    |
| 1 | Air Lift   | \$ 45.00     |
| 1 | Hydraulic Power Unit w/300' reel                         | \$ 205.00    |
| 2 | Hydraulic Impact Wrench - 1" with Sockets @ \$75.00 Each | \$ 150.00    |
| 1 | Dive Jackup Ladder                                       | \$ 20.00     |
| 1 | Dive Stage   | \$ 40.00     |
| 8 | 50' Sections of 1" Air Tool Hose @ \$6.00 Per Section    | \$ 48.00     |
| 2 | Hydraulic Grinders @ \$70.00 Each                        | \$ 140.00    |
| 2 | Hydraulic Chippers @ \$60.00 Each                        | \$ 120.00    |

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| #  | Equipment Description              | Cost Per Day       |
|--|------------------------------------|--------------------|
| 2  | Wachs Model D Saws @ \$245.00 Each | \$ 490.00          |
| 2  | 1,000# Lift Bags @ \$65.00 Each    | \$ 130.00          |
| 1  | Davit and Stage                    | \$ 85.00           |
| 1  | Man-Rated Air Tugger               | \$ 225.00          |
| 1  | Dive Control Van                   | \$ 80.00           |
| 2  | 15 BBL Tanks @ \$50.00 Each        | \$ 100.00          |
| <b>ESTIMATED EQUIPMENT TOTAL PER DAY</b> |                                    | <b>\$ 3,525.00</b> |

### 2.3. MISCELLANEOUS

Mobilization, demobilization, consumables, reports, material, etc., as required, will be provided and invoiced in accordance with our current Alliance contract.

| Item | Miscellaneous Description                           | Cost Per Day |
|------|---|--------------|
| 1.   | Ski Buoy, Each                                      | \$ 25.00     |
| 2.   | Plumbers Plug, Each                                 | Cost +15%    |
| 3.   | Optional Dive Video Equipment w/500' Cable, Per Day | \$ 200.00    |
| 4.   | Optional 4 – 50' Section of 2" Bull Hose, Per Day   | \$ 60.00     |

### 2.4. THIRD PARTY SERVICES

The following third party services will be provided and invoiced at cost plus 15% as stated in our current call out contract.

| Item | Third Party Services Description                      | Cost Per Day |
|------|---|--------------|
| 1.   | Cochrane Technologies DGPS w/Operator, Per Day        | \$ 1,850.00  |
| 2.   | Cochrane Technologies Mobilization and Demobilization | Cost +15%    |
| 3.   | Cochrane Technologies Formal Reports                  | Cost +15%    |


### 2.5. NOTES

1. All offshore transportation, subsistence, lodging and dockside lifting services, as required, shall be provided by Chevron USA Inc. at no cost to Stolt.
2. This cost estimate is based on current Alliance contract pricing. All terms conditions, provisions and addenda included in the contract shall apply.

2.1 3200<sup>00</sup>  
740<sup>00</sup>  
2.2 3525<sup>00</sup>  
2.3 see material cost  
2.4 1850<sup>00</sup>

9315<sup>00</sup>/day



|  |  |   |
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## SECTION 3 -

## OPTION 3 – STOLT DLB 801 BARGE

As per your request, Stolt Offshore Inc. (Stolt) is submitting the **following BUDGETARY COST ESTIMATE** for the above-referenced project. These costs are for **BUDGETARY PURPOSES ONLY**.

### 3.1. LISTED SERVICES FOR PIPELINE SALVAGE

| Item  | Listed Services Description  | Cost          |
|---|------------------------------|---------------|
| 1.  | 24-Hour Barge Support Spread |               |
| 2.  | 24-Hour Dive Support Spread  |               |
| 3.  | 3 Material Barges with Tugs  |               |
|   | Lump Sum Mobilization        | \$ 459,890.00 |
|   | Lump Sum Day Rate for Spread | \$ 129,623.00 |
|   | Lump Sum Demobilization      | \$ 356,208.00 |
|   | NORM Testing                 | By Client     |
| Estimated Removal Rate (Dry Pipe), Per Day is 12,000-15,000 feet.             |                              |               |
| Based on bottom materials of 900 PSF or less and burial not to exceed 3 feet. |                              |               |