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Series:	Personal Papers
Subseries:	Zapata Oil File, Business Correspondence File

OA/ID Number:	25852
Folder ID Number:	25852-002

Folder Title:
Miscellaneous Correspondence, A-L, 1960

Stack:	Row:	Section:	Shelf:	Position:
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BROWN & ROOT MARINE OPERATORS, INC.

BROWN-BILT

P. O. BOX 3 • HOUSTON 1, TEXAS

December 11, 1959

Mr. George H. W. Bush, President
Zapata Off-Shore Company
1701 Houston Club Building
Houston 2, Texas

Dear Mr. Bush:

We have received the invoices attached to your letter of December 7th in connection with your Well #1, Block 86, Vermilion Area and have transmitted these invoices along with a copy of your letter to our insurance carrier for their attention.

Sincerely,

Ben H. Powell, Jr./dr

Ben H. Powell, Jr.

BHPJr:dr

ans

show to Dean

R. C. MOSBY

Jan 29 - 60

Notes
Ben Powell

save for B.R. file

1. limit liability

2. Facts to support inclusion of Lindsay and Pan american
20 -

3. do they want law suit or if not need deposition logs etc

B Powell conversation 2-1-60 - cutter

1. had hoped could be disposed of since have lot unpaid.

2. B.R. urged em to settle with us.

3 " don't think rights we hold up 2 not ant money

4. Eddie take up N.Y. Lawyers - N.Y. Lawyer say can limit - can get out from cause its storm -

5. NY lawyer came down big session - Wartham et al - ~~say~~ that's all they can do.

6. NY firm written book opinion on this matter

BAKER, BOTTS, ANDREWS & SHEPHERD

ESPERSON BUILDING

HOUSTON 2

F.W.
B & R
Blk 86

G-15,868 May 3, 1960.

Re: Adm. No. 1782 -
Limitation Proceeding of Brown
and Root Marine Operators, Inc.,
Federal District Court, Houston
Division

C O P Y

Mr. George H. W. Bush, President,
Zapata Off-Shore Company,
1701 Houston Club Building,
Houston 2, Texas.

Dear George:

This will serve as a status report on the above case. On March 14 I filed with the Court our exceptions and motion to require Brown & Root to give additional security (i.e., the value of the Barge H. A. LINDSAY and the Tug PAN AMERICA). This matter has been before Judge Hannay since that date, and until today the opposing attorney had not filed any reply or opposition to our exceptions and motion. I received in today's mail a reply brief to our pleadings which will require an answer. I am leaving for New York in the morning and will not return for a week; therefore, my reply will not be filed until after my return. Judge Hannay's clerk has agreed to give us until May 23 to file our reply.

We regret that Judge Hannay had not taken the time to consider our exceptions and motion while they were on his desk for six weeks and unopposed. I personally requested the clerk on several occasions to ask Judge Hannay to consider the matter. Confidentially, Judge Hannay is a procrastinator and sometimes takes many months to decide the simplest of issues. I feel that our legal position is sound and should be sustained by Judge Hannay. We are hopeful that he sees it that way.

Yours very truly,

1919

James K. Nance

MEMO TO THE FILE ON MEETING AT
BROWN & ROOT, AUGUST 24th

See attached schedule for those in attendance.

The agenda was essentially as follows:

1. Hedges asked for a survey of the barge, which survey was presented to him by Burttschell.

2. Hedges asked how much the Merritt Chapman invoices would be, Burttschell replied that it would be appro. $250,000 but they had received no billing as yet.

3. Hedges claimed they were asserting a claim against B&R or their underwriters for four months rental while the barge was on the beach, they claimed that diligence was not exercised in getting the barge off the beach.

4. Burttschell reviewed the salvage stating that the MEL I and TILMAN J offered no cure no pay deal - 16 days later they turned it down therefore Merritt Chapman was employed.

5. Hedged made comment that they do not like the contract and that they would not have signed it had not Zapata gone ahead and signed it. Brown informed Hedges that this was a customary rental contract.

6. The dates of the catastrophe were reviewed. October 15th the barge went on the beach; January 28th it arrived at Coatzacoalcos; March 10th it returned to the U.S.

7. Hedges stated that there was a delay in sailing from Mexico due to Zapata they stated something about Captain of the boat did not want to sail due to weather.

8. A long discussion ensued about why the crane was left on the barge. Burttschell stated that the crane was left on the barge since the motor was damaged and the crane could not therefore be pulled off.

9. Several invoices were discussed. There was one invoice in the amount of $2,026.79 which Zapata sent out as watchman's services. Bush agreed to get more information on the invoice. The boat dispute was to be put on the insurance claim which was ready to be paid including payments for boats in the amount of $7800 and 2400. B&R did not want to release this money to Zapata for Falgout but it was agreed that Pauly did not make a payment on account of $10,000 when this has been done B&R will release the $10,200 for the boats.

10. Another discussion with Falgout involving $13,200 was still unsolved and open.

MARINE PETROLEUM TRUST

1,733,333 UNITS OUTSTANDING

MONTHLY PERIOD ENDING	INCOME AND EXPENSE DOLLARS PER UNIT		DISTRIBUTABLE PER UNIT	RESERVE FOR DOLLARS PER UNIT		NUMBER OF UNITS HELD ON RECORD DATE	DISTRIBUTABLE TO UNIT HOLDER
	INCOME	EXPENSE		INCREASE DECREASE (X)	BALANCE END OF PERIOD		
6/28/60	.00025048		.00025048		.00011538	500	.13
7/27/60	.00012005		.00012005		.00011538	500	.06
8/29/60	.00319206	.00087320	.00197270	.00034616	.00046154	500	.99

QUARTERLY DISTRIBUTION ——→ $ 1.18

UNIT HOLDER

GEO H W BUSH
2218 FIRST CITY NATL
BANK BLDG
HOUSTON TEXAS

FEDERAL INCOME TAX INFORMATION

1. THE AMOUNTS SHOWN IN THE INCOME COLUMN ARE TAXABLE OIL AND GAS ROYALTIES SUBJECT TO THE DEPLETION ALLOWANCE.
2. THE AMOUNTS SHOWN IN THE EXPENSE COLUMN ARE DEDUCTIBLE

REPUBLIC FM 83-57 R1

DOMESTIC SERVICE	
Check the class of service desired; otherwise this message will be sent as a fast telegram	
TELEGRAM	
DAY LETTER	
NIGHT LETTER	

$

S

E

WESTERN UNION
TELEGRAM

W. P. MARSHALL, PRESIDENT

1206 (4-55)

INTERNATIONAL SERVICE	
Check the class of service desired; otherwise the message will be sent at the full rate	
FULL RATE	
LETTER TELEGRAM	
SHORE SHIP	

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED
			ZAPATA OFF-SHORE COMPANY	

Send the following message, subject to the terms on back hereof, which are hereby agreed to

5-9-60

M.E. GORMLEY
JOHNSON & HIGGINS
63 WALL STREET
NEW YORK, N.Y.

PLEASE WIRE SOUTHERN MARINE THAT MAGNOLIA PETROLEUM NO LONGER HAS ANY INTEREST IN NOLA II THIS WILL SAVE OUR GETTING MAGNOLIA ENDORSEMENT ON CHECK.

GEORGE BUSH

ALL MESSAGES TAKEN B' HIS COMPANY ARE SUBJECT T HE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a message should order it repeated, that is, telegraphed back to the originating office for comparison. For this, one-half the unrepeated message rate is charged in addition. Unless otherwise indicated on its face, this is an unrepeated message and paid for as such, in consideration whereof it is agreed between the sender of the message and the Telegraph Company as follows:

1. The Telegraph Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the unrepeated-message rate beyond the sum of five hundred dollars; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeated-message rate beyond the sum of five thousand dollars, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines.

2. In any event the Telegraph Company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the actual loss, not exceeding in any event the sum of five thousand dollars, at which amount the sender of each message represents that the message is valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeated-message rate is paid or agreed to be paid and an additional charge equal to one-tenth of one per cent of the amount by which such valuation shall exceed five thousand dollars.

3. The Telegraph Company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.

4. The applicable tariff charges on a message destined to any point in the continental United States listed in the Telegraph Company's Directory of Stations cover its delivery within the established city or community limits of the destination point. Beyond such limits and to points not listed in the Telegraph Company's Directory of Stations, the Telegraph Company does not undertake to make delivery but will endeavor to arrange for delivery by any available means as the agent of the sender, with the understanding that the sender authorizes the collection of any additional charge from the addressee and agrees to pay such additional charge if it is not collected from the addressee.

5. No responsibility attaches to the Telegraph Company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the Telegraph Company's messengers, he acts for that purpose as the agent of the sender; except that when the Telegraph Company sends a messenger to pick up a message, the messenger in that instance acts as the agent of the Telegraph Company in accepting the message, the Telegraph Company assuming responsibility from the time of such acceptance.

6. The Telegraph Company will not be liable for damages or statutory penalties when the claim is not presented in writing to the Telegraph Company, (a) within ninety days after the message is filed with the Telegraph Company for transmission in the case of a message between points within the United States (except in the case of an intrastate message in Texas) or between a point in the United States on the one hand and a point in Alaska, Canada, Mexico, or St. Pierre-Miquelon Islands on the other hand, or between a point in the United States and a ship at sea or in the air, (b) within 95 days after the cause of action, if any, shall have accrued in the case of an intrastate message in Texas, and (c) within 180 days after the message is filed with the Telegraph Company for transmission in the case of a message between a point in the United States and a foreign or overseas point other than the points specified above in this paragraph; provided, however, that this condition shall not apply to claims for damages or overcharges within the purview of Section 415 of the Communications Act of 1934, as amended.

7. It is agreed that in any action by the Telegraph Company to recover the tolls for any message or messages the prompt and correct transmission and delivery thereof shall be presumed, subject to rebuttal by competent evidence.

8. Special terms governing the transmission of messages according to their classes, as enumerated below, shall apply to messages in each of such respective classes in addition to all the foregoing terms.

9. No employee of the Telegraph Company is authorized to vary the foregoing.

0-60

CLASSES OF SERVICE

DOMESTIC SERVICES

TELEGRAM

The fastest domestic service.

DAY LETTER (DL)

A deferred same-day service, at low rates.

NIGHT LETTER (NL)

Economical overnight service. Accepted up to 2 A. M. for delivery the following morning; at rates lower than the Telegram or Day Letter rates.

INTERNATIONAL SERVICES

FULL RATE (FR)

The fastest overseas service. May be written in code, cipher, or in any language expressed in Roman letters.

LETTER TELEGRAM (LT)

For overnight plain language messages, at half-rate. Minimum charge for 22 words applies.

SHIP RADIOGRAM

For messages to and from ships at sea.

Bareboat Charter Nola 3

ZAPATA INTERNATIONAL CORP.

TRINIDAD, W.I.

HOME OFFICE:
1701 HOUSTON CLUB BUILDING
HOUSTON 2, TEXAS

PLEASE REPLY TO:
C/O. BARCLAYS BANK—D.C.O.,
POINT FORTIN,
TRINIDAD, W.I.

23rd September, 1960.

Zapata Off-Shore Company,
1701 Houston Club Building,
Houston, 2,
Texas,
U. S. A.

Gentlemen:

Please refer to our Bareboat Charter of Craft relating to the Nola III. You are requested to reduce the charter hire to the rate of $200 (U.S.) per day beginning on September 18th 1960, the date of completion of well No. G9 and the termination of Zapata International Corp.'s drilling contract with Kern Trinidad Oilfields Limited. This rate is to continue so long as Zapata International Corp., is entitled to termination payment of $724 (U.S.) per day as provided in such drilling contract, unless our Bareboat Charter of the Nola III is sooner terminated by mutual agreement or otherwise.

It is understood that if additional drilling work is commenced in the Gulf of Paria the Charter Hire will revert to that provided in the original agreement.

Very truly yours,
ZAPATA INTERNATIONAL CORP

FMA:mjc

By: [signature]

Accepted:

ZAPATA OFF-SHORE COMPANY

(S) GHWB
President

OCTOBER-5, 1960
Date

INDEMNITY AGREEMENT

FOREST OIL CORPORATION, a New York corporation, having a place of business in San Antonio, Bexar County, Texas, has entered into a lease of personal property, as Lessor, with PERFORACIONES MARINAS DEL GOLFO, S.A., a Mexican corporation, as Lessee, a copy of which lease agreement is attached hereto as Exhibit "A."

On September 1, 1960, ZAPATA OFF-SHORE COMPANY, a corporation having a place of business in Houston, Harris County, Texas, issued its letter of guaranty to Forest Oil Corporation, a copy of which is attached hereto as Exhibit "B."

WE, WAYNE H. DEAN, of Houston, Harris County, Texas, as principal, and ______________________________, as surety, are hereby held and firmly bound unto Zapata Off-Shore Company, in the sum of Eighty Thousand Dollars ($80,000.00), conditioned that Zapata Off-Shore Company will not be required to pay any money unto Forest Oil Corporation under the terms and provisions of its said letter of guaranty dated September 1, 1960, copy of which is attached hereto as Exhibit "B."

EXECUTED this the ______ day of September, 1960.

PRINCIPAL

____
Wayne H. Dean

SURETY

____

not like

a) it does take time
b) surety co. require ~~or~~ individual
a) Dean bond
b) " bond uncancellable or forever until cancelled
c) worth of Dean need dough
d) " might want collateral

1. channel might not know 1st of week
2. will know more tomorrow -
3. Falgout give personal indemnity

1. No problem at all.
2. Up to this amount not given any facts on figures

1. lsc
2. option to purch.
3. Guaranty
4. Falg. letter

3. Falgout will deliver statements tomorrow - It has been as ~~stated~~ represented

Ian Figart October 10, 1960

George H. W. Bush Drew Cornell

Paul Montgomery was in the office today. They have signed the contract with Tennessee Gas at $100 per day. He thought they Drew had mailed us our contract but he is checking with him immediately and it should be in the mail in a day or two. This contract is for $150. I want to have it looked at very closely by the lawyers particularly with reference to the insurance provisions of any suppliers etc.

Drew will probably want to get his own boats. He seems unhappy with the boat arrangement, saying that the equipment that we have had has been entirely unsatisfactory.

Should I be out of town please send the contract, after studying it, over to Baine Kerr for approval. Everything is under control and we should have a lower operating cost out there as a result of this.

GHWB/vf
cc: F. M. Allen

P

February 2, 1960

Mr. Prescott S. Bush, Jr.
Johnson & Higgins
63 Wall Street
New York, N.Y.

Dear Pres:

I would appreciate your letting us know as soon as you can what is going to happen on the Nola 2 regarding its 1960 premium. We have paid for the insurance through a note with the Whitney National Bank and if the Nola 2 can be taken out of our schedule we would like to get a refund for its premium.

Wayne Dean and Harry Blakely are down there now trying to get a final and complete authoratative list which will be binding for both the Carpinter & Baker claim and the hull claim. As soon as they get back we will be in touch with Reinsdorf and Mr. Sell.

Very truly yours,

George H. W. Bush

GHWB/vf

cc: W. Reinsdorf
Sell

PS. Would you please give a copy of this letter to Sell and Reinsdorf for their information.

August 25, 1960

Mr. Prescott S. Bush, Jr.
Johnson & Higgins
67 Wall Street
New York, N.Y.

Dear Pres:

I realize that you are gone but I wanted to answer your letter of August 17th regarding this sum and labor matter. The point that we want to bear in mind is that Giffin has agreed to pay almost all of these items in question. If Carpinter & Baker demands adjustments that should come out of Giffin and not out of us since Giffin has agreed that all this should be paid. Perhaps Giffin will not get as much from Carpinter & Baker as he would like but certainly Zapata should not be made to take less money since Southern Marine has agreed to pay essentially all of the items. They were prepared to pay off entirely and then they decided that would like to get a contribution from Carpinter & Baker. We were glad to have them do this but we do not want Zapata out any money because of the relationship between those two companies.

Of course, you can understand we are most anxious to get this matter finally closed since it has been open and dragging on for a long time. I understand how difficult it is to get some many people together on a deal but I am hoping that we can get it closed as soon as Walter gets back.

Best regards,

George H. W. Bush

GHWB/vf

June 1, 1960

Mr. Walter B. Reinsdorf
Johnson & Higgins
63 Wall Street
New York, N.Y.

Dear Walter:

I am just curious as to the status of the Sue and Labor claim on the Nola 2 and of the fire insurance claim on the Nola 1. When you get a chance would you please drop me a note about the status of these two claims. Once these are out of the way I believe we will be pretty well squared away with the insurance company.

I am attaching a copy of a letter I wrote recently to Mr. Giffin regarding the Vinegarroon. I am hopeful there will be no claim on this but I think a lot depends on how we come out with Pauley on payment.

Very truly yours,

George H. W. Bush

GHWB/vf
Enc.

Frank M. Allen

George H. W. Bush

September 29, 1960

Paria Settlement

The attorney from Continental and Ohio Oil Companies will be in our office to settle this matter next week.

GHWB/vf

September 29, 1960

Mr. Walter Reinsdorf
Johnson & Higgins
63 Wall Street
New York, N.Y.

Dear Walter:

Regarding the tripod structure, I have your letter and Giffin's. I cannot find fault with his logic. You will recall that we agreed to go along on any settlement you worked out and this still holds true, so if you feel that Giffin is correct we are willing to abide by your decision.

This is not a liability which Pauley's people are claiming against us but if it becomes one we can file a claim on our P. & I. policy.

We are anxious to get this matter closed as soon as possible. I cannot see why we have to wait for Carpinter & Baker and Southern Marine to settle their differences, since Giffin has agreed to abide by your decision regarding the full amount.

Thank you for your continuing help.

Very truly yours,

George H. W. Bush

GHWB/vf

New York
Buffalo
Philadelphia
Pittsburgh
Wilmington
Atlanta
Cleveland
Detroit
Chicago
Minneapolis
San Francisco
Los Angeles
Seattle

JOHNSON & HIGGINS

Established 1845

INSURANCE BROKERS - AVERAGE ADJUSTERS

EMPLOYEE BENEFIT PLAN CONSULTANTS

Montreal
Toronto
Winnipeg
Vancouver
Havana
Caracas
Maracaibo
Puerto La Cruz
Rio de Janeiro
São Paulo
Buenos Aires
London

CABLE ADDRESS "KERODEN"

63 WALL ST., NEW YORK 5
TELEPHONE WHITEHALL 4-3160

AIR MAIL

September 22, 1960

Mr. George H. W. Bush
Zapata Off-Shore Co.
Houston Club Bldg.
Houston 2, Texas

Dear George:

Tripod Structure ex Barge Nola No. 2
Our File Number: 39488

In addition to your claim for sue and labor charges against the Hull and Cargo Underwriters, there is the claim for expenses of $5,400 incurred in the recovery of the tripod structure which sank during heavy weather when the Nola No. 2 had to cast off leave. Giff has pointed out to us that it was never their intention to consider in their coverage a tripod structure as being part of well completion equipment, nor does he think the facts concerning the operation and use of the structure could ever be construed as well completion equipment. That being the case, the expenses of attempting to recover the structure are not recoverable under the hull policy. A copy of Giff's letter of August 16th is enclosed.

The question arises whether the expenses could be claimed under the P. & I. policy (less the deductible). As you are aware, the P. & I. policy is strictly a liability policy and could only be asked to respond if it could be shown that Zapata was at fault for the loss of the structure and incurred a legal liability (not contractual) to the owner of same. I shall appreciate your advices on this particular feature.

I am continuing the discussions with Carpinter & Baker regarding the sue and labor expenses and hope to report to you favorably very soon.

Yours faithfully,
JOHNSON & HIGGINS
W. Reinsdorf
W. Reinsdorf

mjs - Encl.

Walter

SOUTHERN MARINE

and Aviation Underwriters, Inc.

UNDERWRITERS OF SPECIALIZED INSURANCE

610 POYDRAS STREET · TUlane 5266 · NEW ORLEANS 12, LA.

L. K. GIFFIN, *President*
LEE M. STENTZ, *Vice President*
W. L. TREADWAY, *Vice President*
J. E. RIVETTE, JR., *Treasurer*

August 16, 1960

Mr. Walter Reinsdorf, Vice-President
Johnson & Higgins
63 Wall Street
New York 5, N. Y.

Re: Certificate 11500
Zapata Offshore Company

Dear Walter:

We have your letter of August 9, 1960 enclosing copy of Mr. Rudolph's letter of July 29th and office memorandum of Pres Bush dated August 5, 1960.

Both Mr. Rudolph and Mr. Bush are contending that the involved tripod structure falls under the coverage of Paragraph 1 C "well completion equipment". As we have attempted to point out to you in the past by no stretch of the imagination can we properly consider this structure as "well completion equipment". In addition I personally know it was not the intent in drawing this clause to include such a structure. In fact, we think the clause reads clearly as follows: "property consisting of casing, tubular goods, wellhead equipment and miscellaneous other well completion equipment . . . . while located . . . . on vessels and on platforms . . . . and while being installed and until installation is completed." The purpose of this coverage was to pick up the assured's principal's property while in the assured's custody after the well had been drilled and was being completed as a producer. This principal's property is usually located on a drilling barge, drilling tender or on the platform from which the drilling was done. It was never intended that this clause would cover any fixed structures such as platforms, well jackets, pilings etc. that are commonly a part of the well location offshore. In the particular case at point the assured hadn't even started drilling the well so how can you stretch this clause to include the tripod structure as completion equipment. Actually this tripod structure is set before drilling starts and its principle purpose is to keep the conductor pipe in line. This structure is set at location before drilling starts, is there during drilling and remains at the location after the well has been drilled and the contractor moves off the location.

While I can't find it brought out in the file apparently this tripod structure belonged to the assured's principal and if so it would seem that any damage or expense to it might be a third party property damage liability claim that the principal would have against Zapata. In the capsizing of the Trans-Gulf barge the well jacket belonging to the principal was knocked over involving some $200,000.00 in repair costs. It is our understanding that the principals were reimbursed under the third party insurance protection of Trans-Gulf.

We have always attempted to interpret broadly the meaning of the various coverage clauses in our policies but we know it was never the intent to include anything such as this tripod structure as well completion equipment or do we think the facts concerning the operation and use of this structure could ever be construed as well completion equipment.

Yours very truly,

Liff

LKG/ms

629B—26M-2-60

Copy From
JOHNSON & HIGGINS
63 WALL STREET, NEW YORK 5, N. Y.
MARINE DEPARTMENT

March 28, 1960

Mr. J. A. Rudolph
Zapata Off-Shore Company
1701 Houston Club Building
Houston, Texas

Dear Jerry -

LLOYD'S CERTIFICATE NO. 11500

Enclosed is endorsement increasing the value of the "NOLA NO. 3" by $62,000., the value of the Halliburton Unit now on board. This endorsement also amends the Assured and Payee Clauses as you requested. Also enclosed is our invoice in original and one copy, covering the additional premium required.

Very truly yours,
JOHNSON & HIGGINS

M. E. Gormly, Jr.
Marine Department

ni
encl

cc: Mr. George Bush, Pres.

No. .... New York, ruary 23, 1960

Endorsement to be attached to and made part of Policy No. 11500

of the UNDERWRITERS AT LLOYD'S LONDON AND/OR INSURANCE COMPANIES

issued to ZAPATA OFF-SHORE COMPANY

on the SCHEDULE HEADED "VINEGARROON"

Notwithstanding anything herein contained to the contrary effective from January 25, 1960, 10:00 A.M., Central Standard Time, the amount insured on the "NOLA NO. 3" is increased to $839,000. so valued, the additional $62,000. being the value of the Halliburton Unit on board the "NOLA NO. 3".

Effective from January 25, 1960, the Assured with respect to the "NOLA NO. 3" is:-

Zapata Off-Shore Company and Kern Trinidad Oilfields, Ltd. and Trinidad Oilfields Services.

and the Payee with respect to all losses paid on and after that date is:-

Loss, if any, (excepting claims required to be paid to others under the Collision Clause), payable to Zapata Off-Shore Company and Mobil Oil Company and Oil Well Supply Division, United States Steel Corporation and Kern Trinidad Oilfields, Ltd. and Trinidad Oilfields Services as their interest may appear, or order.

Hereto: $62,000. @ P.R. 3-1/4% = $1,822.31
(2.93921%)

All other terms and conditions of policy remaining unchanged.

SOUTHERN MARINE & AVIATION UNDERWRITERS INC.

Per

JOHNSON & HIGGINS
MARINE DEPARTMENT
63 Wall St., N. Y. 5

259—25M-3-58

New York
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Wilmington
Atlanta
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JOHNSON & HIGGINS

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São Paulo
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London

CABLE ADDRESS "KERODEN"

63 WALL ST., NEW YORK 5
TELEPHONE WHITEHALL 4-3160

March 28, 1960

Mr. George Bush, Pres.
Zapata Off-Shore Company
1701 Houston Club Building
Houston, Texas

Dear George -

Enclosed is a copy of a letter we are sending Mr. Pennington at Socony. Socony Mobil Oil Company, Inc. is not included as an Assured with respect to the "NOLA NO. 3", but they are included in the Loss Payable Clause. If your agreement with them requires that they be named as an Assured, please let us know and we shall do so. However, if their only interest is a pecuniary one, it might be better that they remain only in the Loss Payable Clause.

Very truly yours,

JOHNSON & HIGGINS

M E Gormly

M. E. Gormly, Jr.
Marine Department

ni
encl

029B—26M-2-60

Copy From
J[illegible]NSON & HIGGINS
63 WALL STREET, NEW YORK 5, N. Y.
MARINE DEPARTMENT

March 28, 1960

Socony Mobil Oil Company, Inc.
P.O. Box 900
Dallas 21, Texas

Attention: Mr. F. H. Pennington

Gentlemen:

"NOLA NO. 2"
LLOYD'S CERTIFICATE NO. 9999 (12/21/58-12/21/59)
LLOYD'S CERTIFICATE NO.11500 (12/21/59-12/21/60)
MARINE INSURANCES

Thank you for your letter of March 18th authorizing us to delete Magnolia Petroleum Company and Mobil Oil Company as Assureds with respect to the "NOLA NO. 2". We would appreciate your letting us have the date on which your interest ceased with respect to this vessel in order that we may make the change effective from that date. We also require your confirmation that it will be in order to delete Magnolia Petroleum Company and Mobil Oil Company from the "NOLA NO. 2" loss payable clauses for all losses paid on and after the date your interest ceased in the vessel.

Very truly yours,

JOHNSON & HIGGINS

M. E. Gormly, Jr.
Marine Department

ni

cc: Zapata Off-Shore Company
Att: Mr. George Bush, Pres.

CLASS OF SERVICE
This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION
TELEGRAM
W. P. MARSHALL, PRESIDENT

SYMBOLS
DL=Day Letter
NL=Night Letter
LT=International Letter Telegram

1201

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

DB302

D CDU307 PD AR=CD NEW YORK NY 18 1235PME= DEC 18 PM 12 36

ZAPATA OFF-SHORE CO=

MR RUSS MOSBY 1701 HOUSTON CLUB BLDG HOU=

:HAVE BOUND $25,000. PROVISIONALLY ON NOLA III CARGO. PLEASE WIRE TODAY IF YOU REQUIRE HIGHER LIMITS=

JOHNSON & HIGGINS SV TIMBERLAKE , JR=:

=$25,000. III.

JD HOUSTON TEXAS

1959 DEC 18 PM 12 46

ZAPATA OFF-SHORE COMPANY
1701 HOUSTON CLUB BUILDING
HOUSTON 2, TEXAS

December 17, 1959

Johnson & Higgins
63 Wall Street
New York 5, New York

Attention: Mr. Prescott S. Bush, Jr.

Gentlemen:

The excess Zapata owned cargo being shipped to Trinidad over the hull insurance coverage is as follows:

Aboard the NOLA No. 3

1	Radio, Motorola, FM, Model L53AKB	$ 825.70
1	Antenna, Isoplane, Model 44TAD	37.50
1	Radio, Motorola, FM, Model L53AKB	825.70
1	Antenna, Isoplane, Model 44TAD	37.50
1	Antenna, CE-286	130.00
1	Spartan Trailer #445 AG1781	4,600.00
		$6,456.40

Aboard the TILMAN J No. 2

1 M/V MEL 3 #273716 42' x 12.8' x 4'
1 M/V MISS SUSAN #276078 38.8' x 13.2' x 4'
(Value of the above boats is as normally carried.)

Very truly yours,

ZAPATA OFF-SHORE COMPANY

Wayne H. Dean,
Executive Vice-President

WHD/dw

DOMESTIC SERVICE	
Check the class of service desired; otherwise this message will be sent as a fast telegram	
TELEGRAM	
DAY LETTER	
NIGHT LETTER	

$ S E

WESTERN UNION
TELEGRAM

W. P. MARSHALL, PRESIDENT

1206 (4-55)

INTERNATIONAL SERVICE	
Check the class of service desired; otherwise the message will be sent at the full rate	
FULL RATE	
LETTER TELEGRAM	
SHORE-SHIP	

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED
			ZAPATA OFF-SHORE COMPANY	11:00

Send the following message, subject to the terms on back hereof, which are hereby agreed to

11-13-59

JOHNSON & HIGGINS
ADJUSTING DEPARTMENT
63 WALL STREET
NEW YORK 5, N.Y.

ESTIMATE COST OF RECOVERING AND REPAIRING BARGE NOLA 2 ASHORE IN THE GULF OF CAMPECHE WILL EXCEED HER INSURED VALUE AND THEREFORE INSTRUCT YOU TO TENDER ABANDONMENT OF VESSEL TO UNDERWRITERS ON OUR BEHALF.

ZAPATA OFF-SHORE COMPANY

ALL MESSAGES TAKEN THIS COMPANY ARE SUBJECT THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a message should order it repeated, that is, telegraphed back to the originating office for comparison. For this, one-half the unrepeated message rate is charged in addition. Unless otherwise indicated on its face, this is an unrepeated message and paid for as such, in consideration whereof it is agreed between the sender of the message and the Telegraph Company as follows:

1. The Telegraph Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the unrepeated-message rate beyond the sum of five hundred dollars; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeated-message rate beyond the sum of five thousand dollars, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines.

2. In any event the Telegraph Company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the actual loss, not exceeding in any event the sum of five thousand dollars, at which amount the sender of each message represents that the message is valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeated-message rate is paid or agreed to be paid and an additional charge equal to one-tenth of one per cent of the amount by which such valuation shall exceed five thousand dollars.

3. The Telegraph Company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.

4. The applicable tariff charges on a message destined to any point in the continental United States listed in the Telegraph Company's Directory of Stations cover its delivery within the established city or community limits of the destination point. Beyond such limits and to points not listed in the Telegraph Company's Directory of Stations, the Telegraph Company does not undertake to make delivery but will endeavor to arrange for delivery by any available means as the agent of the sender, with the understanding that the sender authorizes the collection of any additional charge from the addressee and agrees to pay such additional charge if it is not collected from the addressee.

5. No responsibility attaches to the Telegraph Company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the Telegraph Company's messengers, he acts for that purpose as the agent of the sender; except that when the Telegraph Company sends a messenger to pick up a message, the messenger in that instance acts as the agent of the Telegraph Company in accepting the message, the Telegraph Company assuming responsibility from the time of such acceptance.

6. The Telegraph Company will not be liable for damages or statutory penalties when the claim is not presented in writing to the Telegraph Company, (a) within ninety days after the message is filed with the Telegraph Company for transmission in the case of a message between points within the United States (except in the case of an intrastate message in Texas) or between a point in the United States on the one hand and a point in Alaska, Canada, Mexico, or St. Pierre-Miquelon Islands on the other hand, or between a point in the United States and a ship at sea or in the air, (b) within 95 days after the cause of action, if any, shall have accrued in the case of an intrastate message in Texas, and (c) within 180 days after the message is filed with the Telegraph Company for transmission in the case of a message between a point in the United States and a foreign or overseas point other than the points specified above in this paragraph; provided, however, that this condition shall not apply to claims for damages or overcharges within the purview of Section 415 of the Communications Act of 1934, as amended.

7. It is agreed that in any action by the Telegraph Company to recover the tolls for any message or messages the prompt and correct transmission and delivery thereof shall be presumed, subject to rebuttal by competent evidence.

8. Special terms governing the transmission of messages according to their classes, as enumerated below, shall apply to messages in each of such respective classes in addition to all the foregoing terms.

9. No employee of the Telegraph Company is authorized to vary the foregoing.

G-60

CLASSES OF SERVICE

DOMESTIC SERVICES

TELEGRAM

The fastest domestic service.

DAY LETTER (DL)

A deferred same-day service, at low rates.

NIGHT LETTER (NL)

Economical overnight service. Accepted up to 2 A. M. for delivery the following morning; at rates lower than the Telegram or Day Letter rates.

INTERNATIONAL SERVICES

FULL RATE (FR)

The fastest overseas service. May be written in code, cipher, or in any language expressed in Roman letters.

LETTER TELEGRAM (LT)

For overnight plain language messages, at half-rate. Minimum charge for 22 words applies.

SHIP RADIOGRAM

For messages to and from ships at sea.

X—551—7-56

(7-56)

MOBIL OIL COMPANY

~~M NOLIA CON ANY~~

Message Center

Dallas, Texas
November 13, 1959

Johnson & Higgins
Adjusting Dept.
63 Wall Street
New York 5, New York

WE APPROVE YOUR TENDERING ABANDONMENT OF NOLA #2 TO UNDERWRITERS

AS A CONSTRUCTIVE TOTAL LOSS

MAGNOLIA PETROLEUM COMPANY

A. E. CHESTER

Straight Telegram

WHT:mkj
2:30 p.m.

cc: Mr. George H. W. Bush
Zapata Off-Shore Company, 1701 Houston Club Building, Houston 2, Tex.

CHARGE TO: Legal Dept., Dallas

(Please Show to What Department, Item of Expense or Individual This Message is Chargeable)

November 16, 1959

Mr. S. V. Timberlake
Johnson & Higgins
63 Wall Street
New York, N.Y.

Dear Shel:

The attached letter and report may need some polishing up but I believe that it sets out what you need. I am also sending a copy of this stuff to Pres and Walter.

Tomorrow I will send you a list with some values on it. After you have received this list would you please let me know what additional information you will need to be sure that we get the best possible settlement out of the underwriters. I feel much better about things after going with you to the meeting on Friday.

Walter probably told you that we declared the barge a CTL and offered her to the underwriters as such. In his opinion they will decline abandonment.

My trip up there makes me realize fully that we need to get together in the near future here in Houston with all our people. On any future movements of cargo prior to a meeting with you I will see that you receive the full word on the shipments.

Thanks for your help and please let me know as soon as you receive my list so that we can be sure that everything is in your hands in order to get a prompt settlement.

Very truly yours,

George

George H. W. Bush

GHWB/vf
Enc.

November 17, 1959

Mr. Walter B. Reinsdorf
Johnson & Higgins
63 Wall Street
New York, N.Y.

Dear Walter:

The attached letter was written by Harry Blakely to Mr. Eichorn, Manager of the Cargo Loss Department of Carpinter & Baker. I am sending a copy to you, Pres and Shel Timberlake for your information.

Very truly yours,

George H. W. Bush

GHWB/vf
Enc.

November 17, 1959

Johnson & Higgins
63 Wall Street
New York, N.Y.

Attention Mr. S. V. Timberlake

Gentlemen:

We are attaching a report on the movements of the Nola 2. This report was prepared by our superintendent in the field and sets forth in chronological order the activities of the vessel.

You will note that on Sunday, October 11th, the Nola departed for location. Unloading of the work boat M.E.L. I began on October 13th and on October 14th some of the equipment from the Nola 2 was unloaded, this being the first available moment for such unloading. It was not our intention to unload any C.I.M.A. cargo before arrival in the Santa Ana area. The plan was to take the C.I.M.A. equipment to Santa Ana and our own cargo to Coatzacoalcos after the Nola 2 reached location. There was no deviation whatsoever from this plan.

In offshore drilling operations the standard procedure is to proceed to the location, commence rigging up and drilling and unload the cargo at the earliest possible moment that will not interfere with the operations. This procedure was followed in the past and would have been followed entirely in the Mexican operation had not the barge gone up onto the beach.

It is extremely important to realize that the procedure which we followed for this operation is the customary procedure in our business and has been used by us in our past operations of this kind.

We hope that the attached report will be of use to you.

Very truly yours,

George H. W. Bush

GHWB/vf
Enc.

VIA AIR MAIL

JOHNSON & HIGGINS

Established 1845

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CABLE ADDRESS "KERODEN"

63 WALL ST., NEW YORK 5
TELEPHONE WHITEHALL 4-3160

RECEIVED
NOV 18 1959
ZAPATA OFF-SHORE COMPANY

November 17,1959

Zapata Off Shore Company
1701 Houston Club Building
Houston 2, Texas

Dear Sirs:

BARGE " NOLA No.2 " - Ashore in
Gulf of Campeche - OCTOBER,1959
File No: 39488

We refer to our several conversations with Mr. George Bush on his visit here last week, and confirm the receipt of your telegram of the 13th instant instructing us to tender abandonment of this vessel to underwriters. The Magnolia Petroleum Company approved the abandonment. Enclosed is a copy of our telegram of the same date to your underwriters as instructed.

The underwriters have replied declining to accept the abandonment which is customary procedure in cases of total loss when abandonment is tendered them. You should, of course, cooperate with the underwriters in taking whatever steps are mutually agreed upon to salve the property.

We await the receipt of the proposed contacts for salving the vessel and cargo.

Very truly yours,
JOHNSON & HIGGINS

W Reinsdorf
W.Reinsdorf
Vice President

b
enc

COMPARE [illegible] IS

Confirmation of Telegram

WITH MESSAGE RECEIVED, IF ANY ERROR OCCURRED IN TRANSMISSION, NOTIFY US IMMEDIATELY.

JOHN[illegible]ON & HIGGINS
Insurance Brokers & Average Adjusters
63 Wall Street
New York 5, N. Y.

ADJUSTING Dept.

WESTERN UNION

NOVEMBER 13 1959

SOUTHERN MARINE & AVIATION UNDERWRITERS
610 POYDRAS STREET
NEW ORLEANS LA

BARGE NOLA NUMBER 2 ASHORE GULF OF CAMPECHE OWNERS CONSIDER COST RECOVERING AND REPAIRING VESSEL WILL EXCEED INSURED VALUE $600000 AND HAVE INSTRUCTED US TENDER ABANDONMENT OF VESSEL TO YOU WHICH WE HEREBY DO

JOHNSON & HIGGINS

WR/b

CHARGE ADJUSTING EXPENSE

RECEIVED
1959
PATA OFF-SHORE COMPANY

December 3, 1959

Mr. S. V. Timberlake
Johnson & Higgins
63 Wall Street
New York, N.Y.

Dear Shel:

I have just gotten out of the hospital but wanted to tell you that for the last two days we have been having meetings with the salvage people and Southern Marine Aviation Underwriters.

Apparently the Contract to Salvage is under control and Reinsdorf has been keeping in very clost touch with the developments. He was here for the two days meetings. He has all the latest dope on the cargo insurance, hence I have not replied in detail to your letter of November 20th. Should you need additional information after Walter returns, please let me know.

Best regards,

George H. W. Bush

GHWB/vf

December 11, 1959

Mr. Walter Reinsdorf
Johnson & Higgins
63 Wall Street
New York, N.Y.

Dear Walter:

I am attaching a draft which we presume will be the final salvage contract. There has been a last minute delay relating to permits, so the deal may not go through, but in any event this is the final draft.

We understand that the cargo underwriters have agreed to go along based on 50% of the salved value. Bill Harvin thinks it would be good if we could get a letter from the cargo underwriters setting out that they are willing to promptly reimburse us for the cargo salved using a figure of 50% of the salved value. I think since this contract essentially is being underwritten by Giffin it would be very good for us to have this letter so we could furnish him a copy.

I would appreciate your trying to get such a letter for us from Carpinter and Baker and if this is not possible would you give me a call so that we can discuss an alternative. Carpinter and Baker did not want to be a party to the contract and from the way the contract is drawn you can see that it would not make much sense for them to be involved with Ryan, et al if a lump sum deal for the Nola 2 and cargo.

Thanks for all your help on this.

Very truly yours,

George H. W. Bush

GHWB/vf
Enc.

New York
Buffalo
Philadelphia
Pittsburgh
Wilmington
Atlanta
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CABLE ADDRESS "KERODEN"

63 WALL ST., NEW YORK 5
TELEPHONE WHITEHALL 4-3160

AIR MAIL

December 22, 1959

Zapata Off-Shore Company
1701 Houston Club Building
Houston 2, Texas

Attention: Mr. George H. W. Bush
President

Gentlemen:

Drill Barge NOLA NO. 2
Stranding - October 16, 1959
Our File Number: 39488

- - - - - - - - - - - - - - - - - -

It seems probable from conversation with Mr. L. K. Giffin today that your underwriters will consider this vessel a constructive total loss but that final decision to declare her such has not yet been made. In order to be prepared to present claim to underwriters for a total loss, if that proves to be the case, please furnish us with the following:

1. The enclosed affidavit of insurance duly completed by an officer of your company.

2. Losses under the insurance certificate are payable to Zapata Off-Shore Company and Magnolia Petroleum Company as their respective interests may appear or order. Underwriters will draw their check in settlement in accordance with this provision unless it is desired that loss be paid either to yourselves or to Magnolia Petroleum Company alone. In that case the name of the desired payee should be inserted to replace the name of Johnson and Higgins on the enclosed payment order which should then be dated and signed by the other payee and returned to us.

Yours faithfully,

JOHNSON & HIGGINS

W Reinsdorf

W. Reinsdorf
Vice President

gm

Underwriters at Lloyds, London
To and/or Insurance Companies of London, Eng.
(Southern Marine and Aviation Underwriters, Inc.)

Please pay to ~~*Messrs. JOHNSON & HIGGINS*~~*, the amount shown to be due under*

your ~~policy~~ Cert. *No.* 9999 *on* ~~steamer~~ Drill Barge "Nola No. 2"

for $ 600,000 *% accident* Total Loss - October 16, 1959

354A—/

December 24, 1959

Johnson & Higgins
63 Wall St.
New York, N.Y.

Attention Mr. P. S. Bush, Jr.

Gentlemen:

We should like to clarify the status of the Schlumberger and Halliburton units while we are operating on our foreign contracts. Responsibility for Halliburton and Schlumberger which is normally covered under our regular hull policy now rests with the operators under all three foreign contracts, namely the Scorpion and the Vinegarroon in Mexico, the Nola 1 in Venezuela and the Nola 3 in Trinidad. We should like to leave the insurance values on the vessels just exactly as they are but we want it clearly understood by the underwriters that they are not responsible for the Schlumberger and Halliburton units.

Regarding the Scorpion, it is still in the States and is still working for California Company as of this date but as soon as it finished this contract and goes to Mexico we will not be responsible for Halliburton or Schlumberger.

Would you please let us know if we should do anything further in this regard.

Very truly yours,

George H. W. Bush

GHWB/vf
cc: H. E. Gormly

December 24, 1959

Mr. Walter Reinsdorf
Johnson & Higgins
63 Wall St.
New York, N.Y.

Dear Walter:

We are returning herewith executed affidavit of insurance.

It will be agreeable with us for the Underwriters to make the check payable to Magnolia Petroleum Company and ourselves. We will then get a release from Magnolia.

Best wishes for the holiday season.

Very truly yours,

George H. W. Bush

GHWB/vf
Enc.

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Philadelphia
Pittsburgh
Wilmington
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CABLE ADDRESS "KERODEN"

63 WALL ST., NEW YORK 5
TELEPHONE WHITEHALL 4-3160

December 28,1959

Mr. George H.W.Bush, President
Zapata Off-Shore Company
1701 Houston Club Building
Houston 2, Texas

Dear George:

BARGE " NOLA No.2 " - OCTOBER,1959
File No. 39488

We have for acknowledgment your letter of the 24th instant with enclosed affidavit of insurance which we are sending to Mr. Giffin and informing him regarding the manner in which he should draw check in settlement of the claim.

Regarding cargo claim, we have referred same to Mr. Joseph Sell of our Cargo Claims Department who will write you direct in connection with the preparation of your claim.

Best regards,

Sincerely,
JOHNSON & HIGGINS

W. Reinsdorf
W.Reinsdorf
Vice President

b

New York
Buffalo
Philadelphia
Pittsburgh
Wilmington
Atlanta
Cleveland
Detroit
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CABLE ADDRESS "KERODEN"

63 WALL ST., NEW YORK 5
TELEPHONE WHITEHALL 4-3160

March 21, 1960

Mr. Wayne Dean
Zapata Off-Shore Company
1701 Houston Club Building
Houston 1, Texas

Dear Wayne: <u>NOLA II</u>

Last month George advised me that you went down to Mexico and spent several days with the representative of the insurance company finalizing the details on the list with regard to cargo, etc., and I would appreciate it if you would send me a final list sometime in the near future.

Underwriters are most anxious to close out the provisional binder we have on this particular shipment, and I would appreciate it if you could send me a split up of the On Deck and Under Deck values of the cargo.

Best regards,

S. V. Timberlake, Jr.

SVT:ak

reported $50,000 above deck
3-23-60

629B—26M-2-60

Copy From
J NSON & HIGGINS
63 WALL STREET, NEW YORK 5, N. Y.
MARINE DEPARTMENT

April 8, 1960

Socony Mobil Oil Company, Inc.
P.O.Box 900
Dallas 21, Texas

Attention: Mr. F. H. Pennington

Gentlemen:

<u>MAGNOLIA DRILLING BARGE NO. 6
(251201) RENAMED BY ZAPATA
OFFSHORE COMPANY "NOLA NO. 2"</u>

Thank you for your letter of April 1st. We shall issue the appropriate endorsements to Certificates 9999 and 11500, copies of which will be forwarded to you.

Very truly yours,

JOHNSON & HIGGINS

M. E. Gormly, Jr.
Marine Department

ni

cc: Zapata Off-Shore Company
Att: Mr. George Bush, Pres.

April 28, 1960

Mr. Walter Reinsdorf
Johnson & Higgins
63 Wall Street
New York, N.Y.

Dear Walter:

Attached is a memo on the lousy Nola 2 deal. It stinks and I am confident that it is crooked on the Mexican end. Zapata's feeling, however, is that we have abandoned this vessel to the underwriters and that we are acting merely as their agents. I have made this one hundred per cent clear to Giffin but I did feel that I should point out to him what these crooks were trying to do.

As you know the vessel was sold yesterday for $10 under an agreement very favorable to Zapata and the underwriters as far as liability for duties go. The only weak spot on this is that the Brazos Engineering Company and McDaniel who are parties to the contract do not check out well financially in spite of the fact that McDaniel says that he individually has a large net worth.

This letter requires no acknowledgment but I wanted to have it in your files in the event something comes up in the future.

Very truly yours,

d George H. W. Bush

GH B/vf

May 10, 1960

Mr. Walter Reinsdorf
Johnson & Higgins
63 Wall Street
New York, N.Y.

Dear Walter:

Today you raised certain questions on the telephone regarding the settlement of the Nola II sue and labor claim. My answer to these points is as follows:

1. By copy of this letter I am requesting that Stentz forward to you the bills that you requested from him. Most of our bills on this claim were in Spanish. We had one translation made which was forwarded to the underwriters, therefore, it is more appropriate that they furnish you the necessary bills.

2. By copy of the attached letter I have asked Stentz to call you on point 5 and 10 of his letter dated May 6 addressed to you.

3. The welding equipment repairs that you asked about were in conjunction with cutting loose certain of the cargo, cutting a hole in the side of the barge to remove certain equipment. This welding equipment belonged to the salvor and the deal was that repairs would be handled by us on this equipment.

4. Hugo Zanelli who appears in the claim was a freight forwarder whose charges are mainly in connection with the clearing of the Falgout boat which was supposed to go to Mexico on the Captain Ryan expedition.

5. Point 9 in Stentz's letter raises the question of commissary supplies. I have been advised that the $2500 charge is not applicable because commissary was part of the hull insurance. In addition Jerry Rudolph advises me that we recovered $12,011.27 of commissary supplies. If we have to give a credit to the underwriters this is the amount that should be used.

May 16, 1960

Mr. S. V. Timberlake, Jr.
Johnson & Higgins
63 Wall Street
New York, N.Y.

Dear Shel:

With reference to your letter of May 11th which enclosed a letter from Carpinter & Baker dated May 6th and a statement from United States Salvage Association, Inc. we have checked our records and we have never received any such bill. I do not know what this $269.90 is for. You will recall that sometime ago we had the same type of trouble.

I am returning all of this correspondence with the request that you ask Carpinter & Baker or the United States Salvage Association to send us an invoice for $269.90 setting out what it is for. These are small items but I do hate to have them feel that we have been billed and are not willing to pay them. When you do get the invoice please have it sent to my attention and we will approve it and send a check immediately.

Best regards,

George H. W. Bush

GHWB/vf
Enc.

Zapata's copy

DRILLING CONTRACT

THIS CONTRACT, entered into on the 3rd day of February, 1959, between ZAPATA OFF-SHORE COMPANY, a Delaware corporation, CONTINENTAL OIL COMPANY, a Delaware corporation, THE ATLANTIC REFINING COMPANY, a Pennsylvania corporation, TIDEWATER OIL COMPANY, a Delaware corporation, and CITIES SERVICE PRODUCTION COMPANY, a Delaware corporation,

W I T N E S S E T H:

(This contract is being executed in connection with and to supplement that certain Agreement dated as of January 26, 1959, between the five parties hereto providing, among other things, for the drilling by Zapata Off-Shore Company, hereinafter sometimes called "Contractor", of the well hereinafter identified by its designation and location. Under the provisions of that Agreement, Contractor, for a maximum turnkey price of Forty Five Thousand Dollars ($45,000), agreed to drill said well to a maximum depth of 9,000 feet, to run a final electric log and (unless the five parties thereto or any one or more of them should elect, as therein provided, to run casing and test said well, or drill it to a greater depth, or to deviate the hole) to plug and abandon same. Accordingly, and notwithstanding anything contained herein to the contrary, this contract shall not cover or apply to the work to be performed under said Agreement by Zapata Off-Shore Company for said turnkey price; and no obligations shall accrue or commence to accrue hereunder unless and until a final determination has been made under the elective provisions of said Agreement to run casing and test said well, to drill the same deeper or to deviate the hole. Moreover, this contract shall cover and apply only to the work which is so determined to be done on or in connection with said well, notwithstanding any contrary provisions hereof.

This drilling contract, which is being executed both by Continental Oil Company, The Atlantic Refining Company, Tidewater Oil Company and Cities Service Production Company (hereinafter collectively called the "CATC companies") and by Zapata Off-Shore Company and not merely by the Operator under said Agreement with the approval of the representative of the CATC companies, shall be deemed to be one authorized by and made in compliance with Paragraph 4 of Section II of Exhibit "A" to said Agreement, notwithstanding that Zapata Off-Shore Company is at one and the same time the Operator under said Agreement and the "Contractor" hereunder; and, although this contract shall be binding upon each of the five parties hereto, only those of the five parties (including Zapata Off-Shore Company, which will retain an undivided one-half interest in the lease on the well site even after it has conveyed an undivided one-half interest in such lease to the CATC companies in compliance with said Agreement) who, under the elective provisions of said Agreement, are liable for the cost of the work determined to be done thereunder, shall be hereinafter referred to collectively and for convenience as the "Company" and only they shall be liable for the obligations hereunder of the "Company". In this connection, it is agreed that each of the parties hereto included with the term "Company" shall be liable only for its proportionate part of the obligations hereunder of the "Company", its proportionate part being a fraction the numerator of which is such party's interest in the lease on the well site and the denominator of which is the total of such interests of all of the parties included within the term "Company".)

I.

WORK TO BE PERFORMED

Contractor, for the consideration hereinafter stated, hereby contracts and agrees to drill and complete for Company a well designated as: Zapata Off-Shore Company-CATC Marine Group No. 1, State Lease 2548, West Delta Area, Block 51, Plaquemines Parish, Louisiana. The location of the well is: approximately 660 feet from the South line and 660 feet from the West line of said Block 51.

Contractor further agrees to drill and complete with due diligence and in a good and workmanlike manner such additional wells as Company may elect to have it drill in the proximity of the well above described. Each additional well shall be drilled under the terms and conditions of this contract, and shall be appropriately identified by number and lease and block to which it is projected.

Company shall have the exclusive option to determine the number of wells to be drilled under this contract, except that Contractor may give Company notice of any wage increase that has been in effect for a period of more than 30 days and request that Company renegotiate the payment rate herein provided to compensate for such increase. In the event Company and Contractor do not agree on a new rate of payment, Contractor shall have the right to terminate this contract by written notice to Company 15 days prior to completion of the well then drilling, the termination to be effective when the well is drilled to completion or abandonment as specified by Company.

II.

SPECIFICATIONS AND PROCEDURE

The casing pattern for each well drilled, unless changed by Company, shall be as follows:

Maximum Diameter of Casing	Approximate Amount
20"	215'
10-3/4"	1500'
7"	As Required

Each well, when completed, shall be free of obstruction. A well drilled as a straight hole shall not deviate from vertical more than 5° degrees without approval of Company. A planned directional well shall be deviated from vertical as directed by Company. Measurement of angles shall be made by methods and instruments approved by Company and at intervals not greater than 500 feet.

III.

CONTRACTOR'S OBLIGATIONS

A. Contractor agrees that the drilling of the first well hereunder shall be commenced on or before the 15th day of February, 1959, and drilling shall be continued with due diligence and in a workmanlike manner until the well is drilled to completion or abandonment as specified by Company. Each additional well which may be drilled hereunder at Company's option shall be commenced without delay after completion of the well Contractor is then drilling and the drilling of the additional well shall be continued with due diligence and in a good and workmanlike manner until the well is drilled to completion or abandonment as specified by Company.

B. Contractor shall furnish, at Contractor's expense, the equipment, services and personnel described in Exhibit "A", annexed hereto as a part of this contract for all purposes, including incidental equipment and services customarily furnished by a drilling contractor even though not particularly described.

C. Contractor further agrees:

(1) Except for items to be furnished by Company or at Company's expense as provided in this contract, to furnish at its own risk and expense, subject to inspection and approval of Company, all labor, equipment, material, supplies, and services necessary and proper for the drilling, casing, completing or abandoning of each well drilled pursuant to this contract, and for the installation, handling, caring for and accurately accounting for all equipment and materials furnished by Company.

(2) To examine, before using, all material, equipment and supplies furnished by Company for the drilling operations herein undertaken and report to Company any defects discovered therein in time to allow Company to replace same without delaying drilling operations, and to assume all risk and responsibility for any mishap, damage, or loss caused by such discovered defects not called to the attention of Company, except in instances where Contractor is relieved from responsibility under the terms of this contract. Contractor agrees to maintain the material, equipment and supplies furnished by Company in the condition received, usual wear and tear resulting from normal use excepted.

(3) To keep accurate measurements and records of all formations encountered, prepare reports and records as requested, notify Company immediately when any oil or gas bearing formation is encountered and as requested save and prepare clean samples of formations drilled. Not to give, nor make available, to any person, firm, corporation, or entity, other than Company, or those persons, firms, corporations, or entities authorized by Company in writing, any information as to the drilling of such well or as to the formations encountered in the drilling of such well.

(4) To follow a mud program as specified by Company and account for all mud materials as requested by Company.

(5) To run, cement, and test all strings of casing by such methods as Company may require and to complete or abandon the well as specified by Company.

(6) To exercise due care and caution in the prevention of fires, explosions, blowouts, and to perform any operations necessary to protect life and property. Contractor, in performing operations to protect life and property and preventing a blowout, shall be paid and reimbursed on the basis as hereinafter provided for drilling operations, and it is expressly agreed that Contractor shall perform the work hereunder, or at Company's direction, in

cooperation with other contractors who may be engaged by Company to assist.

(7) To assume all responsibilities and liabilities as an employer or otherwise as to social security, unemployment, withholding and other taxes assessed by law or regulatory bodies upon the property or operations of Contractor.

(8) Not to discriminate against any employee or applicant for employment because of race, creed, color, or national origin.

(9) To procure and maintain at Contractor's expense insurance policies in minimum amounts as outlined in Exhibit "B", annexed hereto as a part of this contract for all purposes, covering all operations to be performed under this contract. Contractor shall furnish for approval, prior to the commencement of the work, certificates of insurance, listing the required insurance policies and containing a statement that said insurance shall not be changed or cancelled without at least 10 days prior written notice to Company. Such certificates must be signed by authorized representatives of the insurance companies and all coverages must be written on policy forms and by insurance companies approved by Company. If requested by Company, Contractor shall furnish Company originals or certified copies of all such policies.

(10) To see that each and every subcontractor employed by it shall carry and pay for insurance in minimum amounts deemed necessary by Contractor to cover the work of the particular subcontractor. When requested by Company, Contractor shall furnish, or cause to be furnished to Company certificates of insurance coverage for each subcontractor. Should insurance requirements for a subcontractor be less than the minimum requirements for Contractor, as set out above, Company may, at its option, require Contractor to secure such minimum coverage.

(11) Failure to comply, or the full compliance, with any of the insurance provisions of this contract, and the failure to secure endorsements on the policies as may be necessary to carry out the terms and provisions of this agreement shall in no way act to relieve Contractor from the obligations of this contract, anything in this contract to the contrary notwithstanding.

(12) To operate and maintain all safety devices, aids to navigation and related equipment situated on the

drilling equipment used in connection with the drilling operations herein undertaken. Safety equipment and devices shall be maintained and operated to meet or exceed Company safety practices and policies. Aids to navigation and related equipment shall be maintained and operated in strict compliance with Coast Guard Regulations.

D. At the option of Company, Contractor shall provide, or shall exercise reasonable diligence in the selection of others to provide or furnish, for the account of Company, any of the materials, supplies or services that Company is obligated to furnish hereunder.

Contractor agrees that it will obtain the approval of Company before contracting for any work or services under this article at rates in excess of those charged for comparable work and services on similar operations, and that wages, salaries, expense allowances and compensation paid to persons employed by Contractor or subcontractors, where the compensation is not on a fixed fee basis, which are in excess of the prevailing rates for similar services on like operations, shall be approved by Company in advance of Contractor's furnishing or procuring the services at the excess rate.

All contracts and agreements for services, supplies and equipment procured or furnished by Contractor, for the account of Company, shall reserve to Contractor the right to terminate the agreement or contract for such services, supplies or equipment, after a reasonable notice and without penalty. Contractor agrees that it will immediately exercise its right to terminate any of said agreements or contracts if Company advises Contractor that the services, equipment or supplies furnished are not satisfactory to Company.

IV.

REPRESENTATIONS AND COMPANY OBLIGATIONS

A. The parties hereto recognize that Zapata Off-Shore Company is the Operator of that certain lease in the Gulf of Mexico on which the initial well will be drilled hereunder, and they represent that they have authority to make this contract.

Contractor as operator WHH

B. ~~Company~~ agrees that it has procured, or will procure, all necessary permits, certificates and other authorizations required from the United States, the State of Louisiana, the State of Texas, or any governmental subdivisions or departments of either the United States, the State of Louisiana, or the State of Texas, for drilling each well hereunder, and that it will, through the life of this contract, maintain in full force and effect all necessary permits, certificates and other authorizations.

C. Except in cases where a mobile drilling unit made subject to this agreement is designed to set the protective structure, Company agrees that it has procured the fabrication, construction and erection of the necessary drilling platform or protective structure for the drilling operations hereunder. Contractor shall not be required to commence the installation of any equipment on a platform, or begin any of its operations at the well site, except those which may be completed without risk prior to the erection of the protective structure, until Company shall have accepted the completion of the drilling platform, or protective structure, and shall have advised Contractor that such facilities are complete and ready for its drilling operations hereunder. The mobile unit designed to erect the protective structure, or to operate without the protective structure, shall not be affected by the limitations of this paragraph.

D. Company will provide for the drilling operations herein undertaken, free of all cost to Contractor, materials, equipment, tools, machinery, appliances, services, and supplies as described in Exhibit "C", annexed hereto and made a part hereof for all purposes.

Company may, at its option, have Contractor furnish or procure any one or more of the items provided in the above paragraph for the account of Company. Company will give Contractor notice that it elects to have Contractor furnish the item or items specified in the notice. Thereafter, until further notice, as provided in Section III of this contract relating to Contractor's obligations, the items covered by the notice shall be furnished or procured by Contractor.

V.

RESPONSIBILITY FOR EQUIPMENT

A. Contractor shall not have any responsibility to Company, or any of its underwriters or insurers, including the co-lessees of Company, if any, and their underwriters or insurers, for damage occasioned to or loss of a tender, drilling platform, drilling structure, drilling vessel, or derrick furnished by Company for use in the drilling operations herein undertaken, regardless of the cause of or reason for said loss.

B. Any damage to or loss of the rig and equipment of Contractor, except uninsured subsurface equipment lost in the hole for which Company is obligated to pay under Exhibit "C", regardless of the cause of or reason for said loss, shall be the loss of Contractor, its underwriters or insurers, and Contractor expressly relieves Company, its agents, employees, invitees, servants, co-lessees, if any, and their underwriters or insurers from any claim or responsibility for loss of the drilling rig and equipment furnished by Contractor for use in the drilling operations herein undertaken. Insurance coverage on the rig and equipment will contain express waiver of any claim by the underwriters or insurers against the Company, its agents, servants, invitees, employees, co-lessees, if any, and their underwriters and insurers.

VI.

<u>PAYMENT</u>

Company shall pay contractor upon the completion of the drilling of each well hereunder, or at Contractor's option, at periodic intervals of not less than 30 days, upon proper invoice from Contractor to Company, supported by proof satisfactory to Company that all charges for materials, services and wages accruing from work covered by the invoice that could be made the basis for a claim against Company or result in a lien or encumbrance against the property of Company have been satisfied, as the full consideration for the work herein undertaken:

A. $ 5,100.00 per day, for each day, commencing ~~at such time as the Contractor's drilling equipment is ready for tow, for each day spent in transit to the designated location of the first well, placing the Contractor's drilling equipment in position to drill, and,~~ when the drilling of the last well hereunder has been completed, spent in removing the Contractor's drilling equipment from the drill site to the nearest shore base of Company or to the next location, whichever distance is the lesser. Company shall not be obligated to make any payments for a day, or a part thereof, under this section if Company is obligated to pay Contractor pursuant to another contract.

B. $ 5,250.00 per day for each day commencing when the drilling equipment of Contractor is at the drilling location or the mobile or floating unit is in position to drill, for each day spent logging, testing and completing, including days spent standing by with drilling crews, but excluding days spent standing by without full drilling crews or days for which payment is made as provided in sections A, C, D, E and F of this article.

C. $ 5,250.00 per day for each day spent drilling, casing, logging, coring and fishing below 9,000', but excluding days for which a payment is made under Sections D, E or F below.

D. $ XXXXXXX per foot for all hole drilled from the bottom of the drive pipe to contract footage depth which shall be the measured depth of the hole at the time the XXX casing is set or a measured depth of XXX, whichever is the lesser. The footage rate shall include the running and cementing of the casing program as outlined in Article II to contract footage depth and the nippling up of the surface and intermediate strings. The footage rate will not be paid for hole lost because of hole difficulties or stuck tools, but will be paid for hole redrilled at Company's request to change the bottom hole locations.

E. $ XXXXX per day for each day spent drilling, running and cementing casing, nippling up, logging, coring, fishing from the bottom of the drive pipe until a depth of XXX feet is reached or the setting and nippling up of the XXX casing is completed as the case may be. This day rate payment provided in this section shall be payable in addition to the footage payment due in Section D above, notwithstanding anything in this contract to the contrary.

F. $ XXXXX per day for each day spent standing by without full drilling crews, plus amount equal to the actual cost of watchmen and maintenance labor. When operations are suspended because of storms, hurricanes, or other action of the elements and drilling crews are not released so as to qualify for a payment under the first sentence of this subsection, $ 4,650.00 per day for each day spent standing by with crews, at location or evacuated to shore, plus an amount equal to the actual cost of the crews and tool pushers during such period.

G. XXXXX ¢ per foot per day for drill pipe used in ordinary drilling operations and XXXXX ¢ per foot per day for drill pipe used in planned directional drilling operations for drill pipe used while payment is being made on a day work basis as provided in Section C of this article. The payment is to be based on the maximum footage of Contractor's drill pipe in use during any one day.

Company shall be obligated to pay Contractor on the applicable per day rate as provided in the appropriate sections above for any time Contractor is performing services for Company except for footage operations under Section D above or except when operations herein undertaken by Contractor are suspended for a cumulative total of more than 12 hours during any calendar month by reason of, (1) a breakdown in Contractor's equipment, (2) force majeure as herein defined, except where the force majeure is a windstorm, hurricane or other action of the elements, (3) failure of Contractor to have operating crews at a location to work, of (4) Contractor's rig or equipment being away from location for inspection, or other cause, or (5) when operations are suspended by reason of Contractor's failure to have proper permits for its equipment.

The obligation to make the payment on the per day rate for the 12 hour period, or any part thereof, shall be on the applicable day rate basis in effect when the operations were suspended. Company shall not be obligated to make any payment while operations are suspended for reasons set out above after the 12 hour cumulative total of down time during any calendar month has been exceeded.

When a payment is due hereunder for any part of a day, the payment herein provided shall be based on the proportionate amount of time spent during the day in performing the work for which the payment is due. When payment is due hereunder for a full day, part of the day spent on one basis and the remainder on the other, the obligation of Company to pay shall be a cumulative total determined on the part pay formula set out in the foregoing sentence.

In the event of loss of circulation, partial loss of circulation, water flow, domal formation, abnormal pressures, heaving shale or similar formation, salt or other similar condition, is encountered which makes drilling abnormally difficult or hazardous, causes sticking of drill pipe or casing, or other similar difficulty which precludes drilling ahead under reasonably normal procedures, Contractor shall, in all such cases, without undue delay, exert every reasonable effort to overcome such difficulty. When such conditions are encountered, Company shall assume risk of loss or damage to the hole and to Contractor's equipment in the hole. Should such condition or conditions persist in spite of Contractor's efforts to overcome them, then after a period of twenty-four consecutive hours time consumed in such effort, further operations shall be conducted on a day work basis at the applicable day work rate until such conditions have been overcome and normal drilling operations can be resumed. The footage drilled while on day work basis shall be deducted from the footage charge. "Abnormal pressures" shall be considered to exist in the event a mud weight in excess of 12.5 pounds per gallon is required.

While Contractor is drilling on a footage rate, except as the day rate is applicable either during the period of time special services are being performed for Company or the foregoing provisions of the Contract provide for both a footage and a day-work payment, the payment on the footage rate will discharge the obligation of Company to make a payment under this article.

VII.

DEFAULT

Time shall be the essence of this contract, and, should Contractor neglect, delay or discontinue the work provided in this contract without the written consent of Company, violate any provisions of this contract, or furnish false records, any such acts or delay shall constitute default of Contractor under this agreement and Company shall have the right at any time, after Company gives Contractor 24 hours notice of such default in writing and Contractor fails to correct such default, to take possession of a well and complete same with Contractor's equipment without any liability for any part of the contract price herein provided which has not been previously paid, and without any other liability except a rental on Contractor's equipment during the time required to complete the work herein undertaken, at $ 2,500.00 per day, and after completion of the well, or wells if more are drilled hereunder, will return the equipment to Contractor in condition received, usual wear and tear excepted.

Nothing shall be held or construed to relieve Contractor from the obligation to complete any well in accordance with the terms of this contract, except Company's written release.

VIII.

MODIFICATIONS

All changes, alterations or variations of this contract shall be made in writing and signed by both parties.

IX.

COMPLIANCE WITH LAWS

The Fair Labor Standards Act of 1938 and all other applicable laws, rules and regulations of governmental bodies shall be complied with by Contractor and all subcontractors. Upon request of Company, Contractor will give Company proof of compliance with the laws, rules and regulations.

X.

INDEPENDENT CONTRACTOR

It is expressly understood that Contractor is an independent contractor and that neither it nor its employees or subcontractors or their employees are servants, agents, or employees of Company. The actual performance and superintendence of all work hereunder shall be by Contractor, under the control and direction of Contractor as to the details of the work; provided, however, Company being interested in the results to be obtained, is authorized to designate a representative, or representatives, who shall at all times have access to the drilling site and related equipment for the purposes of observing tests or inspecting the work performed hereunder by Contractor.

XI.

FORCE MAJEURE

Contractor and Company agree that in the event a blowout, hurricane, accident, injunction, government order, or other occurrence (whether similar to or dissimilar from the other events identified), beyond the control of either party (each such event or occurrence being hereinafter called a "force majeure") prevents the performance of the obligations of either party or the equipment of Contractor or the equipment of Company is damaged to such an extent that repairs within a reasonable time will be impracticable, or destroyed, as the case may be, this agreement may be terminated at the option of either party; provided, however, if the termination is occasioned by the destruction of Company's equipment, and Contractor's equipment is in condition to operate, the payment to Contractor will continue as herein provided until the equipment is returned to the shore base. Contractor agrees that the cost of moving its equipment that is damaged or destroyed by a force majeure shall be paid by Contractor.

Each party agrees to exercise reasonable diligence to correct any force majeure which is delaying the work herein undertaken with the understanding that this shall not obligate either to settle any labor dispute or comply with governmental orders or decrees, where the settlement or compliance is deemed to be disadvantageous to the affected party. Company and Contractor shall not be responsible or liable to each other for delays occasioned by a force majeure as herein defined, except where the force majeure is a windstorm, hurricane or other action of the elements Company shall make payment to Contractor for the duration of the force majeure. Contractor agrees that delays in operating a mobile unit occasioned by conditions of the ocean bottom shall never be construed as caused by force majeure, but shall be construed as a breakdown in Contractor's equipment. Time spent reclaiming Contractor's equipment, or restoring it to the position it was left for hurricane or other weather conditions, after the inclement weather clears, shall likewise be construed as a breakdown of Contractor's equipment, except that in the case of floating drilling equipment, such time spent reclaiming or so restoring it shall be deemed to extend the duration of such hurricane or other inclement weather condition.

XII.

RESERVOIR DAMAGE AND POLLUTION AND OTHER CLAIMS

Company agrees that regardless of the cause of or reason for any blowout, cratering or uncontrolled well that results in damage to any underground reservoir, or pollution of any underground freshwater reservoir and the Gulf of Mexico, it will assume and does hereby assume full liability and responsibility for any claims brought against Contractor for such damages and any liabilities resulting therefrom, provided Company shall be given notice of such claims and an opportunity to defend before it becomes liable. Contractor shall have full responsibility and liability for any pollution of the Gulf of Mexico, underground freshwater reservoirs or other losses or claims resulting solely from negligent acts or omissions of Contractor (or of those operating by, through or under it) in operations hereunder, except where there is a blowout, cratering, or uncontrolled well and except as otherwise provided in Sections V and XIV hereof. ~~Company shall have the full responsibility and liability for all other claims arising out of operations hereunder, except those losses or claims the responsibility for which is placed by Sections V and XIV hereof. Contractor and Company agree that the one of them who under this Section XII is to have responsibility for a particular injury, loss, damage, or claim, shall indemnify and hold the other harmless from and with respect to such injury, loss, damage or claim.~~ WHH

XIII.

WAIVER OF SUBROGATION

To eliminate controversies, the expense and inconvenience thereof, as between Company and Contractor, it is agreed that Company, Contractor and the underwriters, insurers and insurance carriers of each with respect to this contract shall not have any right of recovery over (equitable or by assignment, express or implied, loan receipt or otherwise) against any of the parties hereto, their agents, employees, invitees and servants, and co-lessees, and their respective property, vessels and craft or underwriters, insurers and insurance carriers of either; and the rights of recovery with respect to this operation are mutually waived. All policies of insurance herein provided and obtained or required by either party shall be suitably endorsed to effectuate this waiver of recovery.

XIV.

EMPLOYEE CLAIMS

Company shall be fully responsible for and hereby agrees to indemnify and hold harmless Contractor against any and all claims, demands or suits which may be brought against them or either of them for bodily injury to or death or loss of services of an employee of Company which may arise out of the work to be performed under this contract, whether such suits are based on the relationship of master and servant, third party or otherwise and even though occasioned, brought about, or caused in whole or in part by the negligence of Contractor, its agents, employees or subcontractors or the unseaworthiness of vessels or craft. Company further agrees to defend any such claim, demand, or suit even if it is groundless, false or fraudulent; but Company may make such investigation, negotiation and settlement of any such claim, demand, or suit as it deems expedient.

Contractor shall be fully responsible for and agrees to indemnify and hold harmless Company against any and all claims, demands, or suits which may be brought against them or either of them for bodily injury to or death or loss of services of an employee of Contractor arising out of the work to be performed under this contract whether such suits are based on the relationship of master and servant, third party or otherwise and even though occasioned, brought about, or caused in whole or in part by the negligence of Company, its agents, employees or subcontractors or the unseaworthiness

Any employee who receives payment from Contractor shall be the employee of Contractor; even though Company reimburses Contractor for the amount paid such employee.

of vessels or craft. Contractor further agrees to defend any such claim, demand, or suit even if it is groundless, false or fraudulent; but Contractor may make such investigation, negotiation and settlement of any such claim, demand, or suit as it deems expedient.

XV.

EMPLOYER REGISTRATION

Contractor's employer registration numbers are:

Federal: 75-088-7234

State: Louisiana 61586

Texas

XVI.

ASSIGNMENT

This contract shall be binding upon the parties hereto, their successors and assigns; provided, however, no assignment or transfer hereof shall relieve the parties so transferring or assigning this contract of the obligation imposed hereunder unless and until the other parties hereto shall have approved the assignment or transfer in writing.

IN WITNESS WHEREOF, the parties hereto have executed this contract as of the day and date first hereinabove written.

WITNESSES:

Donald E. Mitchell

Billie F. Jackson

ZAPATA OFF-SHORE COMPANY

By Wayne H. Hess

Richard H. Hittle

Joanna L. Morse

CONTINENTAL OIL COMPANY

By

THE ATLANTIC REFINING COMPANY BJD.

By Carl A. Sharp

TIDEWATER OIL COMPANY

By

Cities Service Production Company

~~CITIES SERVICE OIL COMPANY~~

H. C. Bland

C. R. Spears

By J. A. Clemley

Vice-President

EXHIBIT "A"

CONTRACTOR TO FURNISH:

FLOATING DRILL BARGE "NOLA I":

Length	260 ft.
Width	56 ft.
Depth	15 ft.

Storage capacities:

Pipe Rack	250 tons
Drill Water	2000 barrels
Potable Water	500 barrels
Diesel Fuel	1000 barrels
Wet Mud - Active	1200 barrels
Dry Mud	3000 sacks

1 - Link Belt Capstan, 20 H.P. electric motor driven Complete with 1200 ft. of 1-1/2" Baldt forged steel chain and 3,000 lb. Danforth anchor for bow anchor.

4 - BOICO Wildcat double drum anchor windlasses, equipped with 2-1/16" Di-Lok chain, driven by 50 H.P. electric motors, complete with 1,000 ft. of 2-1/2" Baldt forged steel anchor chain for each windlass.

8 - Anchors, 12,000 lb.

1 - Stiffleg crane, 5 ton with 50 ft. boom, complete with double drum hoist and swinger, electric motor driven.

1 - Shear Leg, 50 ton.

Quarters for 42 men, complete with galley, air-conditioning, etc.

Vessel meets all applicable USCG and ABS rules.

OTHER DRILLING EQUIPMENT:

Drawworks National Type "130"	1500 H.P.
Mud Pump 1, National C-350	600 H.P.
Mud Pump 2, National C-350	600 H.P.
Compound, Turney	1500 H.P.

Engines, 3 GMC 6-110 Twins w/Torque Converters	1500 H.P.
Rotary, Ideco	23 in. opening
Auxiliary Brake, Parkersburg	46 in. Hydro-matic
Derrick, L. C. Moore 140'x30'x9'6" 100 mph	952,000# API
Crown Block, National 7-48" Sheaves	360 tons
Traveling Block, National 6-48" Sheaves	300 tons
Drill Line, 1-3/8" x 5000'	
Swivel, National R-3	300 tons
Hook, BJ 4300	300 tons

Shaker, "Large" Rumba

Electric Log, Schlumberger OSU-C

Howco Measuring Line, Heavy duty reel with air motor drive

Air Compressor, Ingersoll-Rand Type 30, compound driven for control air

Air Receiver, 75 cu. ft.

Hex Kelly, 40' with TIW Kelly valve

Blow-Out Preventers & Control:

Payne closing unit with air-hydraulic pump, complete with 6 control manifold and 80 gallon accumulator

1 - Westinghouse 5 YC 60 cfm electric driven air compressor with 120 gallon air receiver

1 - 12" Series 900 GK Hydril

1 - 12" Series 900 QRC Cameron

1 - 10" Series 1500 GK Hydril

1 - 10" Series 1500 QRC Cameron

Necessary spools and choke manifold

1 - Cementing Unit, Haliburton Dual T-10 with A-C Unit

Drill Pipe, 4-1/2" OD - 16.60 Grade E 10,000 ft.

Drill Collars, 8-6 1/2" OD x 30'
8-7 3/4" OD x 30'

Or as required by drilling program

3 - 100 KW 3 phase 440 volt cycle generators with GMC 6-110 A Diesel engines.

1 - Martin-Decker Type E. Weight Indicator

3 - Drill Water - Bilge Pumps

2 - Fuel Transfer Pumps

2 - Potable Water Pressure sets

2 - Sanitary Water Pressure sets

1 - 300 amp arc welder

1 - Oxy-acetylene welding outfit

1 - Westinghouse 5 YC 60 cfm electric driven air compressor for general service air

1 - 75 cu. ft. air receiver for general service air. All air systems are cross-manifolded for emergency use.

1 - Fork Lift Truck

Vapor-Proof Derrick Lights

Rubber and Steel Rotary Hoses

Dual Mud Lines and Standpipes

Radio - RCMA Marine Telephone Motorola VHF - FM

2 - Mission 4x5 centrifugal mud transfer pumps with GMC 6-71 Diesel engines

PERSONNEL:

2 Toolpushers, one at location, one ashore.

2 Six man drilling crews.

1 Barge Engineer.

3 Roustabouts .

1 Welder (as required)

1 Five man galley crew.

TRANSPORTATION

1 Supply Vessel

1 Crew boat

1 Tug boat (as required by Contractor)

EXHIBIT "B"

INSURANCE

Workmen's Compensation and Employers' Liability insurance applicable under the laws of the States of Louisiana and Texas with limits of liability as to Employers' Liability of $750,000, one or more employees and like coverage with respect to Longshoreman's and Harbor Worker's compensation benefit.

Comprehensive General Liability insurance covering operations in the Gulf of Mexico as follows:

Public Liability

Bodily Injury - Coverage "A"
Limits of Liability: $100,000 per person
$500,000 each occurrence

Property Damage - Coverage "B"
Limits of Liability: $500,000 one accident
$500,000 aggregate Operations
$500,000 aggregate Protective
$500,000 aggregate Contractual

Such insurance shall cover the operation of watercraft and will apply to the carrying of passengers and guests from whom no consideration for such carriage is received.

Cargo insurance with limits of $400,000 in respect of shipments of complete drilling rigs and $75,000 of all other shipments.

Combined marine perils for full value of all the Contractor's equipment, including rotary drilling rig and appurtenant equipment. The policy shall also provide coverage for blowout and cratering, including fire resulting therefrom.

Adequate Hull and P. & I. insurance covering fleet of vessels.

XXXXXXXXXXXXXXXXXXXXXX.

EXHIBIT "C"

COMPANY TO FURNISH:

Company will provide, free of all cost to Contractor, the following:

A. A suitable location, markers, and weather service for Contractor's barge.

B. All equipment and material necessary for equipping the well for producing including casing, tubing and well head connections other than that provided for in letter agreement of January 26, 1959.

C. Materials and other items including diesel drive hammer, necessary for installation of well protector if required. Contractor will install well protector and drive pipe at drilling day rates, if so requested by Company.

D. All cement for casing, cementing service for casing, electric logging, perforating, drill stem testing, and other special tools and services including casing crews other than that provided for in letter agreement of January 26, 1959.

E. Depreciated value of uninsured subsurface equipment lost in the hole or damaged during day work operations.

F. Drilling mud materials and lost circulation materials and services other than that provided for in letter agreement of January 26, 1959.

G. Fuel and water, F.M. radio.

H. Bits, reamers, mills, and fishing tools used in daywork operations.

I. Drill pipe of sizes smaller than that to be furnished by Contractor.

J. Shore base.

K. Upon completion of contract Company will bear the expense of towing Contractor's mobile drilling barge to Contractor's base at Galveston, Texas, or to the next immediate drilling location whichever is the closer.

~~L. Well control insurance.~~ WAH

New York
Buffalo
Philadelphia
Pittsburgh
Wilmington
Atlanta
Cleveland
Detroit
Chicago
Minneapolis

JOHNSON & HIGGINS

Established 1845

INSURANCE BROKERS - AVERAGE ADJUSTERS

EMPLOYEE BENEFIT PLAN CONSULTANTS

San Francisco
Los Angeles
Seattle
Montreal
Toronto
Winnipeg
Vancouver
Havana
Rio de Janeiro
São Paulo
Caracas
London

CABLE ADDRESS "KERODEN"

63 WALL ST., NEW YORK 5
TELEPHONE WHITEHALL 4-3160

April 29,1960

Mr. George H.W.Bush, President
Zapata Off Shore Company
1701 Houston Club Building
Houston 2, Texas

Dear George:

" NOLA II " -
<u>File No: 39488</u>

With regard to the paragraph addressed to me on the carbon of your letter to Giff of April 27th, I do not think it necessary for me to see the sales contract because I presume you submitted it to your counsel before completing it.

I do not see how any future levies against the wreck should concern you inasmuch as you are no longer the owner of same. However, if you think that any future levies might be retroactive to the time of your ownership then as a matter of protection to yourself, you should put Giff on notice in writing that you will expect him to respond for same.

Best regards,

Wallie

W.Reinsdorf

b

July 28, 1960

Mr. Walter B. Reinsdorf
Johnson & Higgins
63 Wall Street
New York, N.Y.

Dear Walter:

Regarding the remaining Nola II claim, I am setting out below the answers to your questions:

1. The value of the cargo removed before stranded is approximately $85,200. This consists principally of bits, casing tools.

2. In my letter to you of May 10th please refer to #5 regarding commissary supplies. The correct figure should be $1211.27 not the $12,011.27 as shown in the letter.

3. The production structure is valued at approximately $35,000.

4. I understand that Rudolph corrected your question about the Baker, Botts invoices. Apparently those items as stated are correct.

5. Regarding the $4,000 for drill pipe, I talked to Giffin and he confirmed that the $4,000 is to be left in the claim. Our deal with Giffin is that $17,500 is the net purchase price for the pipe. We settled with Giffin an amount equal to $9466. We cancelled this $9466 and agreed that we would deduct the $17,500 purchase price of the pipe from the agreed open sue and labor claim. Giffin today reconfirmed that the $4,000 is justifiably in the claim and was not to be cancelled out.

Regarding the $643.36 claim for cargo being four joints of 32' pipe, Jerry has prepared a separate invoice on this today and has forwarded it to Southern Marine, so it should come out of the other claim. I am attaching a copy of this other invoice.

Very truly yours,

George H. W. Bush

GHWB/vf
Enc.