

U.S. Department of
Homeland Security

United States
Coast Guard



Director
National Vessel Documentation Center

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16713/8/1
August 3, 2020

William C. Baldwin, Esq.
Jones Walker
201 St. Charles Avenue
New Orleans, LA 70170-5100

Dear Mr. Baldwin:

I am writing in response to your letter of July 6, 2020, together with its exhibits which was submitted on behalf of Hornbeck Offshore Services, Inc. and certain of its affiliated entities (collectively "Hornbeck"), an owner and operator of United States-flagged offshore supply vessels which operate in the U.S. coastwise trade.

I also note that since Hornbeck maintains a Capital Construction Fund administered by the United States Maritime Administration (MarAd), your letter was also addressed to MarAd's Chief Counsel.

As your letter explained, Hornbeck recently filed a Joint Prepackaged Chapter 11 Plan of Reorganization (the "Plan") and that the Plan was confirmed by the U.S. Bankruptcy Court for the Southern District of Texas on June 19, 2020. In summary, that Plan calls for the conversion of a substantial amount of Hornbeck debt into equity in a newly-restructured Hornbeck as a privately-held Delaware corporation with new corporate governance documents (the "New Hornbeck"). In connection with the issuance of new shares of common stock, New Hornbeck will issue warrants to certain Non-U.S. Citizens (as defined in the context of your letter in accordance with laws applicable to the coastwise trade) in lieu of such shares. Your letter and its accompanying documents have described the structure of those warrants and the limitations on the rights of the warrant holders as well as the mechanisms built into the governance documents which are designed to ensure that New Hornbeck maintains compliance with the Jones Act limitations that restrict Non-U.S. Citizen ownership or control of entities that own and operate vessels in the U.S. coastwise trade.

In that New Hornbeck will emerge from bankruptcy protection as a privately-held corporation you have also provided at our request executed Citizenship Affidavits attesting to the U.S. Citizenship of each of the entities whose equity ownership will contribute to any part of the

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minimum 75% U.S. Citizen ownership required by 46 U.S.C. § 50501 for vessels operating in the U.S. coastwise trade

You have requested confirmation from the Coast Guard National Vessel Documentation Center (NVDC) that upon emergence from bankruptcy protection, New Hornbeck's corporate structure and governance provisions, as well as its issuance of warrants to Non-U.S. Citizens, will not adversely affect the coastwise citizenship status of New Hornbeck as that status had been enjoyed by Hornbeck.

On April 1, 2020, the NVDC issued and posted on its website a letter to counsel for American Commercial Lines Inc. ("ACL" and the "ACL Letter") which confirmed that its new structure and governance provisions, as well as its proposal for the issuance of stock warrants, upon the emergence of ACL from bankruptcy protection would not adversely affect the coastwise citizenship status of the reorganized ACL. That letter set forth in some detail the general principles at issue and the features of such a proposed structure that the NVDC believed did in that case and would generally, satisfy those principles. The ACL Letter was the culmination of a line of previous letters issued to other coastwise vessel-owning companies which were then also emerging from bankruptcy or otherwise experiencing some degree of financial distress; including Harvey Gulf International Marine, GulfMark Offshore Inc., Tidewater Inc., Overseas Shipholding Group, Inc., and U.S. Shipping partner L.P.

Your letter indicated on numerous occasions, in discussing both the corporate governance provisions and the structure of the associated stock warrants that those features of New Hornbeck were intentionally modeled after the ACL structure as revealed in the ACL Letter. The question before me now is whether or not you have done that sufficiently to receive confirmation of coastwise citizenship status as did ACL.

After thorough review, I find that although the proposed structure you have submitted is not identical in every detail to that of ACL (or to the structures of the other companies that preceded it -- none of which were identical in every detail to each other), any differences to be found are not material and the general principles outlined in the ACL letter have been satisfactorily adhered to. In other words, I agree with your conclusion that the corporate governance provisions mirror in substance those discussed in the ACL Letter and as such contain provisions that will ensure that customary Jones Act restrictions on ownership and control by Non-U.S. Citizens are satisfied. Additionally, I agree with your conclusion that the stock warrant provisions and restrictions are also substantially similar in form to those discussed in the ACL Letter and as such will not affect the coastwise citizenship status of New Hornbeck under the Jones Act.

Accordingly, based upon the foregoing and subject to the descriptions and representations made by your letter and its exhibits, I confirm that the coastwise citizenship status of New Hornbeck will not be adversely affected by the corporate governance provisions and issuance of stock warrants as described by your letter and its exhibits.

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If any of the provisions described by your letter or its exhibits should materially change, this confirmation shall be null and void.

Sincerely,



Christina G. Washburn
Director

cc: Douglas Burnett
Chief Counsel, Maritime Administration
Department of Transportation
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