

August 11, 2010

**United States Senate
Committee on Small Business & Entrepreneurship
Lafayette, Louisiana**

Prepared by: Lori Davis, President, Rig-Chem, Inc.

Thank you for giving me the opportunity to share my concerns about how Rig-Chem is reacting to the Deepwater Moratorium imposed by the Obama Administration without just cause and addressing the challenges now directly affecting our livelihoods, our people and our state.

Rig-Chem was formed in 1980 as a small business catering to the drilling industry and in 1984 my Father was forced into early retirement by the downturn in the oil and gas industry. With his \$25,000 severance package given to him by his employer Schlumberger after 21 years of service he bought stock in Rig-Chem. He and my Mother created an environment and opportunity for his children with hopes that the company would grow and support our family for many years to come. During the years to follow we faced tough times through competition, business challenges as many small family owned companies face. Through hard work and dedication we continued to fight never turning our focus from the industry we supported and that supported us.

Today as co-owner and President of Rig-Chem I am faced with something that we were never prepared to fight, a Moratorium on our industry. I thought this would be easy to share but there is nothing easy about what we're facing and it breaks my heart and makes me angry all at the same time. The emotions run high and people are worried. The majority of my family still work for our company, my sister who is my business partner, my son, daughter in-law, cousin and others that have been with us for many years who are all just like family are feeling the daily pressure of uncertainty.

I had been asked what we were doing different as a result of the moratorium and if we had laid any people off, my answer was "definitely not, not today, we're in hurricane mode" "this is what we plan for during this time of the year" We have learned from past experiences more recently Katrina, Rita, Gustav and Ike that pulling together and being prepared helps us through these difficult times and being a small company today is positively a blessing but this can't last forever!!! In this competitive environment replacing and training people is too hard in an industry driven by experience and safety requirements and letting people go would create such a set back that it makes more sense to enter survival mode and adjust instead.

This was my statement on June 24th today things are quite different. The adjustments we have to make just to move forward are deeply cutting everyday into a quickly diminishing savings. We are once again putting our plans on hold for desperately needed capital improvements to our 22 year old facility. Having now to look to the banks and activating lines of credit to keep a float for the basic expenses which have been a difficult thing to accomplish during these times with banks feeling the pressure and for Rig-Chem having never a need for them until now. I'm proud to say we have always been a "liquid company" never owing and always keeping enough operating capital to weather through tough times but the tough times are only beginning for us.

We have determined that Rig-Chem can maintain without cutting salaries or benefits for our employees, 15 (Louisiana), 2 (Texas), 1 (Maine) who we pay 100% employee health care coverage and make an 11% profit sharing plus 4%, 401K matching contribution yearly. We also provide disability, dental, life insurance and paid vacation. I'm sad to say this can only last until December after this we will be forced to lay people off and cut benefits.

Of our 18 employees 5 are single women and the remaining 13 are responsible for 16 dependants. The effects of this moratorium does not stop here, we have vendors that depend on our purchases they span from Texas, Louisiana, Georgia and as far away as Michigan. Then there's the neighborhood restaurants where we eat lunch, grocery stores, our yard service, janitorial service, gas station, printing company, advertising budget, golf course, marinas and the list goes on who directly derive income from our ability to secure their products and services.

This is only from our business it continues on to our house holds and the house holds of those others that no longer can support the additional expenses we all grow accustom to. It is a domino effect with the Federal Government ultimately taking care of us all. I know there is a false belief that people are still working, and many are supporting the BP operations and clean up effort. These jobs will soon be over and then what will happen? More unemployment more support by our government. We're already hearing about companies that have been preparing for layoffs or moving people to other countries and many will not come back.

Rig-Chem has been forced to look for other opportunities as well some outside this state and others outside this country!! This catastrophic event is a hurricane with no end in sight and is nothing any of us have ever experienced or could possibly have been prepared to handle on any level.

If the moratorium is not ended soon the layoffs will come and it may be for many people those who are close and dear. It may very well mean leaving an industry or leaving this state or maybe even this country. At the same time it also prevents us from helping our fishermen that are in dire need of help. We are a community and an industry that reaches too many in times like these but today we are all in the same boat.

If we're going to change this we have to speak out, share our fears, educate the individuals and help them to understand that we're not the bad guys; we're hard workers, families, business owners and individuals doing what we know that keeps this country moving and doing it safely.

The Obama administration has done absolutely nothing to protect, help or support us as an industry that feeds and powers this nation and we need answers, we deserve answers, we need to return to work.

We're tired of feeling like we're in a constant battle being fought against us by the people chosen to lead us during difficult times..... This is an insult and a direct and personal attack on us individually and on us an entire industry that has for many years proven that it can operate safely. Why should one company's mistakes become the burden for our entire industry.....this is wrong and undeserved.

We all want a safe, healthy environment; we understand the need for alternative energy. It just can't begin by flipping a switch and wiping out an entire industry in the process.

“American Dream”

Oral Testimony

Lori Davis, President, Rig-Chem Inc.

Today, I would like to paint for you a picture, a picture of a real “American Dream”.

During the oil crisis of 1984 when over 50,000 people left the industry, when my father, who had worked 21 years for a large oilfield service corporation, was forced into early retirement at the young age of 50. With no formal education and the \$25K severance package given to him for his 20 plus years of service took a chance with my Mothers support to live a dream and buy into a small business. What he didn’t realize at the time was that it would become a “family business” and would support his daughters, grandson, niece and later a daughter in-law all as employees of the company now known as Rig-Chem.

The picture today, twenty six years later we are in a similar place, I Lori Davis, co owner of Rig-Chem with my sister Penny Molina have no formal education, we are both close to the age my Father was in the early 80’s and are now being forced, not into early retirement, but possibly out of business and not by market demand but by Federal Government who has taken control of our industry and offering no help but to possibly force us all onto unemployment; which, is not the severance package I had hoped for and worked so hard to build. All of this because the government feels that one company’s mistake should be bore by an entire industry that has operated safely and never had anything like this happen before in the Gulf of Mexico.

We have been a company that was debt free, never had to borrow money to operate, never had to lay anyone off, have paid a good income to our 17 employees, offer 401K matching 4%, have given profit sharing of 11% yearly per employee, we pay 100% employee health benefit, dental, disability with life insurance and two weeks paid vacation. We are now facing the worse year in the companies history with six figure losses and the reality that we can only hold on until December without taking drastic measures such as layoffs and pay cuts. This is hard to believe but this is what the moratorium has done to Rig-Chem, an “American Dream.”

The only people that will profit from this tragedy will be “big business.” They are the only ones that can survive during this type of crisis. They have huge resources, established international divisions, bank support, government connections and deep pockets and no real loyalty to employees, only to stock holders. Once this is all done and the moratorium lifted, they will emerge that much better as they now have reduced competition due to this arrest on our industry forcing small business closures and access to our best employees.

Small business is usually quick to react to change. That is why we have a niche in most markets. Small business can make things happen because we are the decision makers. We keep markets competitive, we employ and train the talent and allow them to focus on their job, not corporate culture. Unfortunately small businesses, the Mom and Pops' of the industry will not survive this moratorium if it is not lifted soon.

To add insult to injury we are receiving daily news of price increases on our core materials with concerns of shortages due to production changes; all of which are being driven by the fear of what will happen as the price of oil continues to rise, our demand for foreign oil increases and the uncertainty of US oil production and its future.

Another blow to our industry is that our insurance companies are not sure what will happen. As a business we have to be profitable; which means, we have to operate on budgets, but with all the uncertainty caused by the moratorium it makes it very hard to project and budget. We are being asked to review MSA agreements with many clients and being offered new agreements that have language included which there is no insurance coverage available, at least not to small business.

The next hurdle we will have to endure is directly related to safety. We already work in an environment that adheres to high standards when it comes to safety and performance. We will be asked to comply and should to the new requirements that will be placed as a result of this incident which will add yet another financial burden.

Our picture is not unique, most small business owners are in the same situation and maybe some without the fortunate reserves to continue to battle through this lock down and have no where to turn but to bankruptcy or closure. We need help, we need to go back to work and be assured that we will have support and commitment from our industry and legislatures to help keep the American Dream alive. This is not what my Parents planned for our future nor is it the one I had planned for my Son.

Thank you,

**Lori Davis
President
Rig-Chem, Inc.**