



## Department of Justice

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**JUSTICE DEPARTMENT FILES COMPLAINT AND PROPOSED  
CONSENT DECREE IN TIDEWATER INC./ZAPATA GULF ACQUISITION**

WASHINGTON, D.C. -- The Department of Justice today filed a civil antitrust suit in federal court challenging the proposed \$400 million acquisition of Zapata Gulf Marine Corporation of Houston, Texas, by Tidewater Inc. of New Orleans, Louisiana. At the same time, the Department filed a proposed consent decree that would settle the suit by requiring Tidewater to divest certain vessels.

Tidewater and Zapata Gulf operate fleets of marine service vessels and sell offshore marine services to oil companies exploring for offshore crude oil and natural gas. Included in their fleets are specialized vessels, called anchor handling/towing supply (AHTS) vessels, which provide anchor-handling services to semi-submersible drilling rigs.

AHTS vessels must meet the requirements of the Jones Act to provide anchor-handling services in the U.S. Gulf of Mexico. The act requires that such vessels must be built in the United States, be continuously U.S. owned and flagged and operated by U.S. crews. In addition, the vessels must have at least approximately 6,000 brake horsepower.

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James F. Rill, Assistant Attorney General in charge of the Antitrust Division, said the complaint, filed in U.S. District Court in Washington, alleged that the acquisition would lessen competition substantially in the anchor-handling services market in the U.S. Gulf of Mexico in violation of Section 7 of the Clayton Act.

Tidewater and Zapata Gulf are two of only six firms that provide anchor-handling service in the gulf. Based on the 15 AHTS vessels competing in the gulf, Tidewater and Zapata account for about 13 percent and 7 percent, respectively, of capacity. Both firms also operate several vessels in areas outside the Gulf.

The proposed transaction would substantially increase concentration in this highly concentrated \$30 million market and create the likelihood of decreased competition, the suit said.

The consent decree requires Tidewater to divest two AHTS vessels, the number of vessels Zapata recently operated in the gulf. Both vessels have BHP of 6,140 and have performed anchor-handling services in the Gulf. The sale must be completed by August 10, 1992, or a trustee will be appointed to carry out the divestiture.

"The divestiture will ensure that the acquisition of Zapata Gulf by Tidewater will not raise the cost of offshore oil and gas exploration in the U.S. Gulf of Mexico," said Rill.

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If the proposed final judgment is approved by the court after a required 60-day comment period, it would terminate the suit.

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